Capital Trust

38TH ANNUAL REPORT 2023-24

CapitalTrust

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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 in accurate, 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
MSME Sector

The Micro, Small, and Medium Enterprises (MSMEs) in India have emerged as vital contributors to entrepreneurial growth and business innovation. These enterprises have expanded their presence across various sectors, producing a diverse range of products and services to cater to both domestic and global markets. The significance of MSMEs lies in their ability to generate substantial employment opportunities at a lower capital cost compared to large industries. Additionally, they play a crucial role in promoting industrialization in rural and backward areas, thereby addressing regional imbalances and ensuring a more equitable distribution of national income and wealth. By fostering the growth of MSMEs, India is fostering inclusive economic development and empowering entrepreneurs at various levels of society.

The MSME sector in India plays a crucial role in providing substantial employment opportunities at a lower capital cost compared to large industries. It also contributes to the industrialization of rural and backward areas, thereby reducing regional imbalances and promoting a more equitable distribution of national income and wealth. According to the National Sample Survey (NSS) 73rd round, there were 633.88 lakh unincorporated non-agriculture MSMEs in the country engaged in various economic activities. Among them, 196.65 lakh were involved in manufacturing, 0.03 lakh in non-captive electricity generation and transmission, 230.35 lakh in trade, and 206.85 lakh in other services. This highlights the extensive presence and significance of MSMEs across different sectors of the Indian economy.

Increased economic activity has spurred the demand for commercial loans, which grew 29% in the quarter of Jul-Sep 2023, compared to the same quarter previous year. Private banks hold 43% share of MSME credit demand, however growth in demand was 23% in the Jul-Sep 2023 quarter. Credit demand at NBFCs (14% share of credit demand) grew fastest at 39% during this quarter.

Credit supply to MSMEs grew by 20% YoY volume growth in Jul-Sep 2023 over previous year, indicating improved lender confidence. Availability of enriched and timely credit data and rapid implementation of digital lending infrastructure has contributed significantly towards enhancing lender confidence. Insights in this edition of MSME Pulse show 7% YoY growth in origination value for borrowers who availed sub-INR 1 Crore loans (Micro segment). Origination in volume as well as value declined in quarter ending Sep 2023 for borrowers seeking greater than INR 10 Crore loans (Medium segment). New to Credit (NTC) borrowers continue to hold majority share of origination at 46% of MSME loan origination volumes.

MSME Credit Originations Growth (Jul-Sep 2023 YoY)		
Borrower Segment	Value	Volume
Micro	7%	28%
Small	3%	7%
Medium	-9%	-8%

Rapid Credit Expansion Across Semi-Urban And Rural Geographies

In the Jul-Sep 2023 quarter, 46% of MSME originations were from semi-urban and rural region. Almost half (49%) of the Micro segments' origination comes from the semi-urban and rural areas while it is 39% in the Small segment (INR 1 to 10 Crores). One of the key factors towards this expansion is the improvement in credit profiles of MSMEs. Share of high risk (CMR 7-10) MSMEs has reduced to 13% in Jul-Sep 2023 quarter from 15% during the same period previous year. Although Medium (CMR 4-6) risk continues to have high share with 55% of MSMEs in this risk segment.

Share of Origination Volume – (Jul-Sep 2023 YoY)				
Borrower Characteristics	**Overall**	**Micro**	**Small**	**Medium**
Semi-urban and Rural	46%	49%	39%	34%
Medium risk (CMR 4-6)	55%	61%	41%	20%
New to Credit	46%	61%	5%	1%

Robust Portfolio Growth Supported by Improved Performance

In quarter Jul-Sep 2023, total amount on new MSME credit originations was INR 243K Crores, with largest concentration from 'small' (INR 1 to 10 Crores) enterprise at 42%. Commercial credit portfolio stood at INR 28.2 Lakh Crores at end of Sep 2023, exhibiting 11% year-on-year growth across 80 Lakh MSME entities. However, a portion of this book-approximately 9% amounting to INR 2.4 Lakh Crores consists of legacy accounts with DPD (Days Past Due) beyond 720 days or accounts reported as loss/doubtful. For the purpose of this MSME Pulse analysis, our focus will be on accounts with less than 720 DPD and Sub-standard, which amounts to a substantial INR 25.7 Lakh Crores as of FY23-Q4.

During Jul-Sep 2023 quarter, overall balance-level delinquencies measured as 90 days-past-due to 720 days-past-due and those reported as "Sub-standard" have improved, and stand at 2.3%. This is the lowest delinquency rate in the last two years. Portfolio performance improved across all borrower segments as delinquency rate declined.

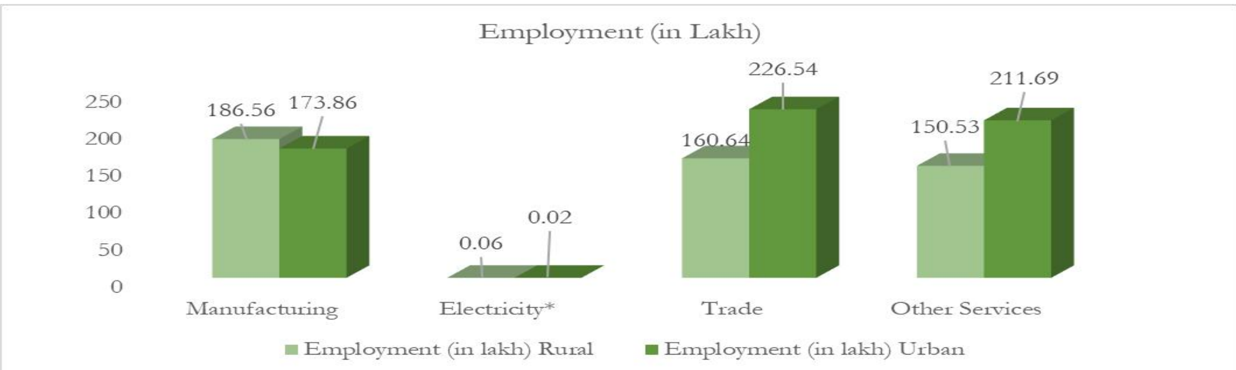
Further sub-segment wide break-up shows highest delinquency rates of 5.8% in the 'very small' segment (<INR 10 Lakhs) within the 'micro' segment (upto INR 1 Crores) of MSME. Private banks have least delinquent portfolio across all lenders at 1.5%, while that of Public Sector Banks stands at 3.2%. To provide deeper insights on the performance of recent originations, early (vintage) delinquency trends with same age on book was analysed. Early (vintage) delinquency with same age on book has reduced and is at pre-COVID levels of 4.3%, indicating improvement in overall quality of loans that originated in Jul-Sep 2022.

With promising economic growth prospects as reflected through strong demand, stable portfolio growth and improved credit performance, time is conducive for lenders to expand their MSME credit portfolios. Micro, Small and Medium Enterprises (MSMEs) are critical to the industrial ecosystem in India. Broad spectrum of occupations covered by MSMEs makes them imperative for furthering India's economic growth. Each sector within the MSME segment requires focus as it has the potential of catalysing social development through economic empowerment.

Employment generated by MSME Sector

As per the National Sample Survey (NSS) 73rd round, MSME sector has been creating 11.10 crore jobs (360.41 lakh in Manufacturing, 0.07 lakh in Non-captive Electricity Generation and Transmission, 387.18 lakh in Trade and 362.82 lakh in Other Services) in the rural and the urban areas across the country.

Broad Activity Category	Employment (in lakh)			Share (%)
	Rural	Urban	Total	
Manufacturing	186.56	173.86	360.41	32
Electricity*	0.06	0.02	0.07	0
Trade	160.64	226.54	387.18	35
Other Services	150.53	211.69	362.22	33
All	497.78	612.10	1109.89	100



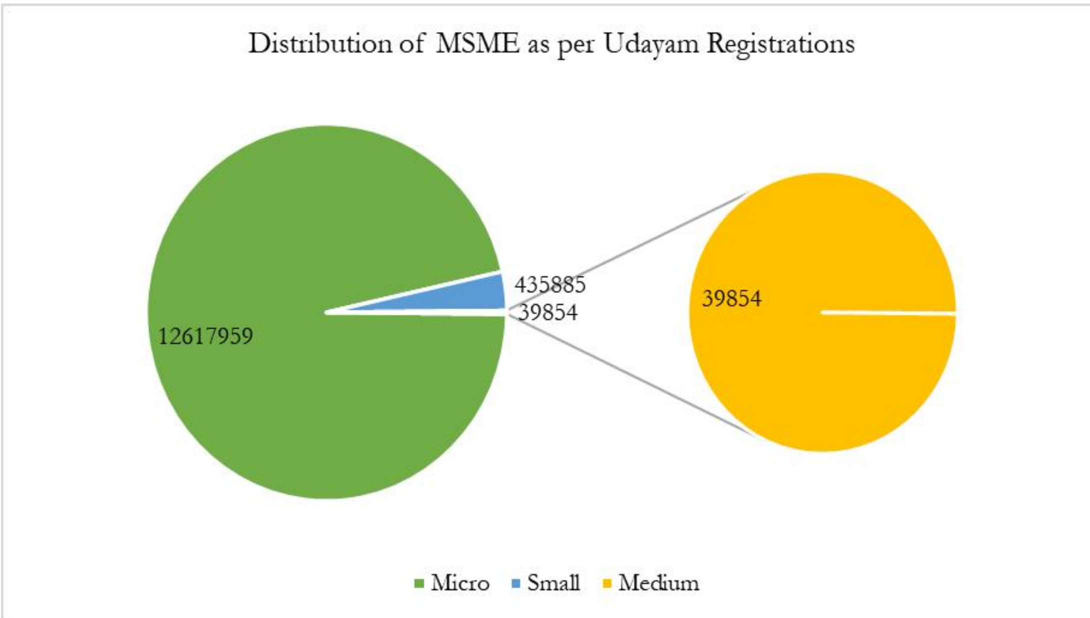
Micro sector with 630.52 lakh estimated enterprises provided employment to 1076.19 lakh persons that in turn accounts for around 97% of total employment in the sector. Small sector with 3.31 lakh and Medium sector with 0.05 lakh estimated MSMEs provided employment to 31.95 lakh (2.88%) and 1.75 lakh (0.16%)persons of total employment in MSME sector, respectively.

MSME Schemes Launched by the Government

Udyog Aadhaar Memorandum

Aadhaar card is a 12 digit number given to all individuals by the government. In this, the Aadhaar card is a mandatory requirement. The benefit of registering in this scheme is the ease in availing credit, loans, and subsidies from the government. Registration can be done both ways in the online mode or the offline mode.

Ministry has replaced the erstwhile process of filing of Udyog Aadhaar Memorandum, by 'Udyam' registration on a portal developed by this Ministry based on composite criteria of classification of MSMEs, notified vide Notification dated 26.06.2020.



Udyam Assist Platform

Ministry of MSME has authorised SIDBI as the Implementing Agency (IA) to develop the 'Udyam Assist Platform' (UAP) for assist registration of the Informal Micro Enterprises (IMEs) and issuing them Udyam Registration Number (URN) and Udyam Assist Certificate (UAC). For this purpose, it has also authorised SIDBI to collect and use the data of IMEs (including information of Aadhar) from Designated Agencies (DAs). The eligible DAs for assisting the registration process include Scheduled Commercial Banks (SCBs), Micro Finance Institutions (MFIs), Non Banking Financial Companies (NBFCs), etc

Zero Defect Zero Effect
In this model, goods that are manufactured for export have to adhere to a certain standard so that they are not rejected or sent back to India. To achieve this the government has launched this scheme. In this, if the goods are exported these are eligible for some rebates and concessions.

Quality Management Standards & Quality Technology Tools

Registering in this scheme will help the micro, small and medium enterprises to understand and implement the quality standards that are required to be maintained along with the new technology. In this scheme, activities are conducted to sensitize the businesses about the new technology available through various seminars, campaigns, activities etc.

Grievance Monitoring System

Registering under this scheme is beneficial in terms of getting the complaints of the business owners addressed. In this, the business owners can check the status of their complaints, open them if they are not satisfied with the outcome.

Incubation

This scheme helps innovators with the implementation of their new design, ideas or products. Under this from 75% to 80% of the project cost can be financed by the government. This scheme promotes new ideas, designs, products etc.

Credit Linked Capital Subsidy Scheme

Under this scheme, new technology is provided to the business owners to replace their old and obsolete technology. The capital subsidy is given to the business to upgrade and have better means to do their business. These small, micro and medium enterprises can directly approach the banks for these subsidies.

Women Entrepreneurship

This scheme is especially started for women who want to start their own business. The government provides capital, counselling, training and delivery techniques to these women so that they manage their business and expand it.
The government has launched a number of more schemes and support system for these enterprises, to know more about the MSME schemes the following link of the government can be checked.

Source: Transunion Report on MSME

MESSAGE FROM CHAIRMAN AND MANAGING DIRECTOR

Dear Shareholders,

I am pleased to present to you the 38th annual report of the company for the year 2023-24.

The last year saw your company, Capital Trust Ltd., stepping into the shoes of extraordinary success. All this took place through able and different approaches, setting us apart in fintech and in-house financing, with a reach extending to the rural populace of our cities, including Tier 3, 4, and 5 cities. Big data, machine learning, and AI technologies now enable us to significantly assess risk and help us in processing loans, hence offering tailored financial services to our customers.

New products are positive relationships with customers and significant growth of the loaning, which goes alongside the expansion of locations. But at the same time, we understand that in rural areas, personal relationships and being on the ground matter. It is due to this fact that our highly developed technological infrastructure has been invested with—2,000 employees in our committed team—such that the customer gets the support and assistance he needs, especially at the time of need when National Automated Clearing House (NACH) transactions could not be carried out correctly. Thus, we embrace technology and human touch to offer a wholesome customer-centric experience.

Our vision is to connect and make the rural population stand front in financial services in a manner that is augmented and powered in the underprivileged nations. Our unique approach brings convenience, access, and reliability to our customers based in rural areas, therefore providing the possibility for thousands of them to have a level playing field to thrive and grow financially. To this end, we work to offer wide-ranging financial inclusion solutions to respond to the needs of Rural India while sustainably doing this through economic empowerment.

This December, Capital Trust received the Great Place to Work Certification for the first time in history, which means the exposal of a work environment in which sits a dedicated workforce. On December 20, 2023, RBI gave consent to Capital Trust to use Aadhaar-based authentication in authentication of their customers. By getting this permission, its KYC, signing, and NACH authentication process has smoothened out and made hassle-free and less time-consuming.

We hope that in the future, as we keep on being enthusiastic about empowering the rural folk with excellent provision of innovative financial solutions, we shall keep on creating immense value for our stakeholders.

Economy as General:

The past year has witnessed significant growth and transformation, driven by technological advancements and regulatory reforms. We have witnessed the rise of innovative fintech solutions that are revolutionizing the way financial services are delivered. As an industry, we stand at the forefront of this transformative journey, leveraging technology to bridge the gap and provide financial inclusion to the underserved segments of our society.

According to the World Bank's latest India Development Update, India's growth remains resilient, despite certain indications of a slowdown. The World Bank India's biannual flagship publication reveals that the overall growth remains strong, with an estimated growth rate of 6.9 percent for the entire year. Real GDP has shown a year-on-year growth of 7.7 percent during the initial three quarters of fiscal year 2022/23. However, there have been some signs of moderation in the second half of FY 22/23.

The Indian economy is expected to grow 7.5% this year, revised upwards from the erstwhile 6.3% projected earlier by the World Bank. The multilateral lender has stated that India will be the primary driver of the regional growth of the sub-economy, with output expected to rise at 7.5% in FY23-24 and moderate to 6.6% in the medium term. Such solid growth has been driving brisk growth in services and industry. The World Bank noted the 8.4% year-on-year growth rate of economic activity in the fourth quarter of 2023, driven by rapid hikes in investment and government consumption. More recently, the data from the survey for economic activity were said to have confirmed that the excellent performance continued over the near term.

However, there will be some headwinds to growth in FY23-24. Despite this, there will be a few headwinds to growth in India in FY23-24: An increase in borrowing costs, tighter financial conditions, and high inflation are going to weigh down economic expansion. Real GDP growth would moderate to 6.3% in FY23-24 compared to 6.9% estimated for FY22-23.

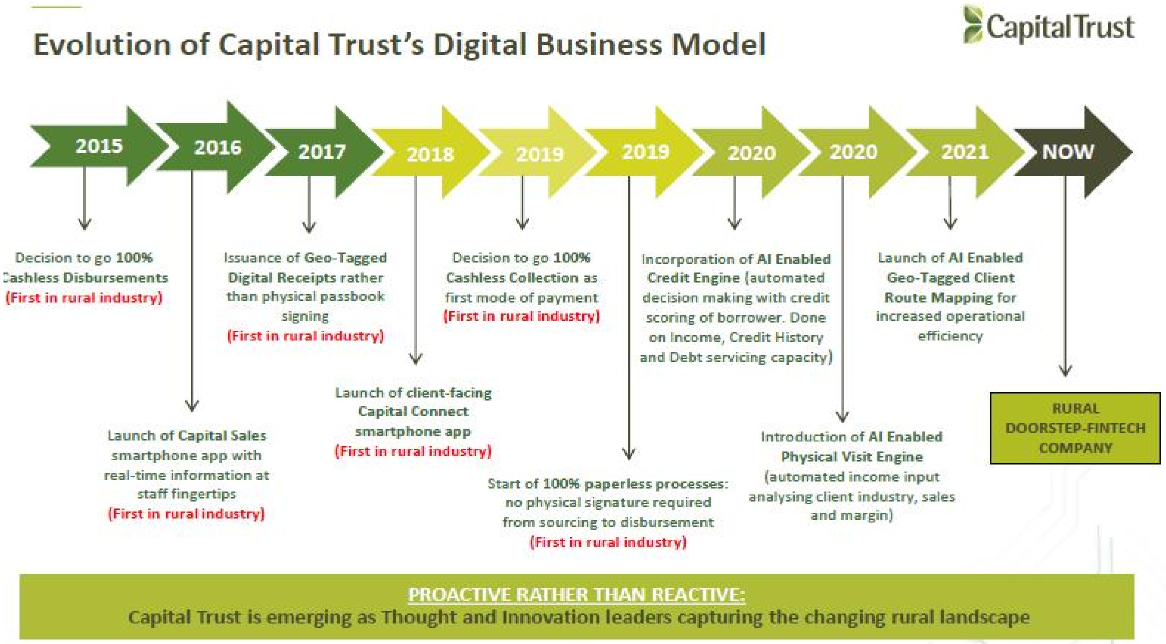
Capital Trust and Digitisation

The finance available to the rural borrower in India has been of the traditional, cash-based lending models. Many in the rural areas have opened bank accounts in the form of Jan Dhan accounts, but they still do not have the "Banking Habit" and prefer dealing more with cash. So how does one lend and collect money digitally from customers who are used to cash in terms of earnings and expenditure?'

Welcome to the Capital Digital Initiative by Capital Trust Limited. The Capital Digital Initiative will change how lending is done in the rural sector, driven by the best in technology, smartphones, and digital payments backbone to be the platform on which retail loans will be originated in rural India. All individual business loans will be disbursed and collected online, making it very convenient and hassle-free for the borrower. In case the mode of payment by the borrower is not online, then an automated cash pick-up facility will be available. Now, the rural client can be treated on par with the urban client for the first time, with the same ease and choices made available for repayment. He can pay through NACH, Wallets, UPI, NEFT, IMPS, or, as a last choice, through cash. The individual app also allows customers to view their loan details and transaction history and to make online repayments.

This is further reinforced by intensive communication strategies that inform and remind clients about the benefits of e-payment. Borrowers under the traditional modes of cash collection have to lose business time to attend to the branches or lose business time that could be otherwise used during centre meeting days. CTL leverages the benefit of e-payments on customers and even gives some incentives for electronic payments. Consequently, a great majority of rural borrowers have resorted to digital payments; nearly 80% of their EMIs for the new Capital Business Loans are currently being paid through digital modes, compared to 0–10% with other lenders. Capital Trust is at the forefront in making this 100%.

This innovative movement provides not only ease of access to customers in rural divides but also assures financial inclusion and digital literacy, hence ensuring rural India is at par with its urban divides in terms of financial services and opportunities



Formalization of Informal MSMEs

May 2023 was when the dramatic act was done, through the formalization of its target segment. It was this that resonates totally with our own constancy in focusing on credit delivery to small businesses, including kirana stores, mobile repairing shops, and haircutting salons. In this gesture, the Reserve Bank of India (RBI) does acknowledge the country's Informal Micro Enterprises (IME) sector. Such recognition alone adds to the credence of our product offerings and secures our services on the same platform as those of the formal MSME sector. This declaration by the RBI strengthens our commitment to arming opportunities for the backbone of the rural economy with tailor-made financial solutions, along with new doors to growth and collaboration in the financial sector.

We have been able to catalyse over 120,000 Unique Registration Numbers through our Udyam Assist Platform, which indicates how far we have gone in trying to make sure that we categorize all our customers as beneficiaries of the MSME Priority Sector Loans. This has gone a long way toward ensuring that all our millions of customers are supported and recognized in ways that enable them to thrive and be key players in the rural economy. Empirical formalization of their status, thus, empowers them to have broader scales of access to finance services through which financial deepening takes place and helps to foster high levels of economic development and growth within the rural areas.

Successful Bullet Repayments

I am pleased to announce the successful repayment of a significant ₹77 crore bullet repayment. This achievement includes ₹45 crore sub-debt repayment to IDFC First Bank and ₹32 crore NCD+TL repayment to SBI, substantially enhancing our financial standing. Following this repayment, the company has secured additional funds from both banks and NBFCs. We now have a diverse group of lenders who have provided the company with term loans.

Lending as -a- service

we've made over the past two years in transitioning towards off-balance sheet partnerships, aligning with our strategic objective of offering Lending-As-A-Service (LAAS). In particular, our focus on co-lending and Business Correspondent (BC) disbursements has been instrumental in this journey. The shift towards off-balance sheet partnerships for LAAS has unlocked several benefits for our organization. It has enabled us to optimize our capital structure, mitigate risk, and enhance our competitive edge in the dynamic lending landscape. Looking ahead, we remain committed to fostering strategic alliances, exploring innovative lending models, and harnessing technology to further strengthen our position as a leading player in the financial services sector.

Great Place to Work Certification

In December, 2023, Capital Trust achieved a significant milestone by being awarded the Great Place to Work Certification for the first time in its history. This prestigious recognition underscores the exceptional work environment fostered within the company, characterized by a committed and engaged workforce. As a result, Capital Trust has experienced higher employee retention rates, reflecting the organization's dedication to cultivating a workplace culture that values and supports its employees.

RBI Approval For Authentication Under Aadhaar Act

On December 20, 2023, Capital Trust received approval from the Reserve Bank of India (RBI) to implement Aadhaar-based authentication for their customer verification processes. This consent marked a pivotal moment for the company, streamlining crucial operations such as KYC (Know Your Customer), signing procedures, and NACH (National Automated Clearing House) authentication. By leveraging Aadhaar-based authentication, Capital Trust has significantly enhanced efficiency and reduced the time and effort required for these vital processes. Moreover, this integration has bolstered security measures, ensuring a more robust framework for verifying customer identities. With the adoption of Aadhaar-based authentication, Capital Trust stands poised to deliver an even smoother and more seamless experience for its customers while adhering to regulatory standards and enhancing trust and confidence in its services.

Conclusion

In conclusion, I would like to express my deepest gratitude to all our shareholders for their unwavering support and trust. Your continued belief in our vision and commitment has been instrumental in our success. As we look towards the future, we remain dedicated to serving the undeserved, embracing technological advancements, and creating value for all our stakeholders.

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

Capital Trust

CORPORATE SNAPSHOT

Capital Trust Limited is a Delhi based Base layer Finance Company (NBFC) incorporated in 1985. The shares of the company are listed on the National Stock Exchange and Bombay Stock Exchange.

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.

The Company has provided affordable funding to over 10 Lakh Clients through its 297 branches in a transparent manner. Capital Trust aggressively aims to serve the rural and semi-urban population of India in the SME and Micro Finance lending sector. Currently Capital Trust has ~1.00 Lakhs live customers being digitally served through established infrastructure developed in-house by the Company.

It's been 30 years since the economic reforms in India and yet, the 48 million MSMEs (micro, small and medium enterprises) who form the heart of Entrepreneurial India are still largely bypassed by traditional banking mechanisms. Though these are the pillars of the country's economy, by providing financial assistance to them, Capital Trust strives to be the pillar to these pillars. With the new technological developments, the company is India's first "Rural Doorstep-Fintech" company. The company is focused on providing financial inclusion services to underserved India by merging fintech and traditional financing. Our loan products details are are given hereunder:

1. About The Product:

Capital Trust launched the Capital Business Loans (CBL) Initiative in FY19. CBL is a lending product that has been developed by the company using its 14-year experience with dealing with clients in rural India. It provides clients access to a short tenure business loan with quick turnaround time. Already having 100% digital disbursement, through this product, the company has been able to push clients to have digital repayment (NACH) as first mode of repayment. Non digitally cleared cases are then met for collection through cash mode by the 1800+ member field staff in 10 states.

2. Credit:

The company employs a hybrid dual credit system. Automated credit (credit bureau checks and pre-set algorithms) is supplemented with traditional safeguards of branch banking (physical verification of residence, business premise and cash flow analysis). Using its database of 3000Cr and 10 Lakh clients funded in its company lifetime history, Capital Trust has created an algorithmic credit rule engine that has significantly helped credit decisioning processes of the company. It employs an advanced Credit Engine model using Artificial Intelligence / Machine Learning model to predict client repayment before sanctioning of a loan. It provides automated decision making with Credit Scoring of the borrower based on Income, Credit History and Debt servicing capacity. The engine calibrates regional differences in performance using pin-code level data.

3. Physical Visit Engine:

The company's Physical Visit Engine enables data entry with backend automated decision making. Using historic data, the engine has categorized all client industries into 73 industries as seen in rural India. Based on client's business margin (high / medium / low) and business scale (high / medium / low) inputted by the credit officer, the system automatically calculates disposable income of that business based on historic industry data already input into the system. Further, Business Intelligence is used to automatically calculate Household Income based on standardized business size, industry margin and expected expenses.

4. Product Optimization:

Small ticket size, short tenure, optimal EMI amount, short turn-around-time, high yield, digital collection enabled, full cash collection setup, geo-tagged and analytics backed.

5. Product Details:

Type	:	Unsecured
Loan Size	:	Rs.30,000 to Rs.75,000
Tenure	:	12-24 months
Collateral	:	None
Repayment Frequency	:	Monthly
Product Performance	:	Company has disbursed a total of Rs. 885 Cr in the product. 90+ stands at 1.4% on POS. Owing to tenure of all loans being less than 18 months, the product has already seen 3-4 full cycles.

6. Lending-As-A-Service:

With the inherent potential to disburse upwards of Rs. 75Cr monthly through its existing branch network, Capital Trust is employing Lending-As-A-Service as a model for growth. Rather than relying only on debt and on-balance sheet funding, the company has already tied up with 11 institutions for BC / Co-Lending partnerships to ensure it reaches the above-mentioned benchmark of monthly disbursement.

7. Creating a Competitive Advantage to Increase Stakeholder Value

The processes adopted by the company have created given competitive advantage in the following manner:

- **Unique Business Model**

  - ✓ With a deep understanding of target customer segments, lean cost structures and differentiated business models we cater to underserved segments of the economy.

  - ✓ Our one-of-a-kind business model finds the perfect balance between technology and traditional financing, something not many other companies can do.

  - ✓ Having foot on the streets, our model is perfect blend of fintech and the traditional brick and mortal set up.

- **Technology Driven Operational Efficiency**

  - ✓ By leveraging technology to penetrate underserved segments, we have capitalized on the inability of banks to rapidly scale operations and customize rigid policies in regard to providing business loans in rural India.

  - ✓ This transformation is helping us create an agile and scalable business model.

- **Prudent Risk Management**

  - ✓ Our conservative thought process towards financial engineering has helped us transform underwriting and decision making, thereby, helping drive competitive advantage and robust risk management.

  - ✓ Further, our risk management frameworks pro-actively detect, manage and mitigate internal and external risks.

- **Strong Governance**

  - ✓ Being a publicly listed NBFC for the last 36 years, we have built a robust governance model to maintain stakeholder trust and improve resilience to survive in testing times.

  - ✓ This has enabled us to develop strategic partnerships with key ecosystem players and leverage technology for meeting the demands of new consumers.

With our newly developed automated disbursement engine and algorithmic credit scorecard, our disbursements have increased consistently. Further, our turnaround time has improved to 48 hours as on FY24**.** The collection has seen a positive trend more particularly riding on capital digital initiative.

8. 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 21Kms. The distance between the location of the customer and the branch is geo tagged and if it is more than 21 Kms, the case is rejected.

The company is presently operating through in 10 states. The company is not presently disbursing any loans in Western UP, Uttarakhand and Delhi as these states were badly affected in demonetization. The company is disbursing in Punjab, Rajasthan, MP, Bihar, Odessa, Jharkhand and Chatisgarh and are referred as Growth Focused States. The company has started operation in new territories including Eastern UP. The compamny plans to enter Andhra Pradesh in future.

Sectors addressed

The company is providing financial assistance to the customers in Rural and Semi Urban Areas. The company has provided loans who are beyond the reach of Microfinance and too small for bank and bigger NBFCs. We call this segment as missing middle. Our clients are engaged in various activities like farming, dairy live stocks, small manufacturing firms, trade, etc. This has helped the company to have the varied portfolio. The details of the segment wise loan percentage to total loan outstanding as on 31st March, 2024 are provided below:

Sector	%age of portfolio
Agriculture	2.2
Dairy and Livestock	46.4
Food	2.7
Manufacturing	8.8
Retail	17.2
Services	16.1
Small Comercial Vehicle	0.0
Trading	6.5

Company Milestone

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 become Systematically important NBFC.

2017 Started Mobile Application connecting each employees 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

2018 Company ranked in top 1000 companies (FT1000 High-Growth Companies) Asia-Pacific ranking Financial Times Newspaper

2018 The company has opened 242 branches

2018 The company has started operating in Eastern India. The company has now presence in 10 states.

2018 Assets under Management size crossed Rs. 800 Crores on consolidated basis

2019 Starting of new digital products as Capital Magic Loan and Micro Business Loan

2019 Lending Partnership with IDFC First Bank Limited

2020 Lending Partnership with one of the leading NBFCs

2021` Started the new CBL product where the collection efficiency has been 99.8% in general and about 96% during the lockdowns

2021 Entered into for new partnership arrangements

2022 Capital Business Loan book more than legacy books

2022 Entered into various partnerships for BC and co lending

2023 Great place to work certfication

2023 Permission from RBI for EKYC

BOARD OF DIRECTORS AND LEADERSHIP TEAM

Board of Directors

Name	Designation	Brief Profile
Mr. Yogen Khosla	Chairman & Managing Director	Yogen Khosla is Managing Director and CEO of the company. He holds a bachelors degree from Loyola College, Chennai. He forayed the company into MSME lending and was instrumental in leading the company to be amongst the top 100 SME's amongst 41832 nominations by India SME 100 Awards. He was recognized by Insights Success magazine as the 10 most admired financial leaders to watch in 2017. He is also an avid ultra sportsman having done a half Ironman and many half and full marathons. He also regularly participates in long distance cycling events.
Ms. Suman Kukrety	Independent Woman Director	Ms. Suman is a competent professional with 20 years of quality experience in legal consultancy, legal documentation in civil and criminal cases before the Supreme Court of India, High Courts, District Courts, quasi-judicial tribunals, institutional arbitrations before Indian Council of Arbitration (ICA), International Centre for Alternate Dispute Resolution (ICADR).She secured 1st position in Advocate-on-Record examination held by the Supreme Court of India, in June, 2009.
Mr. Govind Saboo	Independent Director	Mr. Govind Saboo is rank holder Chartered accountant with more than 19 years of experience in Finance, Investment, Capital Budgeting and Compliance. Presently he is a Practising Chartered Accountant under firm M/s Govind Saboo & Co. He has been associated with many NBFCs in Advising them in their initial growth phase on capital allocation, governance, corporate finance & investor communication. He was also founding team member of IndiaNivesh Growth & Special Situation Fund, a Venture capital fund investing at early growth stage of the company.
Mr. Pawan Dubey	Independent Director	Mr. Pawan Dubey is a practising Advocate and Fellow Company Secretary having 16 years of experience. He has practiced before the Hon'ble Supreme court of India, Hon'ble Delhi High Court, National Company Law Tribunal (NCLT), National Company Law Appellate Tribunal (NCLAT), District Consumer Forums, State Commission, National Commission and various other District Courts of Delhi. He is a member of SSB working support

		group of ICSI.He was member of Corporate Law Committee, Study Session Committee and Training & Educational Facilities & Library Committee of NIRC of ICSI.
Mr. Vahin Khosla	Joint Managing Director	Mr. Vahin Khosla is the Executive Director of company. He holds a bachelor's degree in Economics-Accounting and a master's degree in Finance from Claremont McKenna College, CA, USA. He graduated as a Roberts Day Scholar from college and a School Prefect from The Doon School. He has been instrumental in the fundraising arm of the company having raised over 1000Cr in the last few years. Prior to working with Capital Trust, Vahin worked with DaVita Healthcare in the Corporate Finance team in Denver, USA. He has represented his football club at an international level and completed the Ironman triathlon in 2022.

Leadership team

Name	Designation	Brief Profile
Mr. Vinod Raina	CFO	Mr. Vinod Raina is the Chief Financial Officer of the company. He has been associated with the Company since 2016. He joined the company as Head of Compliances and later on took the role of CFO in 2019. Vinod is Fellow Member of Institute of Company Secretaries of India and is also a Law Graduate. He has 24 years of experience in Fund Raising, Financial Management, Mergers and Acquisitions, Statutory Compliances, Legal, Treasury Management, Taxation and Listing Compliances. He has been instrumental in managing relationship with Bankers, Investors, Auditors, Statutory authorities like RBI, SEBI, MCA, Income Tax etc. He has successfully created the partnership model for the company. Prior to joining Capital Trust, Vinod has worked in the Manufacturing sector, Software Development , Rating and BFSI sector. Vinod is an avid cricketer and plays the game every weekend.
Mr. Yuv Vir Khosla	Chief Operating Officer	Mr. Yuv Vir Khosla is the Chief Operating Officer of our company. He holds a Bachelor of Arts degree in Economics and History from Williams College, MA, USA. He graduated from The Doon School as the Head Boy. He has experience in the fields of business operations, analytics and risk, and has been with the company since 2017. Prior to

		working at Capital Trust Limited, Yuv has worked at 3i Debt Management in New York and Cantor Fitzgerald in Hong Kong. Yuv also holds a private pilot license and has completed the Ironman Triathlon.
Mr. Mukesh Aggarwal	Deputy Chief Operating Officer	Mr. Mukesh Aggarwal is the Deputy Chief Operating Officer of our Company. He holds a bachelor's degree in Commerce from University of Delhi and is also an associate of the Institute of Chartered Accountants of India ("ICAI") and the Institute of Company Secretaries of India ("ICSI"). He has experience in the field of Risk Management, Underwriting & Finance. He has previously worked at HSBC Bank as AVP - Risk, Dewan Housing Finance Limited as Manager - Credit, CitiFinancial (group company of Citibank) as Associate - Mortgages and Siddharth Petro products as Manager Accounts. He is responsible for various support functions of the company including Credit, Audit, Operations, Information Technology and Service quality. He also plays a key role in managing relationship with Investment Partners.
Mr. Naresh Koul Nazir	Head HR	Mr. Naresh Koul Nazir is the Human Resources Head of our company. He has done his Post-Graduation in Human Resource from Bhartiya Vidyapeeth (Pune University). Before joining Capital Trust he has had an extensive career of more than 20 years in Human Resource Management. His previous stints were with Equitas Small Finance Bank as Deputy Vice President HR, PNB MetLife as Regional Head HR, Mofoi Management (Ranstard Group) as State Head. He was the first employee of Equitas Small Finance Bank in North India and was instrumental in setting up company's operations in North India.
Ms. Tanya Sethi	Company Secretary	Ms. Sethi is a qualified Company Secretary with over 11 years of experience. She has done her graduation in commerce from University of Delhi and has a Master’s in Business Program and Corporate Governance from Indira Gandhi National Open University. Her association with Capital Trust includes taking care of Statutory and Regulatory compliances

CORPORATE INFORMATION

Corporate Identification No.	:	L65923DL1985PLC195299
Registered & Corporate Office	:	205 Centrum Mall Sultanpur MG Road New Delhi - 110030 Ph: +91-97168 44571 Email: info@capitaltrust.in cs@capitaltrust.in
Board of Directors	:	• Mr. Yogen Khosla (Chairman and Managing Director) • Mr. Sanjiv Syal (Independent Director) (till 13.02.2024) • Ms. Suman Kukrety (Independent Woman Director) • Mr. Govind Saboo (Independent Director) • Mr. Pawan Dubey (Independent Director) • Mr. Vahin Khosla (Executive Director)
Board Committees **Audit Committee**	:	• Mr. Sanjiv Syal (Chairman) (till 13.02.2024) • Mr. Govind Saboo (Chairman since 13.02.2024) • Mr. Yogen Khosla • Mr. Pawan Dubey
Nomination and Remuneration Committee	:	• Mr. Govind Sabooo (Chairman) • Mr. Sanjiv Syal (till 13.02.2024) • Mr. Pawan Dubey • Ms. Suman Kukrety
Stakeholders' Relationship Committee	:	• Mr. Govind Sabooo (Chairman) • Mr. Yogen Khosla • Ms. Sanjiv Syal (till 13.02.2024) • Mr. Pawan Dubey • Ms. Suman Kukrety • Mr. Vahin Khosla
Risk Management Committee	:	• Mr. Govind Saboo (Chairman) • Mr. Sanjiv Syal (till 13.02.2024) • Mr. Yogen Khosla • Mr. Pawan Dubey • Mr. Vahin Khosla • Chief Risk Officer

Corporate Social Responsibility Committee	:	• Mr.Pawan Dubey (Chairman) • Mr. Sanjiv Syal (till 13.02.2024) • Mr. Yogen Khosla • Mr. Vahin Khosla
Company Secretary	:	Ms. Tanya Sethi
Chief Finance Officer	:	Mr. Vinod Raina
Auditors	:	M/s JKVS & Co. Chartered Accountants 209, Hans Bhawan, 1 Bahadur Shah Zafar Marg, New Delhi - 110002
Registrar & Transfer Agent	:	**MAS Services Limited** T-34, IInd Floor Okhla Industrial Area, Phase-II New Delhi 110020 Tel. : 011-26387281 E-mail : info@masserv.com

PARTNERS

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY

Global economic activity is softening amid the effect of tight monetary policies, restrictive financial conditions, and weak global trade growth. After a slowdown in 2022 and a decline in 2023, global output growth is expected to decrease again in 2024, marking the third consecutive year of deceleration. Recent conflicts in the Middle East have increased geopolitical risks and uncertainty in commodity markets, potentially negatively impacting global growth. The world economy is still grappling with the effects of the COVID-19 pandemic, the invasion of Ukraine by the Russian Federation, and rising inflation, leading to a sharp tightening of global monetary conditions.

Despite these challenges, the global economy proved to be more resilient than predicted or anticipated in 2023. Several large economies showed remarkable resilience, outperforming expectations. However, simmering geopolitical tensions and the growing intensity and frequency of extreme weather events have increased underlying risks and vulnerabilities. Tight financial conditions also pose growing risks to global trade and industrial production.

Near-term prospects are diverging. Growth in advanced economies and China is projected to slow in 2024, falling well below the average pace from 2010-2019. However, aggregate growth is expected to improve in emerging markets and developing economies (EMDEs) with strong credit ratings, which remain close to pre-pandemic average rates. Growth is also expected to strengthen somewhat in EMDEs with weak credit ratings from its 2023 low, but the outlook for many such countries remains precarious due to high debt, financing costs, and other unique challenges such as conflict.

Global headline and core inflation have continued to decline from their 2022 peaks. However, inflation remains above target in most advanced economies and about half of inflation-targeting EMDEs. Global inflation is projected to stay above its 2015-2019 average beyond 2024. Monetary tightening in advanced economies is concluding, but real policy interest rates are expected to remain elevated for some time as inflation returns to target only gradually. This will keep the stance of advanced-economy monetary policies restrictive in the near term.

The world economy continues to face multiple crises, jeopardizing progress towards the Sustainable Development Goals (SDGs). These challenges underscore the need for global cooperation and concerted efforts towards sustainable and inclusive growth.

Source: Global Economic Outlook Report 2024

CHALLENGES FOR GLOBAL ECOMONY

The economic survey identifies various challenges confronting the global economy:

1. **Israel- Hamas War and rising political tension-** Middle East wars of the past, the conflict between Israel and Hamas that broke out this past week has the potential to disrupt the world economy — and even tip it into recession if more countries are drawn in. Ongoing conflicts in Eastern Europe and the Middle East, considered crucial food and energy supply regions, pose substantial threats. The Middle East contributes about 30% of global oil production. Recent attacks in the

Red Sea have disrupted shipping via the Suez Canal, which handles 30% of global container traffic.

These tensions create uncertainty, impacting investment and economic growth negatively. Conflicts often lead to a reduction in global supply capacity, potentially causing inflationary pressures. While oil prices are projected to decrease this year, any escalation in Middle East conflicts could push prices above the baseline forecast of $81 per barrel in 2024, further exacerbating global inflation and dampening global growth.

2. **Declining China's Growth-** With a projected growth rate of 4.5% this year, China is anticipated to experience its slowest economic expansion since 1990, excluding the COVID-19 period. This deceleration is likely to impact numerous advanced and developing economies that rely heavily on trade with China.

3. **US facing Challenges -** Geopolitics continues to create new challenges for US policymakers. US allies are asking the country to provide weapons, ammunition, and financing, which will further challenge the budget process.6 Supply shocks—particularly oil price-related might also derail the US economy.

4. **Inflation-** Headline inflation has continued to come down in many countries, driven by the decline of food and energy prices in the first half of 2023. However, core inflation – inflation excluding the most volatile components, energy and food – hasn't significantly slowed. It remains well above central banks' targets. A key risk is that inflation could continue to prove more persistent than expected, meaning interest rates need to tighten or remain higher for longer.

INDIAN ECOMONY

India is a significant global economic player, with its nominal GDP at current prices estimated at Rs. 296.58 trillion (US$ 3.56 trillion) in 2023-24. The country boasts the third-largest unicorn base globally, reflecting a vibrant startup ecosystem. The government is committed to renewable energy sources, aiming for 40% of energy from non-fossil sources by 2030 and striving for Net Zero Emissions by 2070 through the 'Panchamrit' strategy. India ranks third in the renewable energy country attractive index, indicating a favorable environment for renewable energy investments.

India's GDP growth is projected to moderate to 6.8% in the upcoming fiscal year, down from the current fiscal's better-than-expected 7.6%. This moderation is due to several factors. Firstly, higher interest rates, which are typically used to manage inflation by reducing borrowing and spending, can potentially alleviate inflationary pressures. Secondly, a reduced fiscal impulse, indicating a decrease in government spending or an increase in taxes, can affect inflation dynamics by impacting consumer spending and overall economic activity. Lastly, the normalizing effect of net taxes on demand refers to tax adjustments that could affect consumer purchasing power and, consequently, inflation trends.

India's GDP growth is projected to moderate to 6.8% in the upcoming fiscal year, down from the current fiscal's 7.6%. Despite this moderation, India is expected to retain its position as a significant global economic player.
The Interim Budget for 2024-25 allocates a significant amount for capital expenditure, focusing on infrastructure and development projects. This investment is expected to

stimulate economic activity and contribute to GDP growth. Tax receipts are estimated to increase, with GST collections crossing significant benchmarks. This increase in tax collections indicates a robust economy.

The fiscal deficit is estimated at 5.1% of GDP in 2024-25, aligning with the goal of reducing it below 4.5% by 2025-26. This reduction in fiscal deficit is a positive sign of fiscal responsibility and economic stability.

According to the McKinsey Global Institute, India needs to create 90 million non-farm jobs between 2023 to 2030 to achieve 8-8.5% GDP growth. This indicates a strong focus on employment generation in the coming years.

The government's commitment to renewable energy sources and its aim for 40% of energy from non-fossil sources by 2030 shows a progressive approach towards sustainable development. Global uncertainties and domestic factors, such as the ongoing effects of previous interest rate increases and the Reserve Bank of India's measures, could pose challenges. However, these are being actively managed to ensure stable economic growth.
In conclusion, while there are challenges ahead, the article suggests that India is well-positioned to maintain strong economic performance in the future. The government's focus on infrastructure development, fiscal responsibility, employment generation, and sustainable energy sources are key factors that will contribute to this growth. However, it's important to note that these projections are based on current data and assumptions, and actual outcomes may vary.

In conclusion, while there are challenges ahead, India is well-positioned to maintain strong economic performance in the future. The government's focus on infrastructure development, fiscal responsibility, employment generation, and sustainable energy sources are key factors that will contribute to this growth. However, it's important to note that these projections are based on current data and assumptions, and actual outcomes may vary.

Source: Crisil Growth Marathon, Interim Budget 2024

INDIA INCLUSIVE GROWTH

The Survey highlights the importance of inclusive growth, particularly when it comes to job creation. It points out that both official and unofficial sources confirm a rise in employment levels in the current financial year. In rural areas, UR decreased from 5.3% in 2017-18 to 2.4% in 2022-23, while for urban areas, it decreased from 7.7% to 5.4%. UR for males in India decreased from 6.1% in 2017-18 to 3.3% in 2022-23, and the corresponding decrease in UR for females was from 5.6% to 2.9%. In rural areas, LFPR increased from 48.9% in 2017-18 to 56.7% in 2022-23, while for urban areas, it increased from 47.1% to 49.4%. LFPR for males in India increased from 75.1% in 2017-18 to 77.4% in 2022-23, and a corresponding increase in LFPR for females was from 21.1% to 31.6%. This improvement in the labor force participation rate (LFPR) further confirms the economy's emergence from the pandemic-induced slowdown early in FY24.

The Indian economy has sustained its growth momentum, with overall economic activity remaining resilient. MSME sector, which is the backbone of India's economy, reflects these trends and shows steady credit growth trajectory. This credit growth is broad-based, marked expansion is seen amongst semi-urban and rural MSMEs. Credit supply to MSMEs grew by 20% YoY by volumes in quarter Jul-Sep 2023 indicating improved lender confidence. Commercial credit lending continues to maintain its overall growth post initial boost provided by ECLGS Scheme (launched by Government of India to support credit to MSME sector). Availability of enriched and timely credit data and rapid implementation of digital lending infrastructure has contributed significantly towards enhancing lender confidence. 7% YoY growth is seen in borrowers who availed sub-INR 1 Crore loans (Micro segment) while growth of borrowers seeking greater than INR 10 Crores (Medium) has decreased by value.

Furthermore, the government's implementation of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been successful in rapidly creating more 26 assets related to "Works on individual's land" than in any other category. Additionally, schemes like PM-KISAN, benefiting households covering half the rural population, and PM Garib Kalyan Anna Yojana, have significantly contributed to reducing poverty in the country.

India's performance in FY24 was marked by resilient economic growth, prudent management of external balances, well-contained inflation, and a resilient financial market. These factors underscored India's economic prowess and its ability to withstand global shocks, positioning the country as a bright spot in the global economy.
As the third-largest economy in the world in PPP terms and the fifth-largest in market exchange rates, India has almost "recouped," "renewed," and "re-energized" what was lost, paused, or slowed during the pandemic and the European conflict. This reflects the strength and adaptability of the Indian economy in facing and recovering from challenging circumstances.

Source: pib.gov.in, transunioncibil.com

Fiscal policy amid rising interest rates and a cost-of living squeeze:

Fiscal policies should be responsive to a multitude of global events and dynamics, including geopolitical factors such as wars and trade disputes, fluctuations in the political landscape such as changes in government or upcoming elections, evolving economic trends such as technological advancements, and recovery from the pandemic, particularly against the backdrop of rising interest rates and escalating debt levels.

However, prudence in fiscal management must not eclipse the imperative of addressing the needs of the most vulnerable segments of society. When governments have some leeway in their budgets and can't use typical tools like adjusting interest rates, they might need to consider spending more to help boost overall demand. Nevertheless, they must exercise caution with this approach to prevent exacerbating existing problems with supply and demand, as well as inflation. Conversely, in situations where governments don't have much room to maneuver with their budgets, they must carefully balance the need to cut spending with ensuring they still allocate resources to essential areas. This necessitates thoughtful consideration to maintain the country's financial health while safeguarding the well-being of its citizens.

Reskilling Revolution: Preparing 1 billion people for tomorrow’s economy:

More than 600 million people around the world are set to be reached by the World Economic Forum’s Reskilling Revolution platform by 2030. The ambitious program is preparing the global workforce with the skills needed to future-proof their careers, as technologies such as artificial intelligence (AI) enable greater automation. While most efforts are focused on digital skills such as AI, big data, and programming, business leaders strongly emphasize leadership, curiosity, and building resilience. Over half of the Reskilling Revolution efforts additionally place great weight on preparing workers for green jobs.

At the heart of the initiative is a longstanding commitment from over 70 CEOs who understand how a skilled and motivated workforce will benefit all stakeholders and the planet.

INDIAN ECONOMY OUTLOOK

India's financial sector is undergoing significant growth and diversification, comprising a wide range of entities, including commercial banks, insurance companies, non-banking financial companies, cooperatives, pension funds, mutual funds, and other smaller financial entities. The banking regulator has recently allowed the establishment of payment banks, further expanding the variety of financial services available in the country.

The financial sector in India is predominantly a banking sector, with commercial banks accounting for more than 64% of the total assets held by the financial system. The Government of India and the Reserve Bank of India (RBI) have introduced several reforms to liberalize, regulate, and enhance this industry. These measures aim to facilitate easy access to finance for Micro, Small, and Medium Enterprises (MSMEs), such as launching credit guarantee schemes, issuing guidelines on collateral requirements, and setting up a dedicated refinancing agency, Micro Units Development and Refinance Agency (MUDRA).

During the fiscal year 2024, the mutual fund (MF) industry witnessed a significant increase in new investors, up by 70% from the previous year, mainly due to the recovery in the equity market. This rise added 6.8 million unique investors, taking the total MF subscriber count to 44.5 million. The industry's assets under management (AUM) experienced a notable 35% growth, marking the second-highest increase in a fiscal year, while the number of folios reached a record high of 147.8 million, indicating the industry's healthy expansion. The heightened investor interest extended beyond mutual funds to encompass other equity investment avenues, indicative of a broader trend towards increased participation in capital markets. Active SIP accounts observed a significant rise, with net additions doubling from the previous year and over 82% of these accounts being dedicated to active equity schemes. However, the MF customer base of 44.5 million remains only around half of the latest tally of income tax return filings, signalling substantial room for further expansion.

The fiscal year 2024 highlighted a notable shift towards an investment culture driven by market performance, advancing financial literacy, and the ongoing transition from saving to investing in the economy. The recovery in equity market indices such as Nifty 50 and Sensex by over 25%, combined with the introduction of new fund options in popular categories, boosted investor confidence.

The adoption of mobile wallets is rapidly rising in India, outpacing traditional payment methods like cash and cards. Global Data forecasts mobile wallet transactions to exceed $6.39 trillion (Rs. 531.8 trillion) by 2028, growing at a robust compound annual growth rate (CAGR) of 18.3% between 2024 and 2028. This growth is fuelled by government initiatives promoting digital payments, particularly through the unified payments interface (UPI), which saw transactions valued at $2.5 trillion (Rs. 202.8 trillion) in 2023, with a staggering CAGR of 72.1% from 2019 to 2023.

India's financial sector is experiencing a significant transformation, characterized by the expansion and diversification of financial institutions, reforms initiated by the government, and the swift integration of digital payment technologies, notably mobile wallets. This evolution signifies a promising outlook for India's capital markets, showcasing vibrant growth prospects and abundant opportunities for both investors and enterprises.

Source: https://www.ibef.org

Market Share

As of November 2023, the assets under management (AUM) managed by the mutual funds industry stood at $588.31 billion, with inflows into India's mutual fund schemes through systematic investment plans (SIPs) reaching $18.09 billion in FY23. Notably, equity mutual funds registered a net inflow of $294.15 billion by the end of December 2021. Additionally, the Bombay Stock Exchange (BSE) will set up a joint venture with Ebix Inc. to build a robust insurance distribution network in the country. In FY23, $7.17 billion was raised across 40 initial public offerings (IPOs), and the number of companies listed on the NSE increased from 135 in 1995 to 2,113 by FY23.

The country's private wealth management industry shows immense potential, with India projected to have 16.57 lakh high-net-worth individuals (HNWIs) by 2027, positioning it as the fourth-largest private wealth market globally by 2028. Furthermore, India's insurance market is anticipated to reach $250 billion by 2025, offering an opportunity for an additional $78 billion in life insurance premiums from 2020 to 2030.

In recent developments within the Financial Services Industry, the Unified Payments Interface (UPI) recorded a staggering 11.23 billion transactions amounting to Rs. 17.39 Lakh crore (US$ 208.51 billion) in November 2023, while the immediate payment service (IMPS) facilitated 472 million transactions valued at Rs. 5.35 trillion (US$ 64.14 billion) during the same period. Moreover, India witnessed a significant surge in Private Equity/Venture Capital (PE/VC) investments, soaring to US$ 77 billion in 2021, representing a remarkable 62% increase compared to the previous year. In 2023, the government revamped the credit guarantee scheme. The inflow of INR 9,000 crores into the corpus of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) will give MSMEs more access to collateral-free loans.

The National Stock Exchange of India Ltd. (NSE) emerged as the world's largest derivatives exchange in 2020 in terms of the number of contracts traded and was ranked 4th worldwide in cash equities by number of trades in 2020. The Association of Mutual Funds in India (AMFI) is targeting a nearly five-fold growth in AUM to $1.15 trillion and more than three times growth in investor accounts to 130 million by 2025.

India's Fintech space is expected to further fuel the growth in various financial segments. The mobile wallet industry in India is estimated to grow at a Compound Annual Growth Rate (CAGR) of 150% to reach $4.4 billion by 2022, with mobile wallet transactions expected to touch $388.8 billion during the same period. According to Goldman Sachs, investors have been pouring money nto India's stock market, which is likely to reach over $5 trillion, surpassing the UK, and become the fifth-largest stock market worldwide by 2024.

There have been several growth drivers for the sustainable growth of financial services in India in future:

Growing Demand:

- Increasing income levels are fuelling the need for financial services across various income groups.
- The investment potential in the Indian insurance industry is projected to reach US$ 1 trillion by 2025.
- With over 2,100 FinTech companies currently operational, India is poised to emerge as one of the largest digital markets due to the rapid expansion of mobile and internet usage.

Innovation in Services:

- India leverages a wide array of channels to extend the reach of financial services, fostering innovation.
- Emerging options for digital gold investments are gaining traction.
- In the Union Budget 2022-23, India unveiled plans for the introduction of a central bank digital currency (CBDC), referred to as Digital Rupee.

Policy Support:

- The government's approval of 100% Foreign Direct Investment (FDI) for insurance intermediaries and the increase in the FDI limit in the insurance sector from 49% to 74% under the Union Budget 2021-22 signify significant policy backing.

Growth Penetration

- Access to credit, insurance, and investment opportunities is on the rise in rural areas.
- High Net Worth Individual (HNWI) involvement is increasing in wealth management.
- Despite mutual fund penetration currently standing at 5-6%, there remains substantial room for growth, indicating latent opportunities.

Source: https://www.ibef.org

NBFC Sector

The Indian financial sector features a robust ecosystem of non-banking financial companies (NBFCs), with 9,356 registered with the Reserve Bank of India (RBI) as of

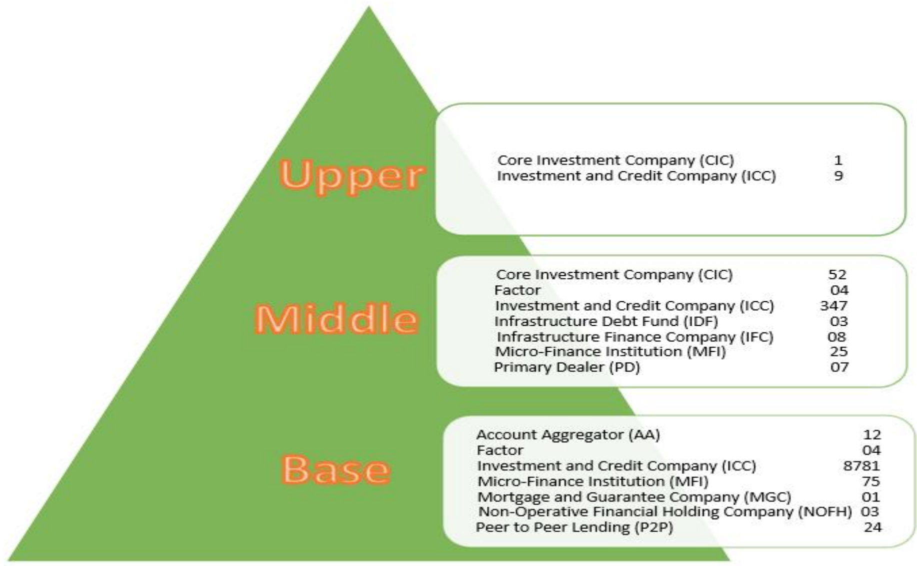
September 30, 2023. This underscores their significant role in the economy. The vast majority (8,799) are non-deposit-taking NBFCs (NBFC-NDs), driving financial inclusion by extending credit to underserved sectors and boosting economic growth. The RBI maintains vigilant oversight of NBFCs, particularly the subset designated as systemically important NBFC-ND-Sis (507), owing to their size and potential impact. This regulatory approach ensures financial stability. Additionally, the RBI regulates 27 Asset Reconstruction Companies (ARCs), specialized entities that resolve non-performing assets (NPAs) and support the financial sector's health. The RBI's comprehensive regulation across both NBFCs and ARCs promotes a financially inclusive and stable landscape in India.

NBFC Sector Analysis

The Non-Banking Financial Company (NBFC) sector has emerged as a vital source of finance for a diverse range of individuals and businesses, including Small and Medium Enterprises (SMEs) and economically unserved and underserved people. NBFCs have excelled in meeting the varied needs of borrowers with remarkable speed and efficiency, leveraging their extensive geographical reach, understanding of diverse financial requirements, and rapid turnaround times. By supporting the growth of millions of MSMEs and facilitating independent employment opportunities, nonbank money lenders have played a pivotal role in fostering financial inclusion.

A significant catalyst for the expansion of the NBFC sector has been the escalating demand for credit from MSMEs, who often face challenges in accessing loans from traditional banks due to stringent eligibility criteria. In response, digital lenders offering alternative financial solutions have emerged, playing a crucial role in driving the growth of the NBFC sector. This growth has been accompanied by the entry of numerous players with diverse business models, signalling a transformation in the Indian financial services landscape. The increasing adoption of neo-banking, digital authentication, the proliferation of UPI and mobile phone usage, and the spread of mobile internet have led to the modularization of financial services, particularly in the realm of credit.

The regulatory distinction between banks and NBFCs



Key reasons for growth

- Deep demographic and addressable market understanding: With their operations in the unorganized and underdeveloped segments of the economy, NBFCs have created a niche for themselves by understanding what customers want from them and guaranteeing last-mile delivery of goods and services.

- Tailored product offerings: NBFCs have adapted their product offering to meet the specific characteristics of a customer group and are focused on meeting appropriate needs by carefully analysing this target segment and customising pricing models.

- Wider and effective reach: NBFCs are now reaching out to Tier 2, Tier 3 and Tier 4 markets, distributing the loan across several customer touchpoints. In addition, they are building a connected channel experience that provides an omnichannel, seamless experience of sales and service 24 hours a day, seven days a week.

- Technology advancements and growing fintech ecosystem for improved efficiency and enhanced experience: The use of technology is helping NBFCs customise credit assessment.

- Co-lending: RBI, in November 2020, issued co-lending norms that enable banks and NBFCs to collaborate for priority sector lending (PSL).
- Government and central bank Initiatives: The Government of India also unveiled several initiatives aimed at addressing some of the structural issues stressing the small business lending segment. These include granting licenses to account aggregators, initiating the Pradhan Mantri Mudra Yojana (PMMY), launching UPI platforms, unveiling platforms such as TReDS, GeM and Open Network for Digital Commerce (ONDC) and implementing GST.

The COVID-19 pandemic and consequent acceleration in both adoption of technology and change in consumer habits, as well as increasing availability of data for credit decision-making, has made it possible to build an NBFC lending business without investing large sums to have brick-and-mortar presence on the ground. Overall, between FY23 and FY25, research shows NBFC credit will increase at a CAGR of 13–15 per cent.

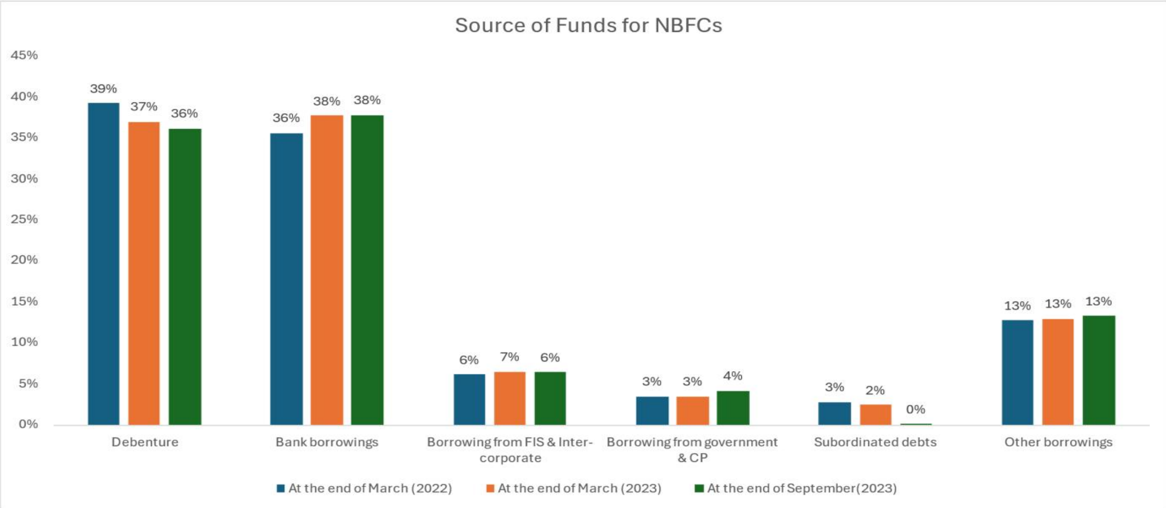
Navigating funding challenges: Emerging sources and regulatory impact for NBFCs in India.

Non-Banking Financial Companies (NBFCs) play a crucial role in India's financial landscape, yet they encounter evolving hurdles in accessing funds. This article investigates emerging fund sources and analyses how regulatory measures affect NBFCs' ability to raise capital.

Historically, NBFCs in India heavily depended on traditional financing avenues like bank loans and debenture issuance. However, recent regulatory interventions and expanded options have prompted NBFCs to explore alternative funding channels.

Sources of borrowings

In Fiscal 2023, there was a notable surge in NBFCs' borrowings from banks, leading to a significant uptick in their share of total funding to 36%, up from 29% at the conclusion of Fiscal 2022. Over the past decade, the proportion of bank lending to NBFCs has nearly doubled. However, it is anticipated that NBFCs will continue to rely heavily on funding from banks, as well as from other NBFCs and small finance banks, throughout Fiscal 2024 and Fiscal 2025.



Emerging sources of funds additional to the traditional options

- **Private equity and venture capital:** Private equity and venture capital have emerged as robust alternatives, injecting capital into NBFCs while also offering strategic guidance.

- **Securitisation and asset reconstruction:** Securitisation and asset reconstruction are increasingly adopted strategies by NBFCs, involving the sale of loan portfolios to investors and collaboration with Asset Reconstruction Companies (ARCs) to optimize balance sheets and manage risk.

- **Co-lending:** Co-lending, also known as co-origination, is gaining prominence as a collaborative lending model where multiple financial entities jointly extend loans to borrowers, sharing risks and rewards based on pre-agreed terms. This model, typically involving banks and NBFCs, offers increased liquidity and profitability opportunities if utilized effectively.

- **Green bonds and sustainable funding:** Green bonds and sustainable funding have become key avenues for climate-friendly financing. NBFCs inclined towards environmental sustainability can issue green bonds, attracting investors keen on making positive social and environmental impacts. Institutional investors, including banks, find green bonds particularly attractive, aligning with their sustainability goals and investment preferences.

Impact of regulatory measures on funding requirements:

- **Liquidity coverage ratio (LCR):** The implementation of Liquidity Coverage Ratio (LCR) by the RBI has compelled Non-Banking Financial Companies (NBFCs) to uphold high-quality liquid assets, ensuring short-term liquidity resilience. However, this necessitates a re-evaluation of liquidity management strategies.

- **Capital adequacy requirements**: Regulatory directives regarding capital adequacy requirements entail an increase in risk weights for consumer lending from 100 percent to 125 percent. Consequently, NBFCs with a higher proportion of such loans in their portfolio will be impacted. Maintaining a balanced mix of secured and unsecured assets becomes crucial to meet capital adequacy parameters effectively.

- **Bank borrowing for NBFCs with higher rating:** The revised risk weights for bank exposure to NBFCs with a credit rating of 'A' and above have been augmented by 25 percent. This signifies that banks will be required to maintain higher capital on loans extended to such NBFCs, potentially influencing the funding profile of these entities. Additionally, the cost of borrowing funds from banks may escalate as banks could adjust interest rates to compensate for their elevated cost of capital.

Evolving business landscape and key growth sectors

The Indian economy persists in displaying robust growth, as indicated by the RBI's forecast of a 6.51 percent GDP growth rate. This economic resilience is facilitating substantial credit expansion for Non-Banking Financial Companies (NBFCs). Particularly noteworthy is the leading role played by the MSME sector and various retail credit segments, encompassing consumer durables, vehicle loans, microfinance, and affordable housing, in propelling the growth trajectory for NBFCs. Anticipated is a robust growth trajectory for the NBFC sector, buoyed by heightened credit demand across these segments.

Key growth sectors in NBFC

1. MSMEs

The MSME sector is anticipated to play a pivotal role in India's growth trajectory, with its contribution to the GDP projected to escalate from approximately 30% in FY23 to about 40% within the next five to seven years. Formal credit allocation will be a vital catalyst in fostering the expansion of this sector, with NBFCs poised to emerge as critical facilitators. The key contributors are as follows:

- Trade: The burgeoning e-commerce landscape, coupled with government initiatives such as the Open Network for Digital Commerce (ONDC) and Unified Logistics Interface Platform, alongside rising demand for indigenous products, is anticipated to propel growth in this domain.

- Manufacturing: Government impetus to augment manufacturing output, coupled with a focus on green energy initiatives and the burgeoning electronic vehicle (EV) ecosystem, is expected to galvanize MSME growth, consequently generating financing requisites for both capital and operational expenditures.

- Services: Sectors such as tourism and hospitality are projected to offer substantial avenues for NBFCs, presenting ample platform expansion and investment opportunities.

2. RETAIL CREDIT

Sub-sectors like consumer durables, vehicle loans, microfinance, and affordable housing are experiencing a surge in demand, buoyed by robust macroeconomic indicators and an uptick in private consumption. NBFCs, renowned for their agile operational frameworks, are strategically positioned to meet this escalating demand.

To fortify the MSME and retail credit sectors, the government has introduced an array of reforms and initiatives. These encompass schemes such as the Pradhan Mantri Mudra Yojana (PMMY) and the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). Additionally, digitization endeavors like India Stack, the JAM (Jan Dhan-Aadhaar-Mobile) trinity, and Udyog Aadhaar for streamlined business registration are in place. Initiatives like the Open Network for Digital Commerce (ONDC) and the ambitious National Infrastructure Pipeline, under the Gati Shakti program, further bolster these efforts.

In the realm of retail credit, policies like the Pradhan Mantri Awas Yojana (PMAY) are driving growth in the affordable housing sector. Similarly, initiatives promoting vehicle electrification and the implementation of the Vehicle Scrappage Policy are propelling the vehicle loan segment forward. Furthermore, microfinance institutions are being strengthened through initiatives such as PMMY and a concerted focus on on-lending and co-lending models.

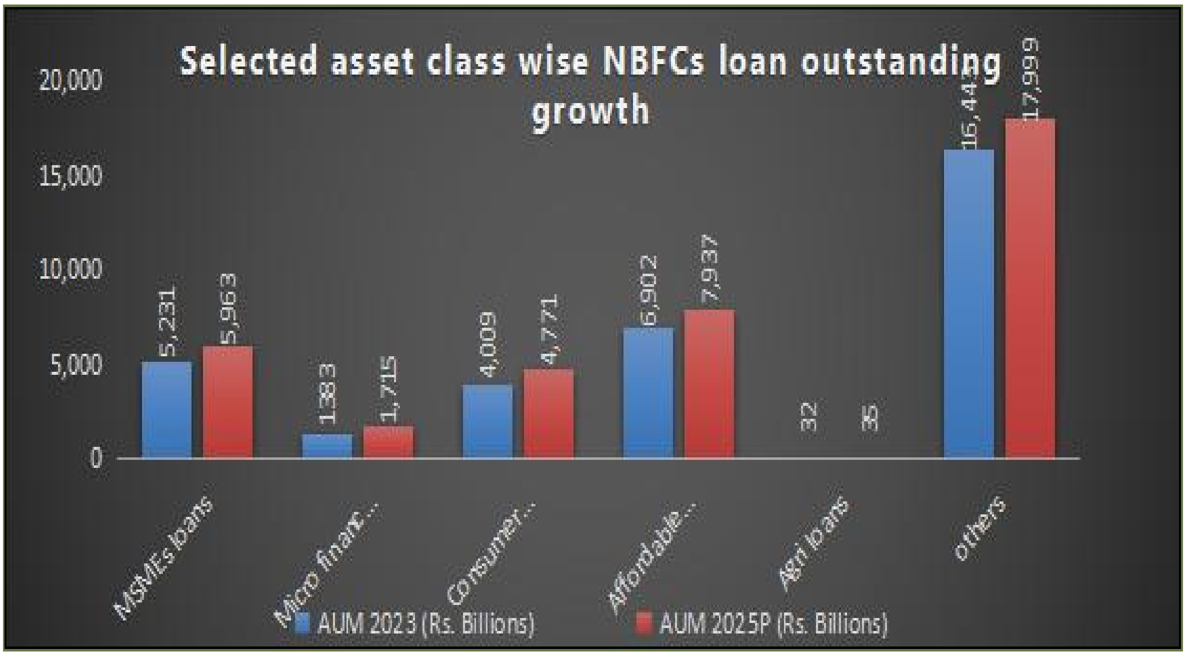
Ticket size and assets under management (AUM)

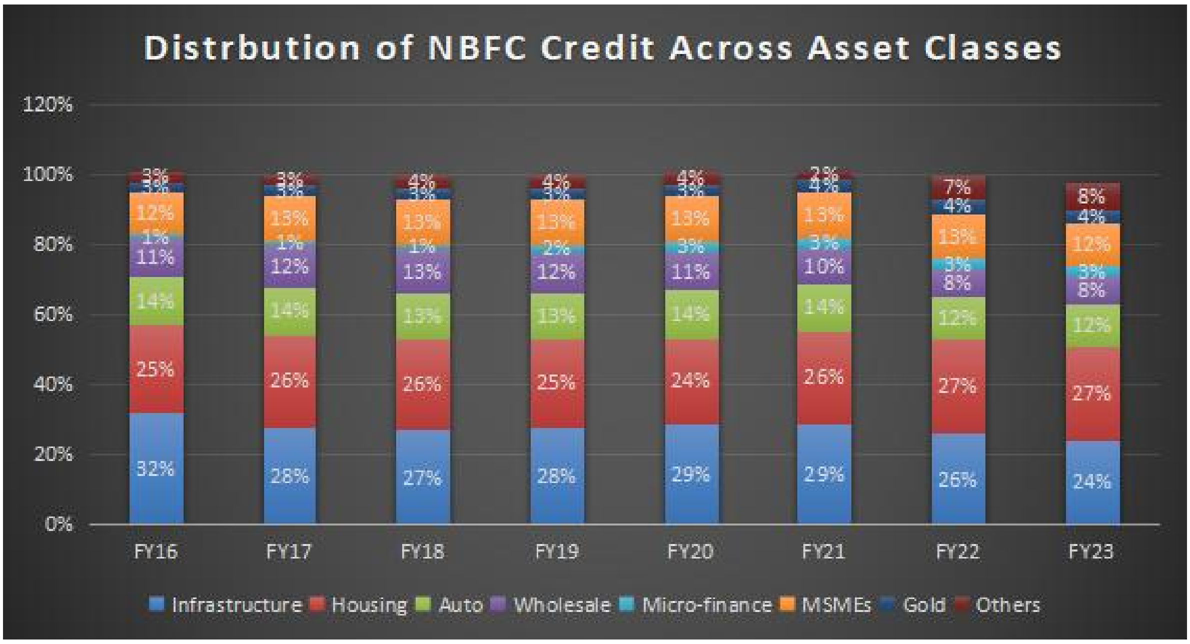
With the extensive adoption of technology and integration with the fintech ecosystem, disbursements across products have been very strong for NBFCs which is likely to continue in the coming years. Unsecured business loans with ticket size <5 lakh and secured MSME LAP with ticket size between 20–25 lakh will drive growth in the MSME credit space. Vehicle finance is expected to register strong growth along with affordable housing where the average ticket size is between 9 lakhs to 12 lakh for NBFCs. Gold loans with an average ticket size of up to 1.25 lakh have emerged as a popular and alternative route for financing and have seen participation from various fintech's due to the secured nature of the product and same-day disbursals. As a result, the AUM for NBFCs is projected to grow by 12–14 per cent until FY25, reaching INR42 trillion.

The co-lending assets under management (AUM) of non-banking financial companies (NBFCs) in India are nearing Rs 1 lakh crore, showing healthy growth momentum at 35-40% annually over the medium term. Partnerships between NBFCs and banks are driving this growth, although they may shift focus to other asset classes like loans to micro, small, and medium enterprises (MSMEs) and home loans due to higher risk weights for personal loans.

Of the current overall co-lending book, personal loans alone account for about a third of the AUM, followed by housing loans at ~20% and unsecured MSME loans and gold loans each making up ~13% of the pie. Secured MSME (including loan against property) and vehicle loans comprise the rest ~20%

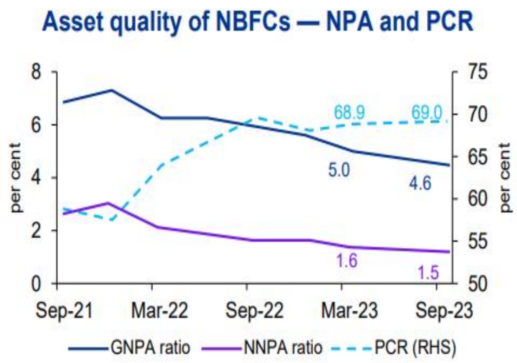
Parameters	Sub-Parameters	AUM ₹Billions (2023)	Loan Outstanding (CAGR)
Selected asset class wise NBFCs loan outstanding growth	MSME loans	5231	13-15%
	Microfinance loans	1383	23-25%
	Consumer Finance	4009	18-20%
	Vehicle loans	3277	14-15%
	Affordable housing loan	6902	14-16%
	Agri loans	32	9-11%



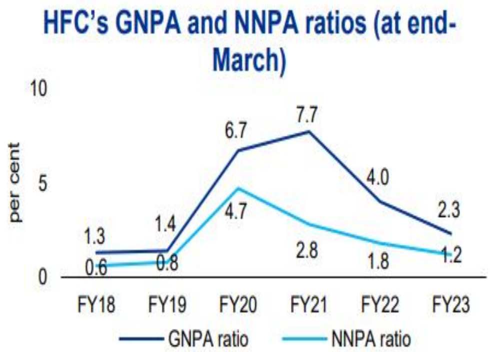


Asset quality improved on account of efficiency in the collection process and improvement in economic activity in Fiscal 2023

The RBI allowed NBFCs time till 30 September 2022 to follow NPA upgradation norms, which clarified that loan accounts classified as NPAs may be upgraded as standard assets only if the borrower pays the entire arrears of interest and principal. During FY22–23, the asset quality of NBFCs improved, with lower slippages leading to a decrease in the GNPA ratio to its lowest level in five years. PCR increased from 51.5 percent at the end of March 2020 to 68.9 percent at the end of March 2023 for NBFCs (please refer to the attached chart). As of the end of September 2023, the sector's asset quality showed further improvement as the GNPA and NNPA ratios fell to 4.6 percent and 1.5 percent, respectively. This trend is expected to be sustained only if the delinquencies and asset quality are maintained within acceptable limits, the composition of unsecured loans in the NBFC portfolio is in check, and collections are optimized with the use of technology and analytics.



Sources: RBI supervisory returns and staff calculations.



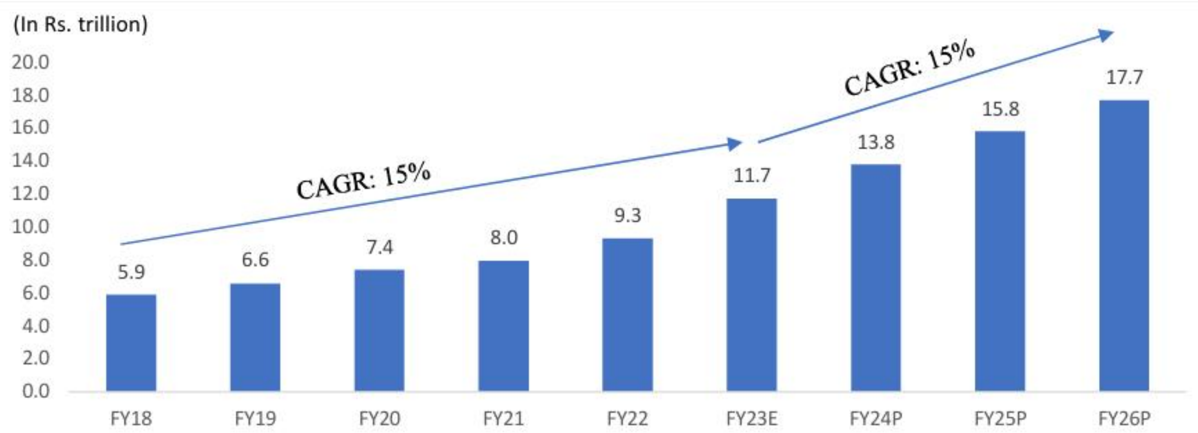
Note: Data are provisional
Source: National Housing Bank (NHB)

Cost of funds

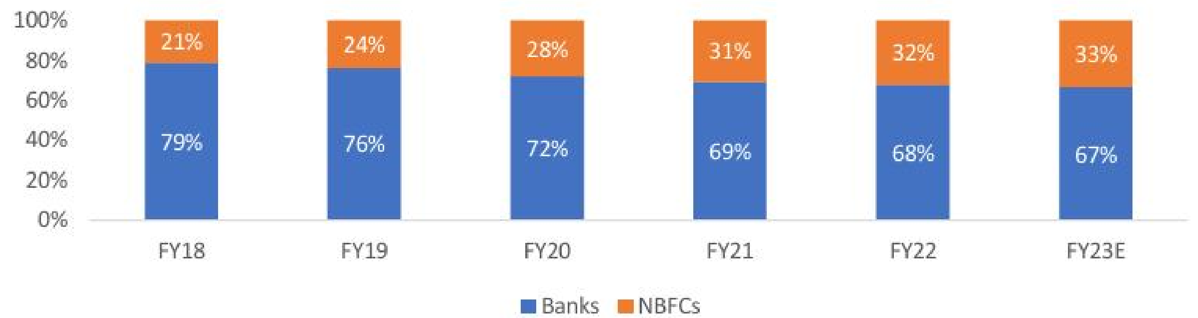
NBFCs need to keep a vigilant eye on the cost of raising funds for their operational expenses and lending. During the pandemic period, NBFCs became cautious in lending to preserve the asset quality, which restricted AUM growth. The restricted demand drove AUM growth, especially across higher-yielding segments, which impacted profitability positively. The low-interest environment translated into lower cost of funds, resulting in higher spreads, which further impacted profitability positively. The microfinance segment also witnessed equity infusion from private equity and Alternative Investment Funds (AIFs). This in turn has helped the NBFCs to increase their spreads and decrease their debt levels in FY23 which is expected to remain consistent for the next ~2 years with a marginal increase in the cost of funds only due to the rate hikes.

MSMEs Scenario

Our small business lending division has experienced remarkable growth, achieving a noteworthy 15% Compound Annual Growth Rate (CAGR) between Fiscal 2018 and 2023. This growth is attributed to enhanced data accessibility and government initiatives like the Goods and Services Tax (GST), which have facilitated lending. Notably, our focus on underserved Micro, Small, and Medium Enterprises (MSMEs) has expanded our customer base and fueled economic empowerment. We've seen dynamic growth in both secured and unsecured loans, particularly in the non-loan against property (LAP) segment, driven by rapid industrialization and increased lending to the micro-segment. As economic conditions improve, we've prioritized funding in the unsecured segment while maintaining caution in LAP lending. Looking forward, we anticipate sustaining a robust 15% CAGR in Small Business Loans from Fiscal 2023 through 2026, reflecting our confidence in the resilience of the MSME sector and our commitment to its growth.



Small Business Loans to grow at 15% CAGR over Fiscal 2023 and 2026
(Source-Crisil Report)



(NBFCs increasing their presence in the small business loans segment)
(Source-Crisil Report)

NBFCs are gaining market share from banks in small business loans. Here is why it's happening.
The information you provided perfectly explains why NBFCs are gaining market share from banks in small business loans. Here's how each point connects to the trend:

- **Flexible Eligibility Criteria:** Many small businesses, especially startups or those in their early stages, may not meet the strict credit score or business history requirements of traditional banks. NBFCs, with their more relaxed approach, open the door for these businesses to access much-needed funding and fuel their growth.
- **Quick Disbursal of Funds:** Small businesses often operate with tight cash flow and may need capital quickly to seize opportunities or address emergencies. NBFCs' streamlined processes ensure faster loan approvals and disbursements, allowing businesses to act swiftly and not miss out on crucial moments.
- **Competitive Interest Rates & Lower Fees:** For small businesses, keeping costs down is essential. NBFCs' competitive interest rates and lower processing fees compared to banks make borrowing more affordable. This allows businesses to invest a higher proportion of their capital back into growth initiatives.

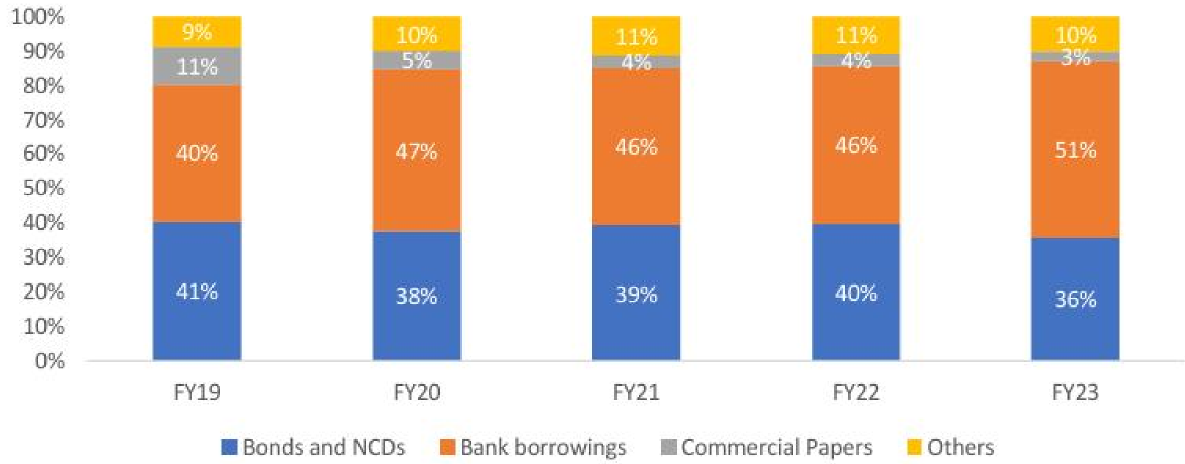
- **Digital Loan Processing:** The digital approach of NBFCs makes the loan application process simpler and more convenient for small businesses. Entrepreneurs can apply online, saving them time and resources that would otherwise be spent on paperwork and lengthy bank visits.
- **Pre-Approved Loan Limits:** Pre-approved loan limits from NBFCs provide small businesses with financial flexibility. Businesses can access funds as needed, managing their cash flow efficiently and keeping loan repayments manageable. This also offers a safety net for unexpected expenses.

By offering these advantages, NBFCs cater more effectively to the specific needs of small businesses. This, in turn, is leading them to gain significant market share in the small business loan segment, posing a growing challenge to traditional banks.

(Source- IIFL Securities Article)

Bank borrowings continue to gain market share in the borrowing mix of NBFCs focused on small business loans.

Bank borrowings" shows a clear upward trend over the five years. This indicates that bank borrowings are making up an increasingly larger portion of the borrowing mix for NBFCs focused on small business loans. The graph shows a decrease in the share of bonds and NCDs, while Commercial Papers (CPs) and Others seem to fluctuate. This suggests that NBFCs might be relying less on these funding sources and turning more towards bank borrowings.



The graph shows several lines representing different borrowing sources for NBFCs.
(Source- Crisil Report)

Portfolio Growth

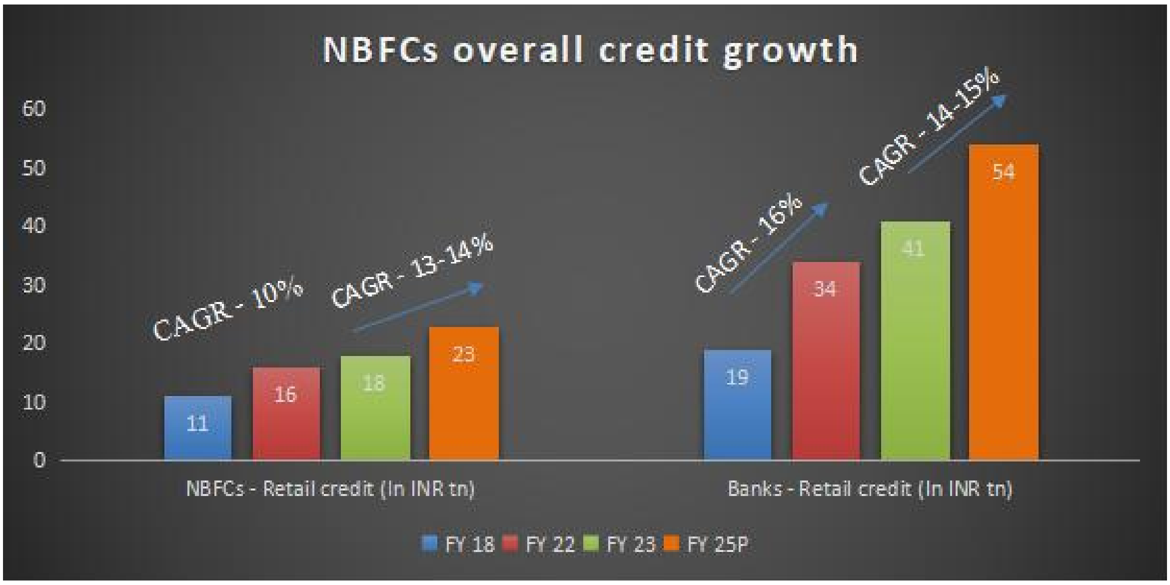
In Fiscal Year 2024, the Non-Banking Financial Companies (NBFCs) sector continues to exhibit resilience and growth across various asset classes. The sector's Assets Under Management (AUM) have seen a steady increase, with projections indicating a CAGR of 12-14% between Fiscal 2023 and Fiscal 2025. This growth is primarily driven by the retail vertical, including housing, auto, and microfinance segments, reflecting the sector's ability to adapt to changing market conditions and evolving customer demands.

Retail segment to support NBFCs overall credit growth

The non-banking financial company (NBFC) sector in India has experienced significant growth and evolution in recent years, marked by expansion in size, operations, technological advancements, and diversification into new financial services and products. This growth has been accompanied by the emergence of numerous players with diverse business models entering the market.

Despite facing a slowdown in growth following the COVID-19 pandemic, NBFCs have regained momentum, with an estimated credit growth of 12-13% during Fiscal Year (FY) 2023. Looking ahead, CRISIL MI&A anticipates this growth trend to persist, with credit growth expected to reach 13-14% in FY 2024. The industry is also witnessing the rise of niche NBFCs targeting specific customer segments.

The pandemic has accelerated the adoption of technology and prompted changes in consumer behaviour, leading to increased availability of data for credit decision-making. This shift has enabled the establishment of NBFC lending businesses without the need for substantial investments in physical infrastructure. As a result, CRISIL MI&A forecasts an overall NBFC credit growth at a Compound Annual Growth Rate (CAGR) of 12%-14% from FY 2023 to FY 2025.



Moreover, the retail credit segment provided by NBFCs is projected to grow at an even faster pace, with a CAGR of 13%-15% over the same period. This indicates a positive trajectory for the NBFC sector, driven by technological advancements, changing consumer preferences, and increasing access to credit data.

Housing finance remains a key focus area for NBFCs, with home loans accounting for 46% of overall retail loans as of March 31, 2023. The housing finance market has been posting healthy growth, supported by higher affordability and pent-up demand for housing. The sector has witnessed a significant increase in demand for real estate, particularly in tier 2 and 3 cities, driving the growth of housing finance companies (HFCs) and NBFCs operating in this segment.

In the vehicle financing segment, growth has been robust, especially in commercial vehicle (CV) sales. NBFCs have maintained a market share of approximately 57% in CV financing, indicating their strong presence in this sector. The sector's AUM for CV financing is projected to require around 870 billion in capital over the next three years, highlighting the sector's potential for further expansion and market penetration.

Consumer finance loans, including personal loans and consumer durable finance, have also seen significant growth, with disbursements increasing by 32% in Fiscal 2023. NBFCs have been able to capture a substantial market share in two-wheeler financing, accounting for 65% of the market as of March 2023. This data underscores the sector's ability to cater to diverse consumer needs and provide financing solutions tailored to specific customer segments.

The Micro, Small, and Medium Enterprises (MSME) sector has been a key focus area for NBFCs, with loan outstanding growth in MSME loans projected at 13-15%. The sector's GNPA for NBFC MSMEs stands at 5.30%, reflecting a healthy asset quality and risk management framework. NBFCs have been able to tap into the under-penetrated MSME market, offering tailored financial products and services to support the growth of small businesses.

In terms of profitability, NBFCs have seen improvements in their Return on Assets (RoA) in Fiscal 2023, with projections indicating further improvement in the near term. The sector's ability to manage credit costs and enhance operational efficiency has contributed to the overall profitability of NBFCs. Additionally, the sector's borrowing mix for large, medium, and small NBFCs reflects a strategic approach to capital management and funding strategies, ensuring sustainable growth and financial stability.

Overall, the NBFC sector's portfolio analysis in Fiscal Year 2024 highlights a resilient and dynamic industry landscape, characterized by steady AUM growth, strategic focus on key asset classes, and a strong market presence across various lending segments. The sector's ability to adapt to changing market conditions, innovate in product offerings, and maintain strong risk management practices positions NBFCs for continued growth and success in the financial services industry.

Company outlook

Capital Trust Limited (CTL) is a publicly listed non-banking finance company (NBFC) that specializes in providing income generating digital business loans in tier 3-5 towns. Merging best practices of fintech and traditional financing, the company focuses on financial inclusion of the underserved in deep interiors of rural India. It does so by using digital processes and state of the art technology without compromising on its "feet-on-street" model. As on March 31, 2023, Capital Trust has a Asset under Management of Rs. 28000 Lakhs and caters to over 106000 customers in 10 states in North and East India. This past year, growth was driven by the sustained demand for income-generating business loans in tier 3-5 towns. CTL's commitment to financial inclusion through its unique blend of digital processes and its established "feet-on-street" model has resulted in serving an even wider customer base.

Launched in FY 2019, the Capital Business Loan (CBL) continues to be the driving force behind Capital Trust Ltd.'s mission. Leveraging our ever-expanding 16 years of experience in rural India, CBL remains the core product empowering informal MSMEs with short-term business loans and rapid turnaround times. The commitment to a 100%

digital assistted disbursement process fosters financial inclusion, and we've seen a continued increase in customers adopting online as their preferred repayment method. For those requiring non-digital support, our robust network of [update the number] field staff ensures efficient collection.

Capital Business Loans:

Capital Business Loans is the active product of the company that was launched in FY19. This represents the core segment of the company and the future of Capital Trust.

CBL is a unique MSME lending product that has been developed by the company using its 12- year experience with dealing with clients in rural India. It provides clients access to a short tenure business loan with quick turnaround time. Already having 100% digital disbursement, through this product, the company has been able to push clients to have digital repayment (NACH) as first mode of repayment. Non digitally cleared cases are then met for collection through cash mode by the 2000+ member field staff.

Name of Product	Capital Business Loan
Loan Amount (range of ticket size)	Rs 30,000 - 50,000
Range of Tenor	12 - 18 months
Repayment Frequency	Monthly
ROI	32%+
PF	2%+
Security	Unsecured
Product Optimization	Small ticket size, short tenure, optimal EMI amount, short turn-around-time, high yield, digital collection enabled, full cash collection setup, geo-tagged and analytics backed

Target Clientele:

Comprising of the Informal Micro Enterprises, the target clientele has an annual household income between 3Lacs – 4Lacs per year. As they are right above the microfinance sector and below the Formal MSME sector, they are underserved by MFI, banks or larger NBFCs. The RBI formally recognized this sector by placing it on par with the Formal MSME Sector, classifying it as Priority Sector Lending on May 9, 2023 (RBI/2023-24/27: FIDD.MSME & NFS.BC.No.09/06.02.31/2023-24).

CLASSIFICATION	DOCUMENTATION	TICKET SIZE	ANNUAL INCOME	UNSECURED	SECURED
Formal MSME	- Income Tax Return - GST Certificate - Shop & Establishment - PAN Card - Udyam Aadhaar	> ₹ 10 Lakh	> ₹ 10 Lakh	New Age Fintechs	Banks / Large SME Focused NBFCs
		₹ 1Lac - 10 Lakh	₹ 4Lac - 10 Lakh	Geography Focused MSME NBFCs	Product Focused MSME NBFCs
Informal MSME	- Aadhaar Card - Udyam Assist - Bank Account	₹ 30,000 – 1 Lac	₹ 3Lac - 4 Lakh	CapitalTrust	
Microfinance	- Aadhaar Card	₹ 20,000 – 60,000	< ₹ 3 Lakh	NBFC-MFIs	

Product Features: Driving Innovation & Accessibility

Capital Trust consistently enhances its loan products to empower rural businesses. Our commitment to streamlining processes and maximizing customer convenience is demonstrated in the following features:

End-to-End Digitization: The entire loan process, from documentation to disbursement and repayment, is fully digital. Clients have flexible repayment options, including NACH, payment gateways, and at-the-branch advance payments, resulting in approximately 60% of collections being processed digitally.

Advanced Decision-Making Engine: Our proprietary credit scoring system leverages multiple data points, including income, credit history, debt capacity, and region-specific insights, to ensure informed lending decisions.

Accessibility and affordability: Loan amounts ranging from Rs. 30,000-75,000 and short tenures up to 24 months cater to a broader customer base desiring a faster repayment cycle.

Hybrid Approach: While prioritizing digital processes, we maintain the value of human interaction. On-site visits ensure quality control, while a sophisticated AI-driven system powers underwriting decisions.

Capital Trust further strengthened its digital capabilities in FY 2024. Integration with [mention any new payment gateways or platforms] broadened our reach, and refinements to our underwriting engine, incorporating additional data sources and [mention specific refinements to credit scoring methodology], increased both accuracy and efficiency. These innovations reaffirm our position as a leader in accessible and responsible financial services for India's underserved MSMEs.

Performance of Capital Business Loans:

Company has disbursed a total of Rs. 88600 Lakhs in the CBL product. Owing to short tenure of loans, outstanding portfolio is Rs. 280 Cr. 90+ stands at 1.45% on POS and 0.4% on total disbursement. 30+ stands at 2.5% on POS and 0.8% on total disbursement. Owing to tenure of all loans being less than 18 months, the product has already seen 3-4 full cycles, including a high impact market event

	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q4 FY24	On Disbursal
AUM (Rs Cr)	115	142	162	181	179	152	110	280	886
30+ PAR %	4.3%	3.8%	3.4%	3.4%	3.0%	2.8%	1.8%	2.5%	0.8%
90+ PAR %	1.7%	2.3%	2.3%	2.5%	2.2%	2.1%	1.8%	1.4%	0.4%

Despite going through Covid, Capital Business Loans' Collection Efficiency too have been showing its resilience. Even during 2nd wave of covid (April 21, May 21 when rural India was most impacted), collection efficiency of this portfolio never dipped below 95% showing the strong fundamentals and asset quality of this product.

Product Features:

- **Complete Digital process encapsulating every step:** From documentation & paperwork to onboardingand disbursement. First mode of repayment for all clients is NACH, in addition the Payment Gatewayhas been enabled to all the customers through the Company's App and payment link. Loans are disbursed online and ~60% collections done either online or by advance payment by client at the branch. Balance is done via individual cash collection using a geo-tagged route planning system.

- **Automated disbursement mechanism:** Decision of lending is done on the basis of a
- borrower's CreditScoring, Income, Credit History and Debt servicing capacity. The engine further calibrates for regionaldifferences in performance using pin-code level data.

- **Ticket Size & Tenure:** The Ticket size of this product is at Rs. 30,000 – 75,000 making it accessible across a broader customer base. Short tenure of upto 24 months makes the repayment faster.

- **Return Accretive:** Overall, NIM's for this product are higher than the Company's traditional portfolio.The Company has been focusing on increasing this product base to a broader market across existing and new geographies.

- **Enabling digital integration by blending with physical approach:** While the processes remain digital, to maintain stringent quality checks, physical visits are also conducted, enabling independence between credit officer's data entry and the backend automated decision-making process. The credit officer's role primarily is to propose a case with the system having final decision power. AI and Business Intelligence is used to automatically calculate the applicant's household income based on standardized business size, industry margin and expected expenses.

Credit Processes:

- **Hybrid Dual Credit:** Automated credit (credit bureau checks and preset algorithms) is supplemented with traditional safeguards of branch banking (physical verification of residence, business premise and cash flow analysis).

- Building upon our robust credit assessment framework, Capital Trust Ltd. continues to refine its approach in FY 2024. Our "Hybrid Dual Credit" system combines the efficiency of automated credit checks with the human expertise of on-site business verification. This dual approach minimizes risk while ensuring timely loan decisions. Furthermore, we've significantly expanded our data pool, leveraging insights from our 12 million+ customer base (up from 10 million in FY 2023) and a cumulative loan portfolio exceeding Rs. 4,000 crore (up from Rs. 3,500 Cr. in FY 2023). Our advanced credit engine, powered by AI and Machine Learning, utilizes this enriched data to deliver even more accurate borrower

- **Physical Visit Engine:** Capital Trust Ltd. remains at the forefront of data-driven lending in FY 2024. Our proprietary "Physical Visit Engine" seamlessly integrates field operations with our intelligent credit scoring system. Using historical data, we've further enhanced our industry classification to encompass 80+ unique business types commonly found in rural India. This granularity allows our field officers to quickly input key business parameters (scale and margin) into the system, which then automatically calculates the borrower's potential disposable income. Additionally, we've refined our business intelligence tools to leverage standardized business size and industry margins in estimating household income, streamlining the application process for both customers and staff.

- **Continuous Improvement**: FY 2024 witnessed a continued focus on optimizing our credit processes at Capital Trust Ltd. We actively monitor and improve our AI-powered "Credit Engine," incorporating new data sources and refining our algorithmic models to enhance predictive accuracy. This ongoing commitment ensures responsible lending practices while facilitating faster loan decisions for our rural MSME clients.

Key strengths

The company operates with the following key strengths:

1. **Robust Technology:** Capital Trust Ltd. has developed an online service called Capital Sales that enhances efforts of financial inclusion by placing transparency, accessibility and technology at the heart of in this endeavour. The technology is mainly based on:

- **Digitisation** - With Aadhaar card as the starting point, the company sources the clients by reading the QR codes which instantly sends information to the credit bureau for checking the client's credit history. There is also geo-tagging feature to capture

Client premises location and digital receipt issuance to facilitate post disbursement operations. Documnetaion is done through e signs.

- **Automation** - The services of an Android operating system are extended to clients that help them keep track of their loan progress, provide access to credit records, store KYC information and let clients repay instalments from their application with links to their bank accounts.

- **Newer customer and staff channels** – Customers now get recorded calls for their due amount, arrears and newer eligible loans using OBD calls, SMS etc. Staff has been enabled with real-time information of customers demand sheet, arrears etc.

- **New fintech products -** Capital Magic and Micro Business Loans are a mix of Fintech and regular product. The company provides Capital Magic Loan to Clients within same day.

2. **Focus of the company is on the 'Missing Middle'** – The Company continues to focus on missing middle, the economic segment that is excluded from the formal banking system as well the growing micro-finance industry.

3. **Large Geographic Presence:** The Company is working on hub and spoke model. For every district branch, there are four block level branches. Thus the company is close to the customers. Even though the company has now started digital product, the company has not stopped regular connect with the client. The company mainly operates in Hindi belt areas so there is no language barrier.

4. **Experienced Human Capital:** The company has strong human capital of more than 2000 people, who are full of knowledge and experience. The company has built a team of professionals, who have diversified experience and knowledge in their domain area. The Company has independent business, credit and compliance teams. Some of the employees in company have been with the company for more than 20 years showing great employment retention rate.

5. **Effective Internal Audit:** The Company has strong internal audit teams who do frequent internal audits of the branches. The frequency being quite regular helps in reduction in frauds and implementation of company's policies.

6. **Large no. of lenders:** The Company has current relationship (including past association) with more than 25 lenders, who have supported the company to reach to present level. The funders have supported the company even in the period when NBFC sector was in turmoil.

7. **Liquidity of shares**: The shares of the company being listed on NSE and BSE, therefore the investment by investors in the company is liquid, which can be encashed anytime.

The liquidity also offers company the opportunity to tie up with institutional investors and PE funds which generally look for listed entities for investment.

8. Strong Capital Adequacy: Despite write-offs and provisions due to COVID-19, Capital Trust maintains a healthy capital adequacy ratio of 29% which positions us favourably for future fundraisings.

9. **Strong Systems and Processes:** The Company has been in existence for more than 34 years. Over the years, the company has developed systems and processes which have been timely tested and implemented. The Company's audit team is capable enough to test the systems and enforce their implementation.

10. **Renowned Board:** The Board of the Company comprises of Renowned Professionals who provide proper guidance to the company. The Board is an optimum combination of Independent and Executive Directors.

11. **Credit Engine**
    Automated decision making with Credit Scoring of the borrower based on Income, Credit History and Debt servicing capacity. The engine calibrates regional differences in performance using pin-code level data

12. **Physical Visit Engine**
    Enablement of Independent Credit Officer's data entry with backend automated decision making. System automatically calculates Household Income based on standardized business size, industry margin and expected expenses

13. **Staff Engine**
    Integrated tool for real time monitoring of current staff availability and projected staff sufficiency at branch level by looking at past attendance this engine predicts staff shortfall in times to come.

14. **Disbursement Engine**
    Developed Real-Time system of automated controls on disbursement to avoid risk build up in branches. This engine helps monitor internal and external parameters and ensures automatic stoppage of branch/staff disbursement where collection parameters fall below a prescribed level.

Key weakness

High Cost of Borrowings:
High borrowing costs increase the interest expenses for businesses, reducing overall profit margins. This can limit the company's ability to reinvest in growth and expansion activities.

Opportunies

The company has significant opportunities in rural India, particularly in providing small-ticket loans to Micro, Small, and Medium Enterprises (MSMEs) operating in rural areas. Here are some specific opportunities:

Unmet Demand: There is often a considerable unmet demand for credit in rural areas due to the limited presence of traditional banks. NBFCs can fill this gap by offering customized loan products tailored to the needs of MSMEs in these regions.

Technology Adoption: With the proliferation of digital technologies, Company leverages mobile banking, digital payments, and online application processes to reach remote rural areas cost-effectively and efficiently.

Threats:

Economic Downturns: Economic downturns pose a significant threat to NBFCs that cater to the MSME sector. During periods of economic slowdown, MSMEs often experience reduced cash flow and revenue, which can severely impact their ability to repay loans. This leads to higher default rates, affecting the financial health of NBFCs. Additionally, certain MSME sectors are more vulnerable to market fluctuations, resulting in inconsistent repayment patterns and increased credit risk for lenders.

Regulatory Changes: Regulatory changes present another critical threat to NBFCs. New compliance requirements can increase operational costs and complicate business processes, thereby reducing profitability. The regulatory environment for financial institutions is constantly evolving, necessitating quick adaptation from NBFCs. Sudden shifts in government policies or financial regulations can create uncertainty, making strategic planning and consistent operations challenging.

Risk management

The company has a robust risk management framework in place to identify, which measures, monitors and manages the critical risks. While risk is inherent to every institution, it assumes greater significance in the context of Micro Credit due to the very nature of the business with its absence of collaterals quality and the vulnerable, financially excluded customer segment it serves.

Risks may be avoided through pre-emptive action and hence the need to identify the risks and put in place various mitigation mechanisms.
Capital Trust has identified the following potential risks that could have an adverse impact on the company:

1. Credit Risk
2. Operational Risk
3. Liquidity Risk
4. Portfolio Concentration Risk

5. Compliance Risk
6. Reputation Risk
7. Strategic Risk
8. Contagion Risk

Credit Risk

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

This risk can result from:

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

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

Mitigation

1.1. Location Selection

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

1.2. Credit Bureau Check

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

1.3. Multi-Step Customer Verification

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

Operational Risk

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

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

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

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

Mitigation

Process Compliance

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

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

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

Employee Rotation Policy:

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

Document Storage and Retrieval:

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

Portfolio Concentration Risk

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

Mitigation

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

Compliance Risk

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

Mitigation

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

Reputation Risk

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

Mitigation

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

Strategic Risk

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

Mitigation

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

Contagion Risk

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

Mitigation

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

Cybersecurity Risk

Cybersecurity risk refers to the potential harm or damage that can occur due to vulnerabilities, threats, or attacks targeting an organization's digital assets, systems, and networks. These risks arise from various sources, including malicious actors such as hackers, cybercriminals, and state-sponsored entities.

Mitigation:

We regularly assess potential cybersecurity threats and vulnerabilities through thorough risk assessments, enabling us to identify and prioritize areas for improvement. Through continuous security awareness training, we ensure that our employees are well-informed about evolving cyber threats and adhere to best practices in cybersecurity.

At Capital Trust Ltd., we take proactive measures to mitigate cybersecurity risks and ensure the protection of our clients' data. As part of our security protocols, we have implemented a policy of regularly changing passwords for our systems and accounts.

Every 15 days, we enforce a password rotation policy, requiring employees to update their passwords. This practice reduces the likelihood of unauthorized access due to compromised credentials and enhances the overall security posture of our organization.

By regularly refreshing passwords, we minimize the risk of data breaches and cyber threats, as it limits the window of opportunity for potential attackers to exploit weak or compromised passwords. This proactive approach aligns with our commitment to maintaining the confidentiality, integrity, and availability of our clients' sensitive information.

Artificial Intelligence Risk

AI risk, also known as artificial intelligence risk, refers to the potential negative consequences or adverse impacts associated with the development, deployment, or use of artificial intelligence (AI) technologies. These risks can arise from various factors, including technical limitations, ethical concerns, societal implications, and unintended consequences. Some key categories of AI risk include:

Technical Risks:

- Algorithmic Bias: AI systems may perpetuate or amplify biases present in data, leading to discriminatory outcomes or unfair treatment of certain individuals or groups.

- Robustness and Reliability: AI systems may exhibit unexpected behaviors, vulnerabilities, or errors, particularly in complex or unanticipated situations, posing risks to reliability, safety, and security.

- Data Quality and Integrity: AI performance heavily depends on the quality, relevance, and integrity of data. Poor data quality or biased datasets can lead to inaccurate or unreliable AI predictions and decisions.

Security Risks:

- Cybersecurity Threats: AI systems may be vulnerable to cyberattacks, malicious manipulation, or adversarial attacks, compromising data confidentiality, system integrity, and operational resilience.

Mitigation:

- ➢ By Conducting regular audits and assessments to identify and mitigate biases, errors, or inconsistencies in training data that could affect AI model performance.
- ➢ By maintaining human oversight and intervention mechanisms to complement AI-driven decision-making processes, particularly in high-stakes or sensitive domains
- ➢ By establishing ethical guidelines, principles, and codes of conduct governing the development, deployment, and use of AI technologies within the organization.
- ➢ By fostering a culture of ethical awareness, accountability, and responsible innovation among employees, stakeholders, and partners involved in AI initiatives.
- ➢ By empowering employees with the necessary training, expertise, and tools to interpret, validate, and challenge AI recommendations or decisions when necessary.
- ➢ Integrate AI risk assessment and management practices into existing risk management frameworks, governance structures, and compliance programs.

- Conduct comprehensive risk assessments to identify, prioritize, and mitigate AI-related risks, including technical, ethical, legal, and regulatory concerns.

Investment in Subsidiaries

As on 31st March, 2024, there are no subsidiray compnies of Capital Trust Limited.

INTERNAL CONTROL SYSTEM

The Company has well documented internal financial controls with risk control matrix for all the critical areas of business and processes. Internal Financial Controls ensure that business is conducted on the set principles efficiently and the company adhere to policies, safeguarding its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The internal financial controls of the company are adequate and commensurate with the size of the business.

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

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

The Internal Audit Department of Capital Trust upholds its departmental Vision of fostering a control environment of the organization, adding value to the organization by continuously improving operational efficiency and safeguarding the interests of the organization. The function will do so by recruiting and retaining the best talent from both internal and external sources in order to raise the profile of the Internal Audit Department within the organization.

The Mission of the Internal Audit Department of Capital Trust is to enable the organization in:

- Focusing on key business activities through motivated, skilled and experienced staff who are responsive to the customers' needs;

- Engaging with different entities to facilitate positive changes to existing processes, practices and systems;

- Adopting continuous improvement initiatives and implementing best practices in developing its plan, policies and methods;

- Creating a dynamic working environment which encourages innovation and maximizes the use of new technology;

- Ensuring that its performance is monitored, measured and reported in satisfying the expectations of the different stakeholders.

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 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 in-house internal audit department, the company has engaged independent internal auditor who submits its report to the audit committee.

INFORMATION TECHNOLOGY

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

The company uses the Technology to its maximum and helped the company in attaining:

- One of the first NBFCs to start cashless disbursement of all loans since 2015.
- Started process of cashless repayment for all loans (expect Microfinance) in 2019.
- Automated closing of company and all branch books at 6PM daily through collation of issued Digital Receipts (SMSs sent to client on collection of any repayment).
- Client application with access to all details regarding the loan to promote transparency and authenticity.
- Staff and client-facing smartphone applications with access to all details regarding the loan to promote transparency and authenticity

- All staff have access to Capital Sales, the company application, that provides real-time information in even the most remote locations.
- All new staff onboarding through paperless, digitalized processes with joining formalities done within hours
- All warehousing of information on cloud.
- Smart credit enabling client on-boarding and in-principle approval from scanning of client's Aadhar card at his doorstep.
- 100% paperless processes. From onboarding to disbursement all processes are digitalized and through the application with no scope of any manual input into system
- No manual entry allowed for any clients

The issuance of digital receipts for the repayments made by the clients, has helped the company is transparency and authenticity in transaction with the clients and reduction of frauds.

SEGMENT – WISE OR PRODUCT – WISE PERFORMANCE

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

HUMAN RESOURCES

Capital Trust Limited is operating in ten states within India and has more than 1700 employees. The company is market-driven, and technology-based, serving customers in ten states in northern, central and eastern part of India with financial products, and services. The company aims to be the first choice of customers, employees and shareholders.

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

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

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

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

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

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

CAUTIONARY STATEMENT

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

Capital Trust

Directors' Report 2023-24

Your directors take pleasure in presenting the 38th 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, 2024.

1. FINANCIAL RESULTS

The Company's financial performance for year ended 31st March, 2024 is summarized below:

Particulars	Financials	
	2023-24	2022-23
Total Income from operations	7958.23	8691.42
EBIDTA	1352.50	(3924.97)
Less:		
Interest	1022.10	2162.03
Depreciation	42.28	45.68
Profit Before Tax	288.12	(6132.68)
Profit/(Loss) after tax	73.50	(1568.54)
Available for appropriation	214.62	(4564.14)
Transfer to Reserve fund u/s 45IC of RBI Act, 1934	43.23	

2. FINANCIAL PERFORMANCE

apital Trust remains committed to innovation in the financial services space. Our Capital Business Loans initiative, launched in 2020, has achieved impressive results. The company is on the growth track. The Asset under management has reached to Rs. 28000 Lakhs.

During the year 2023-24, the total income decreased from Rs. 8,691.42 Lakhs to Rs,. 7,958.32 Lakhs. This is because that in March 2023, the company has written off a significat portion of portfolio. The imcome has shown an increasing trend since Quarter 1 of Financial year 2023-24.

Interest expenses have decreased to Rs. 1,022.10 Lakhs from Rs. 2,162.03 Lakhs. This positive trend is a direct result of our ongoing focus on reducing high-cost debt and optimizing our funding mix.

The company is back to profitabilit with net profit of Rs. 218 Lakhs against theloss of Rs. 4564 Lakhs in 2023. Capital Trust enjoys a positive reputation with stakeholders and a proven history of timely repayments. Our credit rating stands at BB+ (SO) by Care Ratings as of 31st March, 2024.

Capital Trust is well-positioned to navigate the evolving NBFC landscape. We are actively exploring opportunities in South India - for example MSME lending, secured lending, etc. Our focus remains on delivering value to our customers through tailored financial solutions, technological advancements, and an unwavering commitment to responsible lending.

3. FUND RAISING

In total, the company has raised Rs.11150 Lakhs during the year in the form of Term loans, PTCs, and Direct Assignments from Banks and NBFCs. Further, the company has disbursed Rs.37380 Lakhs during the year both under own funding and partnership model.

4. SHARE CAPITAL

During the year under review, there has not been any change in the Share capital of the company. The paid up capital of the company remains at 16,36,14,150 divided to 1,63,61,415 equity shares of Rs. 10/- each.

5. DIVIDEND

Your directors have not recommended any dividend. Your Company has formulated a dividend Policy in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') to bring transparency in the matter of the declaration of dividends and to protect the interest of investors. The Dividend Distribution Policy forms part of this Report.

6. RESERVE FUNDS

During the year, the company has transferd Rs. 43.20 Lakhs to the reserve fund, in accordance with Section 45 IC of the RBI Act, 1934.

7. CREDIT RATING

As of March 31, 2024, the Company's credit rating stood at BB+ (SO)as assessed by Care Ratings.

8. CONSOLIDATED FINANCIAL STATEMENT

In accordance with Section 129(3) of the Companies Act, 2013 and Accounting Standards (AS) - 21, there is no requirement of Consolidated Financial Statements as on 31st March, 2024 as the company does not have any subisiary.

9. PARTICULARS OF SUBSIDIARY COMPANIES

The Companydoes not have any subsidiary company as on 31st March, 2024..

10. COMPLIANCE WITH RBI GUIDELINES:

Your Company is compliant with all the applicable RBI regulatory norms. The company is complying with all the provisions of the master directions in this regard.

11. CAPITAL ADEQUACY

As of March 31, 2024, the company's consolidated Capital Adequacy Ratio was reported at 29%, signifying robust capital reserves to facilitate future growth initiatives.

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

There have been no material changes and commitments affecting the financial position of the Company that have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report. However, the company is proposing to raise equity through prefrential allotment for which the board resolution was passed on 28th June, 2024 .

13. CHANGES IN NATURE OF BUSINESS

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

14. CORPORATE SOCIAL RESPONSIBILITY

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

Name	Designation	Category
Mr. Pawan Dubey	Chairman	Independent Director
Mr. Yogen Khosla	Member	Managing Director
Mr. Vahin Khosla	Member	Executive Director
Mr. Sanjiv Syal*	Member	Independent Director

* till 13th February, 2024

Section 135 of the Companies Act 2013 provides the threshold limit for applicability of the CSR to a Company:

1. net worth of the company to be Rs 500 crore or more; or
2. turnover of the company to be Rs 1000 crore or more; or
3. net profit of the company to be Rs 5 crore or more.

The company does not meet any of the criteria for the FY 2023-24 and therefore Section 135 does not apply to the company.

However the calculations of the CSR Amount (Rs in Lakhs) for the year 2023-24

Average Profit for preceding 3 years (A) (2892.02)

Particular	**FY 2022-23**	**FY 2021-22**	**FY 2020-21**
Net Profit as per Section 198	**(4564.13)**	**(1082.05)**	**(3029.89)**

Minimum amount of CSR **2% of (A)** **-**

15. RISK MANAGEMENT FRAMEWORK

The company's risk management committee is pivotal in safeguarding our enterprise. This committee assists the Board in overseeing a comprehensive risk management framework that strategically addresses potential risks across a broad spectrum. This includes market, financial, credit, liquidity, interest rate, equity price, security, IT, legal, regulatory, and reputational risks. We actively identify, assess, monitor, and mitigate these risks to protect our business objectives and ensure long-term success.

Our approach extends beyond mere risk identification. We have implemented a robust risk management infrastructure that enables us to develop and implement effective mitigation strategies proactively. The Committee works with the Board and Audit Committee to ensure transparency and oversight. Major risks and corresponding mitigation measures are thoroughly evaluated for maximum effectiveness. This integrated approach, working in tandem with our management systems, organizational structures, processes, standards, and code of conduct, forms a strong defense against the risks inherent in our industry.

In 2024, we made significant enhancements to our Integrated Enterprise Risk Management, Internal Controls Management, and Assurance Frameworks. These improvements help maintain a holistic view of risks, optimize mitigation strategies, and streamline internal control and assurance activities. Our Risk Management Policy underscores this unwavering commitment to mitigating all current and future material risks. This proactive approach drives business growth, ensures continuity, and bolsters financial stability.

We recognize that effective risk management is not a static process. Our team is dedicated to ongoing evaluation and improvement of our risk management strategies. This forward-thinking approach prepares us to address the evolving risk landscape, fostering a culture of risk awareness, facilitating innovation, and laying the groundwork for sustainable long-term growth.

16. CORPORATE GOVERNANCE

The Company is in compliance with the Corporate Governance requirement of Companies Act, 2013 also those set out by SEBI. The Company has also adhered to the Guidelines on Corporate Governance adopted in accordance with Chapter XI - Corporate Governance of RBI Master Directions. The Company has also implemented several best corporate governance practices as prevalent globally. The report on Corporate Governance as stipulated under Listing Regulations forms an integral part of this Report. The company has also adopted various Social and Environmental policies and the same is placed on the website of the company www.capitaltrust.in.

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

17. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

All Related Party Transactions are placed before the Audit Committee and also the Board for approval. During the Financial Year under review, your Company had not entered into any arrangements, which constitutes Related Party Transactions covered within the purview of Section 188(1) of the Act. Accordingly, requirement of disclosure of Related Party Transactions in terms of Section 134(3)(h) of the Act is provided in Form AOC-2 is not applicable to the Company.

Further as required by RBI Master Directions, 'Policy on transactions with Related Parties' can be accessed on the website of the Company at www.capitaltrust.in

18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

19. PUBLIC DEPOSITS

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

20. ANNUAL RETURN

The Annual Return in Form MGT-7, as per provisions of Section 92(3) and 134(3) (a) of Companies Act, 2013 and rules thereto, is available on website of the company at www.capitaltrust.in

21. NUMBER OF MEETINGS OF THE BOARD

The Board met 4 (Four) times during the financial year 2023-24 viz., on May 27, 2023, August 14, 2023, November 08, 2023 and February 13, 2024.

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

22. DIRECTORS' RESPONSIBILITY STATEMENT

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

i. in the preparation of the annual accounts for the year ended March 31, 2024, 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, 2024 and of the profit of the Company for the year ended on that date;

iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the Directors have prepared the annual accounts on a 'going concern' basis;

v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting as also functioning of other operations. These controls and processes are driven through various policies and procedures. During the year, such controls were tested and no reportable material weakness in the design or operations were observed.

24. DIRECTORS & KEY MANAGERIAL PERSONNEL

A) RETIRE BY ROTATION

During the year under review, Mr. Vahin Khosla (DIN-07656984), Director of the Company, retires by rotation. He being eligible offers himself for reappointment as Executive Director of the Company.

b) APPOINTMENT/ RESIGNATION

During the year, Mr. Sanjiv Syal has resigned from the directirshop of the company with effect from 13th February, 2024 due to pre occupancy.

BOARD'S INDEPENDENCE

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

1. Mr. Sanjiv Syal (DIN 00271256) (Till 13th February, 2024)
3. Ms. Suman Kukrety (DIN 08730773)
4. Mr. Pawan Dubey (DIN 01767875)
5. Mr. Govind Saboo (DIN 06724172)

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

25. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY

The appointment of the directors of the company is as per the Policy framed for the Selection and Appointment of Directors. The policy is in compliance with the provisions of the Companies Act, 2013 and SEBI Listing (Obligations and Disclosure Requirements) Regulations. The directors are appointed on the recommendation of the Nomination and Remuneration Committee. The Policy is available on the website of the Company at www.capitaltrust.in

26. NOMINATION AND REMUNERATION POLICY

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

27. ANNUAL EVALUATION OF BOARD MEMBERS

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

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

The executive Directors are evaluated on the basis of

Organizational goals	Persistence	Continuous improvement	Decency
Humility	Integrity	Setting a vision for company's work	Managing execution
External communication and relationship building	Enhancing potability	Understanding of and commitment to the company	Building strong organisation

The Independent Directors are evaluated on the basis of:

• Structure of the Board - Competency, Experience and Qualifications of directors, Diversity in Board under various parameters, Appointment Process
• Meetings of the Board - Regularity of meetings and adequacy, discussions and recording of dissent, if any.
• Recording of minutes, dissemination of information
• Functions of the Board - Role and responsibilities of the Board
• Strategy and performance evaluation
• Management of Conflict of interest
• Stakeholder value and responsibility

- Corporate culture and values
- Facilitation of independent directors
- Evaluation of performance of the management and feedback
- Independence of the management from the Board
- Access of the management to the Board and Board access to the management

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

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

Information on Directors Appointment /Re-appointment

A brief resume of the Director proposed for the appointment/re-appointment at the ensuing Annual General Meeting, the nature of his/her experience in specific functional areas and name of Companies in which he hold Directorship and Membership of committees of the Board are provided in the Notice of the Annual General Meeting of the company.

28. COMMITTEES OF THE BOARD

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

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

The company also has Asset Liability Committee.

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

29. EMPLOYEE STOCK OPTION SCHEME

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

30. 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 to the appropriate authorities concerns about unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct policy and provides safeguards against victimization of employees who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee. The provisions of this policy are in line with the provisions of the Section 177(9) and (10) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015. The policy is available on the website of the company www.capitaltrust.in.

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

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

32. AUDITORS AND AUDITORS' REPORT

a) Statutory Auditors

The Statutory Auditors of the Company M/s JKVS & Co. Chartered Accountants (Firm Registration No. 302049E), were appointed as the statutory auditor of the from Extraordinary General Meeting held on 12th March, 2022 for the period of 5 years on such remunerations may be mutually agreed between the Board of Directors of the Company and the Auditors. The same is being ratified.

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 2023-24. The Secretarial Audit Report for the financial year ended March 31, 2024 forms part of this Report. The Report does not contain any qualification, reservation or adverse remark.

c) Internal Auditor

The Company had appointed Mr. Vijay Malviya as Internal Auditor. The Internal Auditor has submited reports on quarterly basis which is placed before the audit committee of company.

33. 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.

However, the auditors have observed that:

A. During the year, the Company has transferred Rs. 8.36 Lakhs to Investor Education and Protection Fund with delay of 18 days.

In response to it, we would like to inform you that there was technical issues with website where the forms could not be filed.

B. According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value Added tax, Cess and other statutory dues as applicable, with the appropriate authorities. There were no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable other than Provident Fund amounts to Rs. 4.27 Lakhs, Employees' State Insurance amounts to Rs. 1.06 Lakhs and Professional Tax amounts to Rs. 1.34 Lakhs.

In response to that it is submitted that the there were some employees where there is mismatch between the name in their Adhar and PAN and therefore their UAN is either not generated or not linked. Therefore the amount can not be deposited. The company has separately parked this amount and will deposit once the issue is resolved by employees.

C. Based upon the audit procedures performed and considering the principles of materiality outlined in Standards on Auditing, for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year nor have we been informed of any such case by the management during the course of audit except frauds discovered by the Company aggregating Rs. 5.40 Lakhs committed by employees by embezzlement of cash against which the Company has recovered Rs. 2.14 Lakhs and balance Rs. 3.26 Lakhs has been provided for doubtful in the statement of profit and loss.

In response, it is submitted that the nature of the business involves some clients repaying their loan installments in cash at the branch office. In a few instances, employees did not deposit this cash in the bank and absconded with the money. The company has already recovered a portion of the lost funds and has initiated action against those employees.

(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.

34. DETAILS OF FRAUDS REPORTED BY THE STATUTORY AUDITORS

Based upon the audit procedures performed and considering the principles of materiality outlined in Standards on Auditing, for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year nor have we been informed of any such case by the management during the course of audit except frauds discovered by the Company aggregating Rs. 5.40 Lakhs committed by employees by embezzlement of cash against which the Company has recovered Rs. 2.14 Lakhs and balance Rs. 3.26 Lakhs has been provided for in the statement of profit and loss.

In response to that it is submitted that the the nature of the business is such that cash is collected from customers and same is to be deposited in the bank account. In some cases the employees take away the cash. The company has zero tolerance towards the frauds and legal action is taken against the fraudulent employees .

35. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2024.

36. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN COMPANY'S SECURITIES

Your Company has formulated Code of Conduct for Prevention of Insider Trading in Company's Securities ('Code') in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. The objective of this Code is to protect the interest of Shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by way of dealing in securities of the Company by its Designated Persons. Ms. Tanya Sethi, Company Secretary and Compliance Officer of the Company is authorized to act as Compliance Officer under the Code.

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

Conservation of Energy/ Technology Absorption

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

Foreign Exchange Earnings and Outgo

The Foreign exchange earnings for the FY 2023-24 were Nil.

Foreign Exchange Inflow: Nil
Foreign Exchange Outflow: Nil

38. EMPLOYEE REMUNERATION

A. The statement containing particulars of employees as required under Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given below:

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 : 105:1 Executive Director : 40:1
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 : Nil Executive Director : Nil Chief Financial Officer : 10% Company Secretary: 10%
3.	The percentage increase in the median remuneration of employees in the financial year;	Nil
4.	The number of permanent employees on the rolls of Company	1834
5.	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	There has been 10% increase in remuneration of employees during the year.
6.	Affirmation that the remuneration is as per the remuneration policy of the company	Yes

b. In accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and particulars of the top ten employees in terms of remuneration drawn are set out below:

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

S. No.	Particulars	Details
1.	Name and Designation	Mr. Yogen Khosla,Managing Director
2.	Remuneration received	Rs. 179.467 Lakhs
3.	Nature of Employment	Permanent
4.	Qualifications	Mr. Yogen Khosla is a commerce and Experience graduate from Loyola College, Chennai. He introduced the company into retail lending of Micro loans in rural and semiurban areas in 2008. He has led the company to being adjudged as to one of the top 100 Small and Medium Enterprises in India by India SME Forum in 2017.
5.	Date of Commencement of Employment	01-04-2003
6.	Age	60
7.	Last Employment	Associated with the company since inception

8.	Percentage of Held	Equity Shares	36.91%

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

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

39. GRIEVANCE REDRESSAL

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

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

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

41. ADDITIONAL DISCLOSURES UNDER COMPANIES (ACCOUNTS) RULES, 2014

a. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the Financial Year:

During the Financial Year under review, the Company has made neither any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), therefore, it is not applicable to the Company.

b. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

During the Financial Year under review, it is not applicable to the Company.

42. DIVIDEND DISTRIBUTION POLICY

(i) <u>**Scope and Purpose**</u>

a. **Capital Trust Limited** ("**the Company**") equity shares are listed on the BSE Limited and the National Stock Exchange of India Limited.

b. This Dividend Distribution Policy ("**the Policy**") defines conditions to be considered by the Board for recommending / paying a dividend to the shareholders of the Company. The Board of Directors will recommend any interim / annual dividend based on this Policy, applicable laws, as well as any specific financial or market conditions prevailing at the time.

c. Subject to the factors mentioned in para 1.2 above, the Company has a consistent dividend policy for "distribution of dividend out of profits and the Board may recommend the rate".

d. The Policy set out the broad criteria to be considered for determining the proposed dividend to appropriately reward shareholders through dividends while supporting the future growth of the Company.

(ii) **Dividend Policy**

a. Dividend Distribution Philosophy

i. The Company believes in long term value creation for its shareholders while maintaining the desired liquidity and leverage ratios and protecting the interest of all the stakeholders. Accordingly, the focus will continue to be on sustainable returns in terms of dividend, in consonance with the dynamics of business environment.

b. The circumstances under which shareholders may not expect dividend

i. The Company shall comply with relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine dividend for a particular period after taking into consideration financial performance of the Company, advice of executive management and other parameters described in the Policy.

c. The financial parameters that shall be considered while declaring dividend

i. As in the past, subject to provisions of applicable law, the Company's dividend pay-out will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return.

ii. Based on above and, subject to factors mentioned in para 2.4 below, the Company will endeavour to maintain steady level of dividend.

d. The internal / external factors that shall be considered for declaration of dividend

i. When recommending / determining the dividend, the company will consider, amongst other matters:

1. actual results for the year and the outlook for business operations
2. providing for anticipated capital expenditures or acquisitions to further enhance shareholder value or meet strategic objectives
3. setting aside cash to meet debt repayments
4. changes in cost and availability of external financing
5. level of dividends paid historically
6. retaining earnings to provide for contingencies or unforeseeable events
7. the overall economic environment including taxation
8. changes in government policy, industry rulings and regulatory provisions

e. Policy on utilization of retained earning

i. The utilization of retained earnings will include:

1. Inorganic / organic growth
2. Diversification opportunities / capital expenditure
3. Fund based requirement of company, its subsidiaries, joint ventures and/or other investee companies
4. General corporate purposes including contingencies
5. Investments in the new/existing business
6. Any other permitted use under the Companies Act, 2013 and applicable laws

f. Provisions with regard to various classes of shares

i. The provisions contained in this policy shall apply to all classes of shares of the Company. It may be noted that currently the Company has only one class of shares, *namely*, equity shares.

(iii) **Review and Disclosure**

a. This policy will be reviewed and amended, as and when, required by the Board and/or under applicable laws. Any revisions in the Policy will be communicated to shareholders in a timely manner.

(iv) **Limitation**

a. In the event of any conflict between the Act or the SEBI Regulations or other statutory enactments ("the Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard, shall automatically apply to this policy.

(v) **Disclaimer**

a. The Policy does not constitute a commitment regarding future dividends of the Company, but only represents a general guidance regarding payment of dividend.

b. The statement of the policy does not in any way restrict right of the board to use its discretion in the recommendation of the dividend to be distributed considering various factors mentioned in the policy. Further, subject to the provisions of applicable laws, the board reserves the right to depart from the policy as and when circumstances so warrant.

43. REGISTER E-MAIL ADDRESS

To contribute towards a greener environment, the Company again proposes to send documents like general meeting notices/other notices, annual report, audited financial statements, boards' report, auditors' report or any other document, to members in electronic form at the e-mail address provided by them and/or available to the Company by the Depositories. Members who have not yet registered their e-mail address (including those who wishes to change their already registered e-mail address) may get the same registered/updated either with his / her depository participants or by writing to the Company / RTA.

44. ACKNOWLEDGMENTS

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

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

FOR AND ON BEHALF OF THE BOARD
OF CAPITAL TRUST LIMITED

Yogen Khosla
Chairman and Managing Director
DIN-00203165

Dated: 28.05.2024
Place: New Delhi

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2023-24

1. Brief outline on CSR Policy of the Company.

We at Capital Trust Limited believe that business enterprises are economic organs of society and draw on social resources. Capital Trust Limited believes in take part its business values and operations to meet the expectations of stakeholders and a company's performance/evaluation must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital towards enhancing social sustainability. Based on the thought process, our focus has always been to advancement of the society and environment for the present & future generations.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Pawan Dubey	Independent Director	01	01
2	Mr. Yogen Khosla	Director	01	01
3.	Mr. Govind Saboo	Director	01	01

2. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR committee shared above and is available on the Company's website at https://www.capitaltrust.in

3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: NIL

6. Average net profit of the company as per section 135(5).

The average net Lossfor the last three years is Rs. 2892.02 Lakhs.

7. (a) Two percent of average net profit of the company as per section 135(5)

Being loss, two percent of net profits is zero.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

Nil

(c) Amount required to be set off for the financial year, if any

Nil

(d) Total CSR obligation for the financial year (7a+7b-7c). Nil

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
-	-	-	-	-	-

8. (a) CSR amount spent or unspent for the financial year:

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	-	-	-	-		-	-	-	-	-	-	-
	-						-	-				-

(c) Details of CSR amount spent against **other than ongoing projects** for the financial

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	NA								
2.									
3.									
	Total								

year:

(d) Amount spent in Administrative Overheads - NA

(e) Amount spent on Impact Assessment, if applicable - NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) -

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	-	-	-	-	-	-	-
2.							
3.							
	Total						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
-	-	-	-	-	-	-	-	-
	-			-	-	-	-	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

Nil

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).NA

(b) Amount of CSR spent for creation or acquisition of capital asset. NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

NA

For Capital Trust Limited

Yogen Khosla

Chairman and Managing Director

FORM No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024
[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
205 Centrum Mall, Sultanpur,
M G 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, 2024** 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.

During the year, the company has suffered losses, therefore managerial remuneration paid to Managerial persons exceeds the limits as provided under the schedule V. The company is seeking approval from shareholders in ensuing General meeting.

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, 2024 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 **[Not applicable to the Company during the financial year under review]**;
v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992('SEBI Act') :-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009**[Not applicable to the Company during the financial year under review]**;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999; **[Not applicable to the Company during the financial year under review];**

e) The Securities and Exchange Board of India (Issue and Listing Of Debt Securities) Regulations, 2008

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **[Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review]**;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not applicable to the Company during the financial year under review];**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **[Not applicable to the company during the financial year under review]**.

vi. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say

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

For the compliances of Labour Laws & other General Laws our examination and reporting is based on the documents, records and files as produced and shown to me and the information and explanations provided by the Company, its officers, agents and authorized representatives,
and to the best of my judgment and understanding of the applicability of the different enactments upon the Company, in my opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

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

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

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.

We further report that during the financial year under review:

a. 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 does not meet any of the criteria specified in section 135 of the Companies Act, 2013 for the FY 2023-24 and therefore Section 135 does not apply to the company.

b. The E Forms DPT-3 has not been filed by the Company during the period as the Company is a Non-banking Financial Company which is registered with Reserve Bank of India ('RBI") and as per the provisions of rule 3 of the Companies (Acceptance of Deposits) Rules, 2014, the said rule is not applicable to it.

c. During year Mr. Sanjiv Syal had resigned from the baord as Non executive independent director of the company.

SHASHANK SHARMA & ASSOCIATES
Company Secretaries
Shashank Sharma

Date: 05.06.2024
Place: New Delhi

Company Secretary
ACS 19311
CP No. 7221

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

'Annexure A'

To,
The Members,
CAPITAL TRUST LIMITED

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

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.
3. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

SHASHANK SHARMA & ASSOCIATES
Company Secretaries

Shashank Sharma
Company Secretary
ACS 19311
CP No. 7221

Date: 05.06.2024
Place: New Delhi

CapitalTrust

CORPORATE GOVERNANCE REPORT

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), we hereby present the Corporate Governance Report as part of the Directors' Report for the Financial Year 2023-24.

I. Our corporate governance philosophy

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Strong leadership and effective corporate governance practices have been the Company's hallmark.
The Company has a strong legacy of fair, transparent and ethical governance practices.
Corporate Governance is one of the essential pillars for building an efficient and sustainable environment. The Company follows the best governance practices with highest integrity, transparency and accountability. To adopt the best Corporate practices, the Company has adopted a Code of Conduct for its Directors and Senior Management.

The Company's corporate governance philosophy has been further strengthened through Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code"). The Company has in place an Information Security Policy that ensures proper utilisation of IT resources. The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

The company has a robust grievance redressal system which is displayed on the website of the company and the notice boards of all the branches. In addition the company has whistle blower mechanism, where any mail can be made to chairman.

Details of CTL's board structure and the various committees that constitute the governance structure1 of the organization are covered in detail in this report.

II. Board of Directors

i. As on March 31, 2023, the Company has five Directors. Among them, three (i.e., 60 percent) are Non-Executive Independent Directors. You can find the profiles of the Directors on our website at [Board of Directors] (https://www.capitaltrust.in/board-of-directors/). The Board's composition complies with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Companies Act.

ii. None of the Directors Directors hold directorships in more than ten public companies, and no Independent Director serves as an independent director on more than seven listed entities. All Directors have made the necessary disclosures regarding their committee positions in other public companies as of March 31, 2024.

iii. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

iv. During the year under review, four Board meetings were held, with no interval exceeding one hundred and twenty days between any two meetings. The meetings took place on 27-05-2023, 14-08-2023, 08-11-2023 & 13-02-2024. The necessary quorum was present for all the meetings.

v. The names and categories of the Directors on the Board, their attendance at board meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2024 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act.

Name of Director	Category	No. of Board meetings attended during the year	Whether attended last AGM held on 20.09.2023	No. Of Directorships in other public companies	Number of Committee positions held in other Public Companies	Directorship in other listed entity (Category of Directorship)
Mr. Yogen Khosla	Chairman and Managing Director	4	YES	1	Nil	1
Mr. Vahin Khosla	Director	4	YES	Nil	Nil	Nil
Mr. Govind Saboo	Non-Executive-Independent Director	4	YES	Nil	Nil	Nil
Ms. Suman Kukrety	Non-Executive-IndependentDirector	4	NO	Nil	Nil	Nil
Mr. Pawan Dubey	Non-Executive-IndependentDirector	4	NO	Nil	Nil	Nil
Mr. Sanjiv Syal*	Non-Executive Independent Director	3	NO	Nil	Nil	Nil

***Mr. Sanjiv Syal, the Non-Executive Independent Director, resigned on February 13, 2024**.

Note:

1. Exclusions in Other Directorships:

The other directorships do not include directorships in:
- Foreign companies
- Private Limited Companies
- Companies registered under Section 8 of the Companies Act, 2013

2. Directors' Relationships:

None of the Directors of the company are related to any other Director except Mr. Yogen Khosla and Mr. Vahin Khosla.

3. Loans or Advances:

None of the Directors received any loans or advances from the company during the year.

4. Profile of Directors existing as on 31st March, 2024

Name	Designation	Brief Profile
Mr. Yogen Khosla	Chairman & Managing Director	Yogen Khosla is Managing Director and CEO of the company. He holds a bachelors degree from Loyola College, Chennai. He forayed the company into MSME lending and was instrumental in leading the company to be amongst the top 100 SME's amongst 41832 nominations by India SME 100 Awards. He was recognized by Insights Success magazine as the 10 most admired financial leaders to watch in 2017. He is also an avid ultra sportsman having done a half Ironman and many half and full marathons. He also regularly participates in long distance cycling events.
Mr. Vahin Khosla	Executive Director	Mr. Vahin Khosla is the Executive Director of our company. He holds a bachelor's degree in Economics-Accounting and a master's degree in Finance from Claremont McKenna College, CA, USA. He graduated as a Roberts Day Scholar from college and a School Prefect from The Doon School. He has been instrumental in the fundraising arm of the company having raised over 1000Cr in the last few years. Prior to working with Capital Trust, Vahin worked with DaVita Healthcare in the Corporate Finance team in Denver, USA. He has represented his football club at an international level and completed the Ironman triathlon in 2022.
Ms. Suman Kukrety	Independent Woman Director	Ms. Suman is a competent professional with 20 years of quality experience in legal consultancy, legal documentation in civil and criminal cases before the Supreme Court of India, High Courts, District Courts,

		quasi-judicial tribunals, institutional arbitrations before Indian Council of Arbitration (ICA), International Centre for Alternate Dispute Resolution (ICADR).She secured 1st position in Advocate-on-Record examination held by the Supreme Court of India, in June, 2009.
Mr. Govind Saboo	Independent Director	Mr. Govind Saboo is rank holder Chartered accountant with more than 19 years of experience in Finance, Investment, Capital Budgeting and Compliance. Presently he is a Practising Chartered Accountant under firm M/s Govind Saboo & Co. He has been associated with many NBFCs in Advising them in their initial growth phase on capital allocation, governance, corporate finance & investor communication. He was also founding team member of IndiaNivesh Growth & Special Situation Fund, a Venture capital fund investing at early growth stage of the company.
Mr. Pawan Dubey	Independent Director	Mr. Pawan Dubey is a practising Advocate and Fellow Company Secretary having 16 years of experience. He has practiced before the Hon'ble Supreme court of India, Hon'ble Delhi High Court, National Company Law Tribunal (NCLT), National Company Law Appellate Tribunal (NCLAT), District Consumer Forums, State Commission, National Commission and various other District Courts of Delhi. He is a member of SSB working support group of ICSI.He was member of Corporate Law Committee, Study Session Committee and Training & Educational Facilities & Library Committee of NIRC of ICSI.

vi. None of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he / she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

vii. During FY 2023-24, one meeting of the Independent Directors was held on May 27, 2023.

viii. The Board periodically reviews the compliance reports of all laws applicable to the Company.

ix. Details of equity shares of the Company held by the Directors as on March 31, 2024 are given below:

Name	Category	Number of equity shares
Mr. Yogen Khosla	Chairman and Managing Director	6038917
Mr. Vahin Khosla	Executive Director	-
Ms. Suman Kukrety	Non-Executive-Independent Director	-
Mr. Govind Saboo	Non Executive Independent Director	-
Mr. Pawan Dubey	Non Executive Independent Director	-

The Company has not issued any convertible instruments.

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

The Board has been apprised/ familiarized about the business performance, product and processes, business model, nature of the industry in which the Company operates, roles and responsibilities of the Board Members under the applicable laws, etc., on a periodic basis and the details of such familiarization programmes are available at www.capitaltrust.in.

All new Directors inducted into the Board are introduced to the Company through appropriate orientation sessions. Presentations are made by senior management officers to provide an overview of the Company's operations and to familiarize the new Directors with the operations. They are also introduced to the organization's culture, services, constitution, Board procedures, matters reserved for the Board and risk management strategy.

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

Effectiveness of Board

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company.

A chart or matrix setting out the skills/expertise/competence of the Board is as below:

Skill/Name	Mr. Yogen Khosla	Mr. Vahin Khosla	Mr. Sanjiv Syal*	Mr. Govind Saboo	Mr. Pawan Dubey	Mrs. Suman Kukretty
Position held	Chairman and MD	Executive Director	Non Executive ID	Non Executive ID	Non Executive ID	Non Executive ID
Strategy	√	√	√	√	√	√

Performance of Management:	√	√	√	√	√	√
Governance & Compliance	√	√	√	√	√	√
Technology up gradation	√	√	√	√	√	-
Finance	√	√	√	√	√	-
Internal Audit	√	√	√	√	√	√

***Mr. Sanjiv Syal, the Non-Executive Independent Director, resigned on February 13, 2024**.

Information Supplied to the Board

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

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

III. Committees of the Board

There are four statutory committees of Board as on March 31, 2024 details of which are as follows:

i. Audit Committee

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

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

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

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

Category and Composition

Name	Category	No. of meetings held	No. of meetings attended
Mr. Yogen Khosla	Executive Director	4	4
Mr. Sanjiv Syal*	Non-Executive-Independent Director	3	3
Mr. Govind Saboo	Non-Executive-Independent Director	4	4
Mr. Pawan Dubey	Non-Executive-Independent Director	4	4

***Mr. Sanjiv Syal, the Non-Executive Independent Director, resigned on February 13, 2024.**

- Four meetings were held during the year under review and the gap between two meetings did not exceed the limit as provided under the law.
- The Committee invites such of the executives as it considers appropriate, representatives of the statutory auditors and internal auditors, to be present at its meetings.
- The Company Secretary acts as a Secretary to the Audit Committee.
- Quarterly Internal Audit Reports are sent to the members of the committee.

Review of Information by the Audit Committee

1. The terms of reference of the Audit Committee shall include the following:

a) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

d) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

i) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of 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 and monitoring the auditor‟s independence and performance, and effectiveness of audit process;

h) approval or any subsequent modification of transactions of the listed entity with related parties;

i) scrutiny of inter-corporate loans and investments;

j) valuation of undertakings or assets of the listed entity, wherever it is necessary;

k) evaluation of internal financial controls and risk management systems;

l) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

m) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

n) discussion with internal auditors of any significant findings and follow up there on;

o) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

p) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

q) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

r) to review the functioning of the whistle blower mechanism;

s) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

t) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

2.Mandatory review of information by the Audit Committee:

a) management discussion and analysis of financial condition and results of operations;

b) statement of significant related party transactions (as defined by the audit committee), submitted by management;
management letters / letters of internal control weaknesses issued by the statutory auditors;

c) internal audit reports relating to internal control weaknesses; and

d) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

e) 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.

ii. Stakeholders' Relationship Committee

In terms of Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015 the Stakeholders' Relationship Committee is already in place in the company. The Stakeholders' Relationship 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 Mr. Sanjiv Syal is a Non-Executive Independent Director.

ii. The details of the committee members and the meetings held by them during the year is given hereunder:

Category and Composition

Name	Category	Stakeholders' Relationship Committee meetings held	Stakeholders' Relationship Committee meetings attended
Mr. Yogen Khosla	Managing Director	4	4
Mr. Govind Saboo	Non-Executive-Independent Director	4	4
Ms. Suman Kukrety	Non-Executive-Independent Director	4	4
Mr. Sanjiv Syal	Non-Executive-Independent Director	3	3
Mr. Pawan Dubey	Non-Executive-Independent Director	4	4

***Mr. Sanjiv Syal, the Non-Executive Independent Director, resigned on February 13, 2024.**

- Four meetings were held during the year under review.
- The company secretary acts as the secretary of the committee.

Name and Designation of Company Secretary & Compliance Officer:
Ms. Tanya Sethi
Company Secretary
Capital Trust Limited
205 Centrum Mall, Sultanpur, M G Road
New Delhi-110030

Number of shareholders' compliant received for the year 2023-24	2
Number of shareholders' compliant resolved during the year to the satisfaction of shareholders	2
Number of complaints not solved to the satisfaction of shareholders	-
Number of pending complaints	-

iii. 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.

Category and Composition

Name	Category	Nomination and Remuneration Committee meetings held	Nomination and Remuneration Committee meetings attended
Mr. Govind Saboo (Chairman)	Non-Executive-Independent Director	3	3

Mr. Sanjiv Syal*	Non-Executive-Independent Director	2	2
Mr.Pawan Dubey	Non-Executive-Independent Director	3	3
Mrs. Suman Kukrety	Non-Executive-Independent Director	3	3

Mr. Sanjiv Syal, the Non-Executive Independent Director, resigned on February 13, 2024

- Three meetings were held during the year under review.
- All the members of the Nomination and Remuneration Committee are Non-Executive Independent Directors.

Term of Reference of Nomination and Remuneration Committee

a) Term of Reference :

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.

a) Performance evaluation criteria for Independent Directors

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

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

Meeting of Independent Directors

The meeting of Independent Directors was held on 27th May, 2023 as per the provisions of section 149(8) read with schedule IV of the Companies Act, 2013, Secretarial Standards -1 issued by The Institute of Company Secretaries of India and Regulation 25(3) and 25(4) of the SEBI LODR.

Code of conduct as per regulation 17(5) of the SEBI LODR

The Company has adopted the Code of conduct as per regulation 17(5) of the SEBI LODR and is applicable to all its Board members and senior management personnel of the company.

Pursuant to regulation 26(5) of the SEBI LODR, all members of senior management have confirmed that there are no material, financial and commercial transactions wherein they have a personal interest that may have a potential conflict with the interest of the company at large. Pursuant to regulation 26(3) of the SEBI LODR, all the Board members and senior management of the Company as on March 31, 2023 have affirmed compliance with their respective codes of conduct.

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 : 105:1 Executive Director : 40:1
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 : Nil Executive Director : Nil Chief Financial Officer : 10% Company Secretary: 10%
3.	The percentage increase in the median remuneration of employees in the financial year;	Nil
4.	The number of permanent employees on the rolls of Company	1834
5.	The explanation on the relationship between average increase in remuneration and company	In the year 2023-24, the company experienced a

	performance	recovery phase following the impact of Covid-19 in previous years. Despite this recovery, financial prudence was maintained, leading to an average salary increase of about 10%.
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	The company has seen modest financial improvements post-COVID-19, but there has not been any increase yet to be any increase in remuneration for Key Managerial Personnel (KMP) to maintain fiscal discipline.
7.	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	The market capitalization of the company as on 1st April, 2023 was Rs. 89.49 Crores. The market capitalization as on 31st March, 2024 was Rs. 154.45 Crores showing an increase of of 73%. The Price Earning Ratio as on 31st March 2024 was Rs. 71.51 as compared to Rs. -1.94 as on 31st March, 2023. The market price of the equity shares of the company as on 31st March 2024 was Rs. 94.40 whereas the share price as on 31st March, 2023 was Rs.54.70 . The percentage increase in market price of shares in comparison with the last public offer was 884%.
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	There has been about 10% increase in remuneration of employees during the year.
9.	Comparison of the each remuneration of the Key Managerial Personnel against the	Given the company's steady but slow recovery from the

	performance of the company	Covid-19 impact, there was no increase in the salary of the Managing Director and Executive Director.
10.	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	The salary is fixed and there are no variable components in the salary.
11.	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	There is no employee in the company who is drawing salary more than Directors of the company.
12.	Affirmation that the remuneration is as per the remuneration policy of the company	Yes

IV. Details of the Remuneration for the year ended March 31, 2023:

a. Non-Executive Directors

Name	Sitting Fees (in Lakhs)
Mr. Sanjiv Syal	0.3
Ms. Suman Kukrety	0.4
Mr. Govind Saboo	0.4
Mr. Pawan Dubey	0.4

b. Managing Director and Executive Director

Name	Salary including perquisites
Mr. Yogen Khosla	179.47 Lakhs
Mr. Vahin Khosla	62.39 Lakhs

iv. Corporate Social Responsibility Committee Category and Composition

Name	Category
Mr. Yogen Khosla	Executive Director
Mr.Govind Saboo	Non-Executive-Independent Director
Mr. Pawan Dubey	Non-Executive-Independent Director

- One meeting on May 27, 2023 was held during the year under review.

Key Responsibilities of the CSR Committee:

i. Formulate, monitor and recommend to the Board CSR Policy and the activities to be undertaken by the Company
ii. Recommend the amount of expenditure to be incurred on the activities undertaken

iii. Review the Company's performance in the area of CSR
iv. Evaluate the social impact of the Company's CSR activities
v. Review the Company's disclosure of CSR matters, including any annual social responsibility report
vi. Review the following, with the Management, before submission to the Board for approval

V. Number of committee meetings held and attendance records

Name of Committee	Audit Committee	Stakeholders' Relationship Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee
No. of meetings held	4	4	3	1
Date of Meetings	27.05.2023, 14.08.2023, 08.11.2023, 13.02.2024	27.05.2023, 14.08.2023, 08.11.2023, 13.02.2024	27.05.2023, 08.11.2023, 13.02.2024	13.02.2024
No. of Meetings attended				
Mr. Yogen Khosla	4	4	-	1
Mr. Sanjiv Syal	3	3	2	1
Mr. Govind Saboo	4	4	3	1
Mr. Pawan Dubey	4	4	3	1
Ms. Suman Kukrety	-	4	3	-

IT Governance & Strategy Committee

In accordance with the provisions of Reserve Bank of India's Master Direction on the Information Technology Framework for the NBFC Sector, the company has constituted IT Governance & Strategy Committee ("IT Committee").

The committee met thrice during the year on 27th May, 2032 , 8th November, 2023 and 13th February, 2024.

The functions of the IT Committee include approval of IT strategies and policy documents, to ascertain whether the company's management has implemented processes / practices which ensure that IT delivers value to business, ensure that the budgets allocated vis-à-vis IT investments are commensurate, monitor the method adopted to ascertain the IT resources needed to achieve strategic goals of the company and to provide high-level directions for sourcing and use of IT resources.

VI. General Body Meetings

i. General Meeting

a. Annual General Meeting ("AGM")

Financial Year	Date	Time	Venue
2023	September 20, 2023	09:00 AM	Video Conferencing
2022	September 20, 2022	09:00 a.m.	Video Conferencing
2021	September 30, 2021	09:00 a.m.	Video Conferencing

b. Extraordinary General Meeting
No Extraordinary general meeting of the members was held on during financial Year 2023-24.

c. Special resolution

Year	Particulars
2023	- Raising of funds through various options, including qualified institutional placement/non-convertible debentures up to Rs. 1000 crores
2022	- Raising of funds through various options, including qualified institutional placement/non-convertible debentures up to Rs. 1000 crores
	- To re-appoint Mr. Yogen Khosla as Chairman and Managing Director for five years
2021	- Raising of funds through various options, including qualified institutional placement/non-convertible debentures up to Rs. 1000 crores
	- Fixation of limit for managerial remuneration in the event of inadequate profits
	- Approval for payment of minimum remuneration to Mr. Yogen Khosla, Managing Director, in case of no/inadequacy of profits
	- Approval for payment of minimum remuneration to Mrs. Anju Khosla, in case of no/inadequacy of profits
	- Appointment of Mr. Vahin Khosla as Executive Director

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

VII. Means of Communication

Quarterly Results

Quarterly results are published in Financial Express or any other English Newspaper having a vide circulation in substantially the whole of the India and in Naya India or any other Hindi vernacular newspaper. The results are also available on the website of the company www.capitaltrust.in and the website of BSE and NSE.

Website Disclosure
The Company is maintaining a functional website containing the detailed information about the Company. All the information such as Notices, Annual Reports, Information for Shareholders, Corporate Governance Report, details of Committee and various policies framed, etc, is being timely disseminated on the Website of the Company. The Company

has provided a separate section in the name of **"Investor Relation"** on the website where all the information relevant for the stakeholders is available. The Basic information as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is duly provided on the Company's Website and the same is updated regularly.

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

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

SEBI Compliant Redress System (SCORES):

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

Presentation to the Institutional Investor or to the Analyst

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

VIII. General shareholder information

i. Annual General Meeting for FY 2023-24

Date : 29.06.2024
Time : 09:00 a.m.
Venue : The Company is conducting meeting through VC pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM.For details please refer to the Notice of this AGM.

As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2, particulars of Directors seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

ii. Date of Book Closure / Record Date

As mentioned in the Notice of this AGM

iii. Listing on Stock Exchanges :

Equity shares are listed at the following exchanges:

The National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex Bandra (East),
Mumbai-400 051

BSE Limited
P. J. Towers,

Dalal Street, Mumbai-400 001

The NCDs are listed at
BSE Limited
P. J. Towers,
Dalal Street, Mumbai-400 001

iv. Stock Codes / Symbol

NSE : CAPTRUST
BSE : 511505 (Equity)

Listing Fees as applicable have been paid.

v. Corporate Identity Number (CIN) of the Company: L65923DL1985PLC195299

vi. Registrars and Transfer Agents Name and Address
MAS Services Private Limited
Address : T-34, II Floor, Okhla Industrial Area,
Phase-2, New Delhi-110020
E-mail : info@masserv.com
Website : www.masserv.com

vii. Place for acceptance of documents :
Documents will be accepted at the above address between 10.00 a.m. and 3.30 p.m. (Monday to Friday except bank holidays).

viii. Share Transfer System
In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Directors and certain Company officials (including Chief Financial Officer and Company Secretary) are authorised by the Board severally to approve transfers, which are noted at subsequent Board Meetings.

ix. Dematerialization of shares and liquidity:
The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares of the Company representing 96.83 percent of the Company's equity share capital are dematerialized as on March 31, 2024. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE707C01018.

x. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:
The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on March 31, 2023, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

xi Commodity price risk or foreign exchange risk and hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given.

xii. Address for correspondence
Capital Trust Limited
205 Centrum Mall, Sultanpur, M G Road
New Delhi-110030
Designated e-mail address for Investor Services: cs@capitaltrust.in
Website: www.capitaltrust.in

xiii. Market price date (In Rupees).
The monthly high low for the equity shares of the Company at NSE.

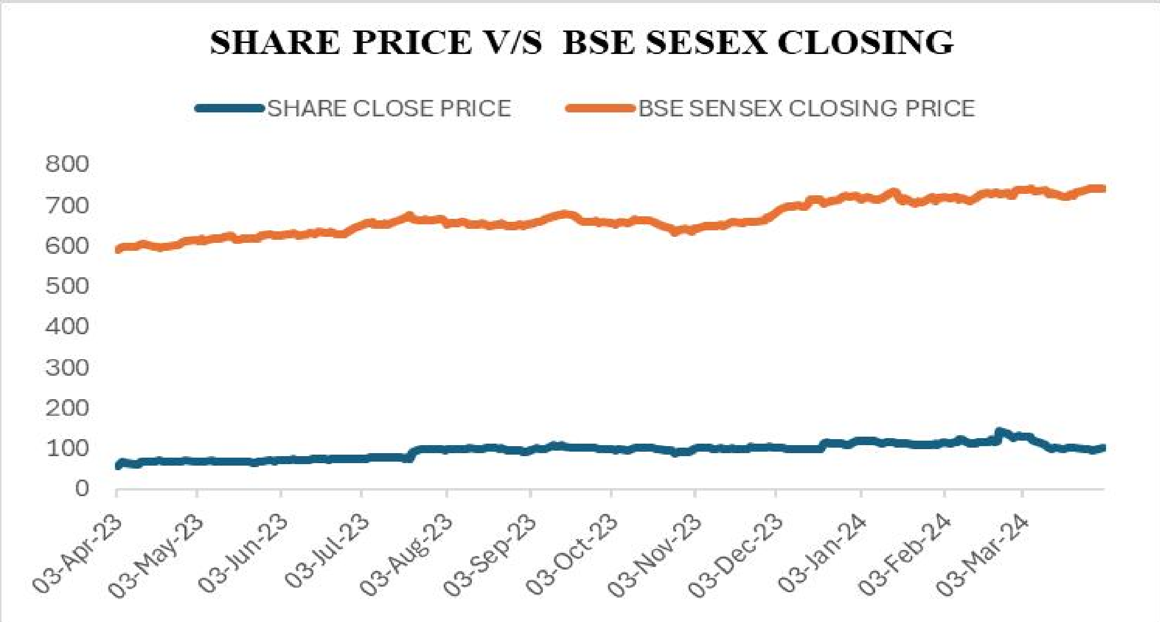
MONTHS	HIGH	LOW	VOLUME
Apr-23	74.4	53.2	6,92,838
May-23	76.35	63.2	2,77,619
Jun-23	78.9	69	3,10,908
Jul-23	104.7	70.8	17,83,491
Aug-23	105	88.15	5,16,440
Sep-23	112.85	90	9,21,525
Oct-23	112	87.05	3,44,033
Nov-23	110.5	93.05	7,72,003
Dec-23	122	95.55	18,56,000
Jan-24	124.5	105.3	10,88,779
Feb-24	147.8	106.5	27,27,129
Mar-24	136	93	6,50,368

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

MONTHS	HIGH	LOW	VOLUME
Apr-23	75	55.8	76,502
May-23	75.89	63.48	31,297
Jun-23	79.9	67	53,866
Jul-23	104.7	72.85	3,09,278
Aug-23	107.7	88.8	1,25,468
Sep-23	113.1	90.88	1,73,400
Oct-23	110.54	88	50,979
Nov-23	111.05	93.55	93,237
Dec-23	122	95.85	3,99,359
Jan-24	124	106.15	2,02,883
Feb-24	147.35	95.1	2,56,012
Mar-24	140	92	80,628

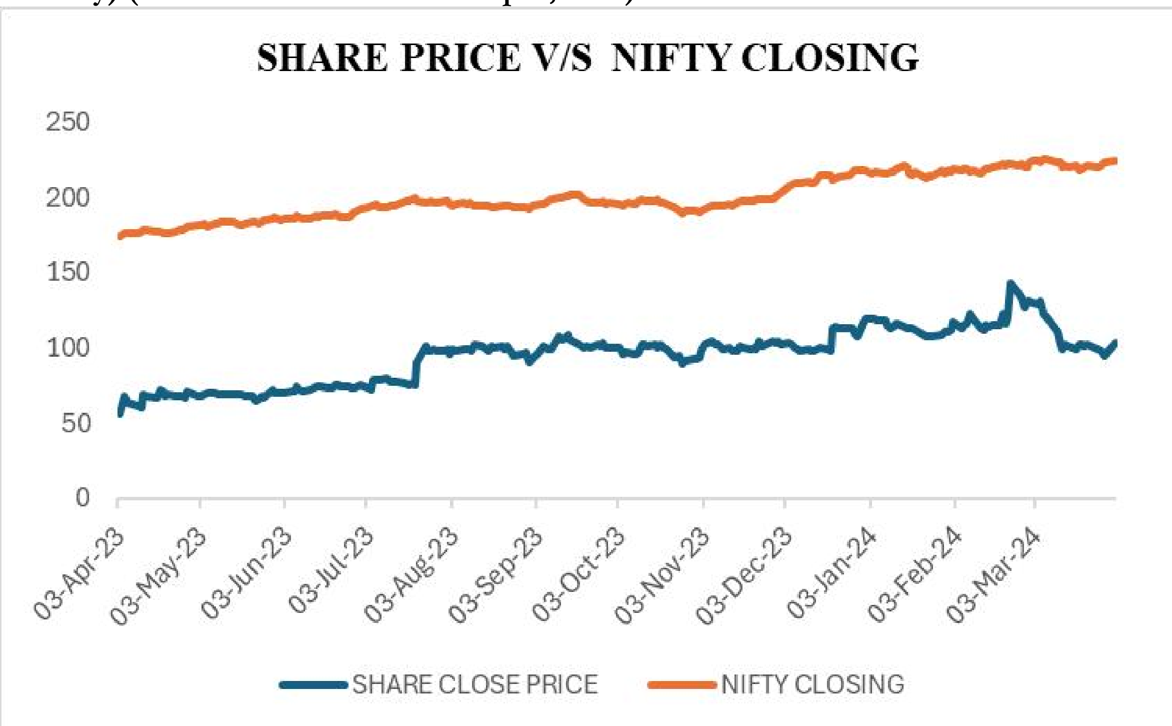
Performance of shares of Capital Trust Limited in comparison to BSE – Sensex (The share price is compared on the basis of the closing price of each month v/s Sensex on that day) (Base is taken as 100 at April 1, 2023)

Capital Trust Share performance vis -a - viz BSE Sensex



Capital Trust Share performance vis -a - viz NSE Nifty

Performance of shares of Capital Trust Limited in comparison to NSE Nifty (The share price is compared on the basis of closing price of each month v/s Nifty on that day) (Base is taken as 100 at 1st April, 2023)



xiv. Shareholding Pattern as on March 31, 2024

Category	Percentage
Promoter	66.17%
Bank/ Financial Institutions/ Mutual Funds	0.00%
NRIS/OCBs	17.34%
Others	16.49%

xv. Distribution of Shareholding as on March 31, 2024

No of shareholders	% to total	Shareholding of nominal value of (Rs.)	No of shares	Amount in (Rs.)	% to total
8825	92.93	1 TO 5000	1004822	10048220	6.14
357	3.75	5001 TO 10000	273073	2730730	1.67
148	1.56	10001 TO 20000	222424	2224240	1.36
55	0.58	20001 TO 30000	139025	1390250	0.85
38	0.40	30001 TO 40000	132878	1328780	0.81
18	0.19	40001 TO 50000	84753	847530	0.52
32	0.33	50001 TO 100000	239346	2393460	1.46
23	0.24	100001 AND ABOVE	14265094	142650940	87.19
9496	**100**	**TOTAL**	**16361415**	**163614150**	**100**

xvi) Dematerialisation of Shares: As on March 31, 2024:
As on March 31, 2024: 15842948 of the total number of equities shares 16361415 were held in dematerialized form

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

xviii) 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.

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

xx) 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

IX. Other Disclosures

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

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

e. Policy on the related party is available on www.capitaltrust.in.

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

g. 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 wherein the information as required under Regulation 46 of the SEBI(LODR) Regulations has been disseminated.

X. Disclosures with respect to demat suspense account / unclaimed suspense account

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

XI. 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.

XII. Declaration Regarding the Compliance with the Code of Conduct of Board of Directors and Senior Management.

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director, Executive Director and Non-Executive Directors and Independent Directors. The code is available on the Company's Website www.capitaltrust.in.

I further confirm that the Company has received applicable to them from the Senior Management Team of the Company and the Members of the Board for the year ended March 31, 2023. For the purpose of this declaration, Senior Management Team means the Chief Financial Officer and the Company Secretary.

For **Capital Trust Limited**
Date: 28.05.2024 **Yogen Khosla**
Place: New Delhi **Chairman and Managing Director**

Capital Trust

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:

We have reviewed financial statements and the cash flow statement of Capital Trust Limited for the 2023-24 and that to the best of their knowledge and belief, we state that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. 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.

3. 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.

4. 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.
5. We have indicated to the auditors and the Audit committee:

i. significant changes in internal control over financial reporting during the year;
ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
iii. 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
Managing Director
DIN: 00203165
Date: 28.05.2024

Vinod Raina
CFO

Independent Auditor's Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

The Members of Capital Trust Limited
205, Centrum Mall, MG Road,
Sultanpur-New Delhi-110030

1. The Corporate Governance Report prepared by Capital Trust Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2024. This certificate is required by the Company for annual submission to the Stock Exchange and to be sent to the Shareholders of the Company.

MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The management along with the Board of Directors of the Company are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes (Revised) requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

7. Based on the procedures performed by us and according to the information and explanations given to us, we are of the opinion that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2024, referred to in paragraph 1 above.

OTHER MATTERS AND RESTRICTION ON USE

8. This report 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.

9. This report is addressed to and provided to the Members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For JKVS & Co
Chartered Accountants
Firm Registration N0.: 318086E

Sajal Goyal
Partner
Membership Number 523903
UDIN: 24523903BKDIAX2980

Place: Noida
Date: May 28, 2024

Capital Trust

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Seventh Annual General Meeting (AGM) of Capital Trust Limited (the Company) will be held on Saturday, June 29 20, 2024, at 09:00 a.m. through Video Conferencing (VC) to transact the following business:

ORDINARY BUSINESS

To receive, consider and adopt the audited financial statements (both standalone and consolidated) of the Company for the financial year ended March 31, 2024, together with the Reports of the Board of Directors and the Auditors thereon.

1. To appoint a Director in place of Mr. Vahin Khosla (DIN-07656894), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

2. **RAISING OF FUNDS THROUGH VARIOUS OPTIONS INCLUDING QUALIFIED INSTITUTIONAL PLACEMENT, PREFRENTIAL ALLOTMENT/ NON CONVERTIBLE DEBENTURES UPTO RS. 500 CRORES.**

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

"**RESOLVED THAT** pursuant to the provisions of Sections 42 and 62, and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the applicable rules thereunder and also including any relevant provisions of the Companies Act, 1956 to the extent that such provisions of the Companies Act, 1956 have not been superseded by the Companies Act, 2013 (the "**Companies Act**"), the provisions of the Memorandum of Association and Articles of Association of the Company, and in accordance with any other applicable law or regulation, in India or outside India, including without limitation, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI ICDR Regulations**"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**"), the listing agreements entered into with the respective stock exchanges where the shares of the Company are listed (the "**Stock Exchanges**"), the provisions of the Foreign Exchange Management Act, 1999, as amended ("**FEMA**"), including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended (the "**FCCB Scheme**"), the Depository Receipts Scheme, 2014, the Consolidated Foreign Direct Investment Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued from time to time by the Government of India ("**GOI**"), the Reserve Bank of India ("**RBI**"), the Securities and Exchange Board of India ("**SEBI**"), the Registrar of Companies (the "**RoC**"), the Stock Exchanges, and/ or any other competent authorities and subject to any required approvals, consents, permissions and/or sanctions from the Ministry of Finance (Department of Economic Affairs), the Ministry of

Commerce and Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance), SEBI, the RoC, RBI and any other appropriate statutory, regulatory or other authority and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions and/or sanctions, the consent of the shareholders of the company be and is hereby accorded to Board of Directors of the Company (hereinafter called the "**Board**" which term shall be deemed to include any committee which the Board has constituted, to create, issue, offer and allot (including with provisions for reservation on firm and /or competitive basis, of such part of issue and for such categories of persons including employees of the Company, as may be permitted under applicable law), either in India or in the course of international offering(s) in one or more foreign markets, equity shares of the Company with a face value of Rs. 10 each (Rupees Ten only) (the "**Equity Shares**"), global depository receipts ("**GDRs**"), American depository receipts ("**ADRs**"), foreign currency convertible bonds ("**FCCBs**") and/or other financial instruments convertible into or exchangeable for Equity Shares (including warrants, or otherwise, in registered or bearer form), fully convertible debentures, partly convertible debentures, non-convertible debentures ("**NCDs**") with warrants and/or any security convertible into Equity Shares with or without voting/special rights and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holder to convert or subscribe to Equity Shares pursuant to a green shoe option, if any (all of which are hereinafter collectively referred to as the "**Securities**") or any combination of Securities, in one or more tranches, whether Rupee denominated or denominated in foreign currency, through public and/or private offerings, including without limitation through a qualified institutions placement ("**QIP**") (in accordance with Chapter VIII of the SEBI ICDR Regulations), or any combination thereof or by the issue of prospectus and/or placement document and/or other permissible/requisite offer document to any eligible person(s), including but not limited to qualified institutional buyers (as defined in the SEBI ICDR Regulations) ("**QIBs**") in accordance with Chapter VIII of the SEBI ICDR Regulations, or otherwise, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternative investment funds, foreign institutional investors, foreign portfolio investors, Indian and/or bilateral and/or multilateral financial institutions, non-resident Indians, stabilizing agents, state industrial development corporations, insurance companies, provident funds, pension funds and/or any other categories of investors whether or not such investors are members of the Company (collectively referred to as the "**Investors**"), as may be decided by the Board at its discretion and permitted under applicable laws and regulations for an aggregate amount not exceeding Rs. 500 Crores (Rupees One Thousand Crores only) (Out of which Rs. 250 Crores (Rupees Five Hundred Crores) shall be for Fully Convertible Debentures/Partly Convertible Debentures/ Non-Convertible Debentures ("NCDS")/Foreign Currency Convertible Bonds ("FCCBS")) or equivalent thereof either in any foreign currency and/or equivalent Indian Rupees, inclusive of such premium as may be fixed on such Securities at such a time or times, in such a manner and on such terms and conditions including security, rate of interest, discount (as permitted under applicable law) etc., as may be deemed appropriate by the Board in its absolute discretion, including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with the lead manager(s) and/or underwriter(s) and/or other advisor(s) for such issue. The number and/or price of Securities shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring.

RESOLVED FURTHER THAT if any issue of Securities is made by way of a QIP in terms of Chapter VIII of the SEBI ICDR Regulations (hereinafter referred to as "**Eligible Securities**" within the meaning of the SEBI ICDR Regulations), the allotment of the Eligible Securities, or any combination thereof as may be decided by the Board, shall be completed within 12 (twelve) months from the date of approval of the shareholders of the Company by way of a special resolution for approving the QIP or such other time as may be allowed under the SEBI ICDR Regulations, at a price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations, provided that the Board may, in accordance with applicable law, offer a discount of not more than 5% (five per cent.) or such percentage as permitted under applicable law, on such price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations. The Eligible Securities shall be allotted as fully paid-up (subject to allottees having the option to pay either full or part consideration for warrants, with the balance consideration being payable at or by the time of exercise of such warrants, where the tenure of any convertible or exchangeable Eligible Securities shall not exceed 60 (sixty) months from the date of allotment), and the aggregate of all QIPs made by the Company in the same financial year shall not exceed five times the net worth of the Company as per the audited balance sheet of the previous financial year.

RESOLVED FURTHER THAT in the event that the Equity Shares are issued to QIBs under Chapter VIII of the SEBI ICDR Regulations, the "relevant date" for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares, and in the event that convertible securities (as defined under the SEBI ICDR Regulations) are issued to QIBs under Chapter VIII of the SEBI ICDR Regulations, the "relevant date" for the purpose of pricing of such convertible securities, shall be the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities are entitled to apply for Equity Shares or such other time as may be permitted by the SEBI ICDR Regulations, subject to any relevant provisions of applicable laws, rules, regulations, as amended, from time to time.

RESOLVED FURTHER THAT the relevant date for the determination of the applicable price for the issue of any other Securities shall be as per the regulations/guidelines prescribed by SEBI, the Ministry of Finance, RBI, GoI 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:
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 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."

3. APPOINTMENT OF MR. SANJIV SYAL AS AN INDEPENDENT DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Sanjiv Syal (DIN: 00271256), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 7th May, 2024, 2014 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Sanjiv Syal, a non-executive Director of the Company,who meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment be and is hereby appointed an Independent Director of the Company, not liable to retire by rotation, for a term of five years, commencing with effect from 29th June, 2024 to 28th June, 2029."

4. **APPOINTMENT OF MR. VAHIN KHOSLA AS JOINT MANAGING DIRECTOR**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special resolution:

"RESOLVED THAT Pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company, the consent be and is hereby accorded for appointment of Mr. Vahin Khosla as Joint Managing Director of the company for a period of 5 years, on terms and conditions including remuneration as mentioned below:

Basic Salary: Rs.5.50 Lakhs per month. In addition to the salary, he shall be entitled to the usual allowances, perquisites and benefits, which include medical reimbursement, LTC, use of car and telephone, contribution to Provident Fund, gratuity, Bonus / Ex-gratia etc. 1% of the profits as incentive per quarter, as agreed by the Board of Directors, subject to overall ceiling of remuneration stipulated in sections 2(78) and 197 read with Schedule V of the Act.

RESOLVED FURTHER THAT approval of the shareholders is further given to increase the basic remuneration to Rs. 8,50,000 per month over period of three years (i.e term of current appointment) on the basis of recommendation given by Nomination and Remuneration Committee of the company.

RESOLVED FURTHER THAT consent be and is hereby given to Nomination and Remuneration Committee of the company, to revise the remuneration of Mr. Vahin Khosla from the date of his appointment till the 5 years i.e remainder of duration of appointment upto the limit as given herein above;

RESOLVED FURTHER THAT in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Joint Managing Director.

5. APPOINTMENT OF MR. YUV VIR KHOSLA AS EXECUTIVE DIRECTOR

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special resolution:

"RESOLVED THAT Pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and subject to approval of Reserve Bank of India, the consent be and is hereby accorded for appointment of Mr. Yuv Vir Khosla as Executive Director of the company for a period of 5 years, who shall be liable to retire by rotation, on the terms and conditions including remuneration as mentioned below:

Basic Salary: Rs. 4 Lakhs per month., which can go upto Rs. 7.5 Lakhs over the period of Three years from now. In addition to the salary, he shall be entitled to the usual allowances, perquisites and benefits, which include medical reimbursement, LTC, use of car and telephone, contribution to Provident Fund, gratuity, Bonus / Ex-gratia,and 1% per quarter of the profits as incentive.

RESOLVED FURTHER THAT approval of the shareholders is further given to increase the basic remuneration to Rs. 7,50,000 per month over period of Three years (i.e term of current appointment) on the basis of recommendation given by Nomination and Remuneration Committee of the company.

RESOLVED FURTHER THAT consent be and is hereby given to Nomination and Remuneration Committee of the company, to revise the remuneration of Mr. Yuv Vir Khosla from the date of his appointment till the 5 years i.e remainder of duration of appointment upto the limit as given herein above;

RESOLVED FURTHER THAT in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Executive Director.

6. FIXATION OF LIMIT FOR MANAGERIAL REMUNERATION IN EVENT OF INADEQUATE PROFITS

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 197, Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the consent be and is hereby accorded to pay remuneration to Managerial persons, in case of inadequate profits/no profits, at the rates approved by the shareholders from time to time. .

RESOLVED FURTHER THAT in case of inadequate profits/no profits, the maximum remuneration to be paid under Schedule V shall not exceed Rs. 400 Lakhs per annum to Managing Director and Executive Directors"

7. TO ISSUE EQUITY SHARES ON PREFERENTIAL BASIS IN COMPLIANCE WITH SECTION 42 AND 62 OF THE COMPANIES ACT, 2013

To consider, and if thought fit, to pass, with or without modifications, the following resolutions as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 23, 42, 62(1)(c) and 179 (3)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the Foreign Exchange Management Act, 1999, as amended or restated ("FEMA"), and rules, circulars, notifications, regulations and guidelines issued under FEMA, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time the other rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) (collectively, the "Acts & Rules"); and in accordance with the provisions of the Memorandum and Articles of Association of the Company and any other rules /

regulations/ guidelines, if any, prescribed by the Reserve Bank of India or any other statutory regulatory authority; and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the appropriate authorities, institutions or bodies as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), and as agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may haveconstituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), consent of the shareholders of the Company be and is hereby accorded to create, issue, offer and allot 648627 Equity Shares of the Company of the face value of INR 10 (Ten) each ("Equity Shares") on preferential allotment, at a price of INR 125.33 (including a premium of Rs 115.33) per Equity Share aggregating to INR 8,12,49,810 (Rs. Eight Crores Twelve Lakhs Forty Nine Thousand Eight Hundred and Ten Only), to the following subscriber:

S.No.	Details of Subscriber	Number of Equity Shares	Consideration (Amount in INR)
1	Prodigee Finance Limited	478,736	599,99,983
2.	Moonlight Equity Private Ltd.	79,789	99,99,955
3	Amit Goel	79,789	99,99,955
4	Komal Saboo	9,973	12,49,916
	Total	**648,287**	**8,12,49,810**

on a preferential basis through private placement based on the price determined as per SEBI (ICDR), Regulations on the relevant date 29.05.2024."

"RESOLVED FURTHER THAT the Equity Shares to be issued and allotted pursuant to this resolution shall be subject to the clauses of the Memorandum and Articles of Association of the Company and shall rank pari-passu with the existing equity shares of the Company in all respects."

"RESOLVED FURTHER THAT pursuant to the provisions of the Act & Rules, the name of the Subscribers be recorded for the issue of invitation to subscribe to the Equity Shares and that the private placement offer cum application letter in Form No. PAS-4 be issued to the Subscribers inviting the Subscriber to subscribe to the Equity Shares, and the terms and conditions stated therein and the consent of the Company is hereby accorded to the issuance of the same."

"RESOLVED FURTHER THAT the monies to be received by the Company from the Subscribers for application of the securities pursuant to this private placement shall be kept by the Company in a separate bank account and shall be utilized by the Company in accordance with Section 42 of the Companies Act 2013."

"RESOLVED FURTHER THAT for the purpose of giving effect to the offer, issue, allotment of the Equity Shares, any Director, Chief Financial Officer and the Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary and desirable for such purpose, including without limitation, preparing, signing, executing, and filing applications with the appropriate authorities for obtaining requisite approvals for the issuance of the Equity Shares, as may be required, issuing clarifications on the issue and allotment of the Equity Shares, resolving any difficulties, effecting any modifications, changes, variation, alterations, additions and/or deletions to the foregoing conditions as may be required by any regulator, or other authorities or agencies involved in or concerned with the issue of the Equity Shares and as the Board may in its absolute discretion deem fit and proper in the best interest of the Company without being required to seek any further consent or approval of the members or otherwise."

"RESOLVED FURTHER THAT for the purpose of giving effect to the resolution, the Board be and is hereby authorized to engage depositories, registrars, bankers, and other consultants and advisors to the issue and to remunerate them by way of fees and/or other charges and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with such agencies, as may be required and as permitted by law."

"RESOLVED FURTHER THAT for the purpose of giving effect to the resolution, the Board be and is hereby authorized to delegate any or all of the powers conferred upon it by this resolution to any committee of directors, any other director(s), and/or officer(s) of the Company."

8. APPROVE CAPITAL TRUST EMPLOYEE STOCK OPTION SCHEME 2024 ("CT ESOS 2024"/ "SCHEME") FOR THE EMPLOYEES OF THE COMPANY.

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

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and all other applicable provisions of the Act as may be applicable from time to time (including any amendment, modification, variation or re-enactment thereof) and rules thereunder, if any, and provisions contained in the memorandum and articles of association of the Company and such other rules, regulations, notifications, guidelines and laws applicable in this regard, from time to time and subject to such other approval(s), permission(s), consent(s) and/or sanction(s) as may be required and subject to such conditions and modifications as may be prescribed while granting such approval(s), permission(s), consent(s) and sanction(s), the consent of the members' of the Company be and is hereby accorded to introduce and implement the 'Capital Trust Employee Stock Option Scheme 2024 ("CT ESOS 2024"/ "Scheme"), the salient features of which are furnished in the explanatory statement annexed hereto and authorize the board of directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) constituted /

to be constituted by the Board to exercise its powers including the powers conferred by this resolution) to grant the eligible employees of the Company, employee stock options (“Options”) to or for the benefit of such person(s) who are in permanent employment (present and/or future permanent employees) of the Company within the meaning of the Scheme, including the directors (other than promoter or person belonging to the promoter group of the Company, independent directors and director(s) holding directly or indirectly more than 10% of the outstanding equity shares of the Company), exercisable into not more than 4,00,000 equity shares (or such other adjusted figure/number for any reorganization of capital structure undertaken in accordance with the Scheme) having face value of INR 10 each fully paid-up (including the equity shares to be issued to employees of Company’s subsidiaries, if any), at such price and on such terms and conditions as may be fixed or determined by the Board or Committee (or such other committee by whatever name called,

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and all other applicable provisions of the Act as may be applicable from time to time (including any amendment, modification, variation or re-enactment thereof) and rules thereunder, if any, and provisions contained in the memorandum and articles of association of the Company and such other rules, regulations, notifications, guidelines and laws applicable in this regard, from time to time and subject to such other approval(s), permission(s), consent(s) and/or sanction(s) as may be required and subject to such conditions and modifications as may be prescribed while granting such approval(s), permission(s), consent(s) and sanction(s), the consent of the members’ of the Company be and is hereby accorded to introduce and implement the ‘Capital Trust Employee Stock Option Scheme 2024 (“CT ESOS 2024”/ “Scheme”), the salient features of which are furnished in the explanatory statement annexed hereto and authorize the board of directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this resolution) to grant the eligible employees of the Company, employee stock options (“Options”) to or for the benefit of such person(s) who are in permanent employment (present and/or future permanent employees) of the Company within the meaning of the Scheme, including the directors (other than promoter or person belonging to the promoter group of the Company, independent directors and director(s) holding directly or indirectly more than 10% of the outstanding equity shares of the Company), exercisable into not more than 4,00,000 equity shares (or such other adjusted figure/number for any reorganization of capital structure undertaken in accordance with the Scheme) having face value of INR 10 each fully paid-up (including the equity shares to be issued to employees of Company’s subsidiaries), at such price and on such terms and conditions as may be fixed or determined by the Board or Committee (or such other committee by whatever name called, decisions in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred herein, to any committee of Board of Directors or to any key managerial personnel, or any other officers and employees as it may deem fit to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard.

RESOLVED FURTHER THAT any of the directors of the Company or any key managerial personnel of the Company, be and are hereby severally authorised to certify a copy of these resolutions and provide the same to all concerned parties and relevant authorities."

By Order of the Board of Directors
For Capital Trust Limited

Sd/-
Tanya Sethi
Company Secretary

Date: 28th May, 2024
Place: New Delhi

NOTES:

1. Pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 08, 2021, December 14, 2021 and May 05, 2022 respectively issued by the Ministry of Corporate Affairs ('MCA') (collectively referred to as 'MCA Circulars') and Circular Nos. SEBI/HO/CFD/ CMD1/CIR/ P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HODDHS/P/CIR/2022/ 006 dated May 12, 2020, January 15, 2021 and May 13,2022, respectively issued by the Securities and Exchange Board of India (collectively referred to as 'SEBI Circulars'), holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members, is permitted. In compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/ OAVM which does not require physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

2. A statement giving relevant details of the directors seeking appointment/ reappointment under Item No. 2 of the accompanying notice, as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is annexed herewith as Annexure-I.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. In terms of MCA Circulars, since physical attendance of Members has been dispensed with, there is no requirement of

appointment of proxies. Accordingly, the facility for appointment of proxies by the Members under Section 105 of the Act, will not be available for the AGM and, hence, the Proxy Form and Attendance Slip are not annexed to this Notice. The Board of Directors has appointed Shri Shashank Sharma, Practicing Company Secretary (ACS19311 & CP No. 7221) as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

4. Corporate/Institutional members (i.e. other than individuals, HUF, NRI, etc) are required to send scanned copy of its Board or governing body resolution/authorization etc., authorizing its representative to attend AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization be sent to the Scrutinizer by email through its registered email address to shashankcsu@gmail.com with a copy marked to evoting@nsdl.co.in

5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

6. Members can login and join the AGM 30 minutes prior to the scheduled time to start the AGM and the window for joining shall be kept open till the expiry of 15 minutes after the scheduled time to start the AGM. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members, on first-come-first-served basis. However, the participation of large members (members holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Auditors can attend the AGM without restriction of first-come-first served basis. Instructions and other information for members for attending the AGM through VC/OAVM are given in this Notice.

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the aforesaid MCA and SEBI Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

9. For ease of conduct, members who would like to ask questions/express their views

on the items of the business to be transacted at the meeting can send in their questions/ comments in advance mentioning their name, demat account number/ folio number, email id, mobile number at cs@capitaltrust.in. The same will be replied by the Company suitably.Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

10. The Registers of Members and Share Transfer Books of the Company will remain closed from Sunday 23rd June, 2024 to Saturday 29th June 2024 (both days inclusive) for the purpose of annual closure of books.

11. In accordance with SEBI LODR (Listing Obligations and Disclosure Requirements) (4th amendment) Regulations, 2018 notified on June 07, 2018 and further notification dated 30/11/2018 any request for physical transfer of shares shall not be processed w.ef. April 01,2019

Further, in compliance with SEBI vide its circular SEBI/HO/ MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022, the following requests received by the Company in physical form will be processed and the shares will be issued in dematerialization form only:-

i. Issue of duplicate share certificate
ii. Claim from unclaimed suspense account
iii. Renewal/Exchange of securities certificate
iv. Endorsement
v. Sub-division / splitting of securities certificate
vi. Consolidation of securities certificates/folios
vii. Transmission
viii. Transposition

For this purpose, the securities holder/claimant shall submit a duly filled up Form ISR-4 which is hosted on the website of the company as well as on the website of MAS Services Ltd, Registrar and share transfer agent (RTA) The aforementioned form shall be furnished in hard copy form.

Members holding shares in physical form are requested to dematerialize their holdings at the earliest.

12. The Securities and Exchange Board of India ('SEBI') vide its circular dated November 03, 2021 read with circular dated December 14, 2021 has made it mandatory for the shareholders holding securities in physical form to furnish PAN, KYC (complete address with pin-code, bank detail with MICR-CODE & IFS CODE,

Email-ID, Mobile Number) and Nomination details to the Registrar and Transfer Agent ('RTA') of the Company. Effective from 1st January 2022. Registrar will not process , any service requests or complaints received from the member until unless above KYC and nomination will not be completed by shareholder and such shareholders holding will be fridge by RTA on or after 1st April 2023.

The shareholders holding shares in physical form are requested to note that in case of failure to provide required documents and details as per aforesaid SEBI circular, all folios of such shareholders shall be frozen on or after April 01, 2023 by the RTA. In view of the above, shareholders of the Company holding securities in physical form are requested to provide following documents/details to RTA:

i. PAN; (using ISR-1)
ii. Nomination in Form No.SH-13 or submit declaration to 'Opt-out' in Form ISR-3;
iii. Contact details including Postal address with PIN code, Mobile Number, E-mail address;
iv. Bank Account details including Bank name and branch, Bank account number, IFS code;
v. Specimen signature. (using ISR-2)

Any cancellation or change in nomination shall be provided in Form No.SH-14

All of above required documents/details to be sent at the address of registered office of the RTA. The shareholders can download the forms mentioned in SEBI circular from the website of the Company or RTA website i.e www.masserv.com.

A separate communication has already been sent to the respective shareholders.

13. In compliance with the aforesaid MCA and SEBI Circulars, the Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice calling AGM alongwith the explanatory statement and Annual Report 2023-24 are available on the website of the Company at www.capitaltrust.com and on the website of the Stock Exchange i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of National Securities Depository Limited (NSDL) i.e. www.evoting.nsdl.com (the Authorised agency for providing voting through electronic means and AGM through VC/OAVM). Company's web-link on the above will also be provided in advertisement being published in Financial Express (English edition) and Jansatta (Hindi edition).

14. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares

and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company Secretary or Mas Services Limited, Company's Registrar and Share Transfer Agents ("RTA") (Tel. No. 011 26387281/82/83) for assistance in this regard.

15. Members who have not yet registered their e-mail addresses are requested to register the same with their Depository Participants ("DP") in case the shares are held by them in electronic form and with the Company/RTA in case the shares are held by them in physical form.

16. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, etc., to their DPs if the shares are held by them in electronic form and to the Company/RTA if the shares are held by them in physical form.

17. For receiving all future correspondence (including Annual Report) from the Company electronically–

In case you have not registered your email ID with the Company/ Depositary, please follow below instructions to register your email ID for obtaining Annual Report for FY 2023-24 and login details for e-voting.

Physical Holding

Send a signed request letter to Registrar and Transfer Agents of the Company, MAS Services Limited at investor@masserv.com providing Folio Number, Name of the Shareholder, scanned copy of the Share Certificate (Front and Back), PAN(Self attested scanned copy of PAN Card), AADHAR (Self attested scanned copy of Aadhar Card) with subject line (Register E-mail ID Folio No (Mention Folio No) of Capital Trust Limited.

Demat Holding

Please contact your Depositary Participant (DP) and register your email address as per the process advised by DP.

18. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2023-24 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Further, those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Notice of the AGM and Annual Report may temporarily get themselves registered with RTA by emailing for obtaining the same. Members are requested to support our commitment to environmental protection by choosing to receive the Company's communications through e-mail going forward.

Members may note that the Notice and Annual Report 2023-24 will also be available on the Company's website www.capitaltrust.in, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and on the website of NSDL https://www.evoting.nsdl.com.

19. In case a person has become a member of the Company after dispatch of the AGM Notice, but on or before the cut-off date for e-voting i.e. **Wednesday, June 26, 2024**, such person may obtain the User ID and Password from RTA by e-mail request on investor@masserv.com

20. With a view to helping us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.

21. In terms of Section 72 of the Companies Act, 2013 and the applicable provisions, the shareholders of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit the requisite nomination form.

22. Shareholders of the Company are informed that pursuant to the provisions of the Act and the relevant rules the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the 'Investor Education & Protection Fund (IEPF)' constituted by the Central Govt. Accordingly the amount of dividend which remained unpaid/unclaimed for a period of 7 years for the year 2015-16 has already been transferred to IEPF. Shareholders who have not encashed their dividend warrant(s), for the years 2016-17 to 2020- 21 are requested to make claim with the Registrar & Share Transfer Agent of the Company immediately.

    Further, pursuant to the provisions of Section 124(6) of the Act read with the relevant Rules made thereunder, shares on which dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred to the IEPF as notified by the Ministry of Corporate Affairs.

    In accordance with the IEPF Rules, the Company has sent notices to all the Shareholders whose shares are due for transfer to the IEPF and has also published the details thereof in notices published in newspapers.

    The Members whose dividend/shares are transferred to the IEPF may claim the dividend/shares by making an application to the IEPF by following the procedure as detailed in the IEPF Rules and as enumerated on the website of IEPF at http://www.iepf.gov.in/IEPF/refund.html.

23. In terms of SEBI Circular dated 09/12/2020, the depository shall send SMS/email alerts regarding the details of the upcoming AGM to the demat holders atleast 2 days prior to the date of commencement of e-voting. Hence members are requested to update the mobile no./email ID with their respective depository participants.

24. SEBI has made it mandatory for all Companies to use the bank account details

furnished by the Depositories and the bank account details maintained by the RTA for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS)/ Real Time Gross Settlement (RTGS)/ Direct Credit/NEFT etc. In the absence of ECS facilities, the Company will print the bank account details if available, on the payment instrument for distribution of dividend.

In order to receive the dividend without loss of time, the Members holding shares in physical form are requested to submit particulars of their bank accounts along with the original cancelled cheque bearing the name of the Member to the RTA, MAS Services Limited/Company to update their bank account details and all the eligible shareholders holding shares in demat mode are requested to update with their respective DPs, their correct Bank Account Number, including 9 Digit MICR Code and 11 digit IFSC Code, e-mail ID and Mobile No(s).

Members holding shares in physical form may communicate these details to the RTA viz. MAS Services Limited having address at RTA i.e. MAS Services Limited, having address at T-34 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020, by quoting the reference folio number and attaching photocopy of the cheque leaf of their active bank account and a self-attested copy of their Permanent Account Number ('PAN') card.

This will facilitate the remittance of the dividend amount as directed by SEBI in the bank account electronically. Updation of e-mail IDs and Mobile No(s) will enable the Company in sending communication relating to credit of dividend, un-encashed dividend, etc.

The Company or RTA cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the DPs of the Members.

25. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company during normal business hours on any working day except Sunday, upto the date of meeting.

26. Instructions for e-voting and joining the AGM are as follows:

In terms of the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of the SEBI Listing Regulations, the Company is providing facility of remote e-voting to exercise votes on the items of business given in the Notice 38th Annual General Meeting (AGM) through electronic voting system, to members holding shares as on

Saturday, June 22, 2024 (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by NSDL or to vote at the e-AGM.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE ASUNDER:-

The remote e-voting period begins on Wednesday, June 26, 2024 at 9:00 A.M. and ends on Friday June 28, 2024 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Saturday, June 22, 2024 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Saturday, June 22, 2024.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. If you are already registered for **NSDL IDeAS facility**, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the **"Beneficial Owner"** icon under "Login" which is available under **"IDeAS"** section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to

	see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or **e-Voting service provider – NSDL** and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS"**Portal or click athttps://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digitdemat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or **e-Voting service provider - NSDL** and you will be redirected to e-Voting website of NSDLfor casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu

	will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or **e-Voting service provider-NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	**Helpdesk details**
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.inor call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

<u>How to Log-in to NSDL e-Voting website?</u>

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 125707 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?
   (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

   (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to shashankcsu@gmail,com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Amit Vishal at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investor@masserv.com or cs@capitaltrust.in

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investor@masserv.com or cs@capitaltrust.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A**) i.e.**Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.infor procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH

VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at cs@capitaltrust.in . The same will be replied by the company suitably.

General Instructions

i. 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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

ii. Shri Shashank Sharma, Practicing Company Secretary (Membership No. ACS19311 & CP No. 7221), has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

iii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, for all those members who are present VC / OAVM at the AGM but have not cast their votes by availing the remote e-voting facility.

iv. 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 three days 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.

v. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.capitaltrust.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE Limited.

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

Item No. 3

RAISING OF FUNDS THROUGH VARIOUS OPTIONS INCLUDING QUALIFIED INSTITUTIONAL PLACEMENT, PREFRENTIAL ALLOTMENT/ NON CONVERTIBLE DEBENTURES UPTO RS. 500 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. 500 Crores (Rupees One thousand Crores) (Out of which Rs. 250 Crores (Rupees Two Hundred Fifty Crores) shall be for Fully Convertible Debentures/Partly Convertible Debentures/ Non-Convertible Debentures ("NCDS")/Foreign Currency Convertible Bonds ("FCCBS")) or equivalent thereof or its equivalent in one or more tranches. This is an enabling Resolution and the Company will issue new Securities, subject to applicable law and necessary compliances.

This Special Resolution, among other things, seeks to enable the Board of Directors (including any duly authorized committee thereof) to undertake a Qualified Institutions Placement to Qualified Institutional Buyers in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009, amended (the "**SEBI ICDR Regulations**") as prescribed under Chapter VIII of the SEBI ICDR

Regulations for the purposes mentioned above, without the need for fresh approval from the shareholders.

Basis or Justification of Price: The pricing of the Securities to be issued to Qualified Institutional Buyers pursuant to Chapter VIII of the SEBI ICDR Regulations shall be determined by the Board in accordance with the regulations on pricing of securities determined in accordance with Chapter VIII the SEBI ICDR Regulations. The "Relevant Date" for this purpose, in case of allotment of Equity Shares, will be the date when the Board decides to open the issue, or, in case of convertible securities, the date of the meeting in which the Board or a committee thereof decides to open the issue of the convertible securities. The resolution enables the Board of Directors to, in accordance with applicable laws, offer a discount of not more than 5% (five per cent.) or such percentage as permitted under applicable law on the price determined pursuant to the SEBI ICDR Regulations.
The Special Resolution also enables the Board to issue Securities in tranches, at such times, at such prices and to such person(s) including institutions, bodies incorporated and/or individuals or otherwise as the Board deems fit. The Company with this resolution intends to retain the right and flexibility to issue securities including but not limited to GDRs, ADRs, FCCBs and Equity Shares.

The detailed terms and conditions for the offer will be determined by the Board in consultation with the lead manager(s) and other advisors appointed in relation to the proposed issue and such other authorities as may be required, taking into consideration market conditions and in accordance with applicable law. The Equity Shares allotted or arising out of conversion of any Securities will be listed and traded on stock exchanges where Equity Shares of the Company are currently listed ("**Stock Exchanges**"), subject to obtaining necessary approvals. The offer/ issue/ allotment/ conversion/ redemption of Securities would be subject to obtaining regulatory approvals, if any by the Company. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and any provisions of the listing agreements entered into with the Stock Exchanges.

The Board of Directors of the Company commends the Resolution as set out at Item No.4

Item No. 4

APPOINTMENT OF MR. SANJIV SYAL AS AN INDEPENDENT DIRECTOR OF THE COMPANY

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, approved the appointment of Mr. Sanjiv Sayal as an Additional (Independent Director) on the Board of the Company with effect from May 07 , 2024,, subject to the shareholders' approval to hold office as Director till the date of forthcoming General Meeting pursuant to Section 161 of the Companies Act, 2013 ('Act") and Articles of Association of the Company.

The details of Mr. Sanjiv Sayal, as required to be given pursuant to the Listing Regulations and the Secretarial Standards, are attached to the Notice.

In respect of Mr. Sayal, the Company has received a notice in writing along with a deposit from a member proposing his candidature for the office of an Independent Director not liable to retire by rotation.

The Board of Directors commend the Ordinary Resolution as set out in Item No. 4 of the Notice for the approval of the shareholders, as in the opinion of the Board, Mr. Sanjiv Sayal fulfils the conditions for appointment as specified in the Companies Act, 2013 and having regard to the qualification, experience and knowledge, his appointment as an Independent Director will be in the interest of the Company.

Mr. Sanjiv Sayal has given his consent to act as Director of the Company and has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Mr. Sayal fulfills the conditions specified in the Act and the rules framed thereunder for appointment as Independent Director and he is independent of the Management.

Except Mr. Sanjiv Sayal being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.3.

Item No. 5

APPOINTMENT OF MR. VAHIN KHOSLA AS JOINT MANAGING DIRECTOR

The Board of directors on the recommendation of Nomination and Remuneration committee proposed the elevated of Mr. Vahin Khosla to the position of Joint Managing Director within our company. Mr. Khosla has been an invaluable member of our organization since 2015 and has consistently demonstrated exceptional dedication and leadership qualities during his tenure.

Key Details:

Current Position: Executive Director

Tenure with the Company: Since 2015

Versatility: Mr. Vahin Khosla has a track record of working across various departments and effectively managing diverse aspects of the business.

Over the years, Mr. Vahin Khosla has consistently exhibited a profound understanding of the company's operations and has played an integral role in its growth and success. His comprehensive knowledge of our organization, combined with his ability to lead and manage, has been a significant asset.

Given Mr. Khosla's exemplary service and his vital role in the company's journey, we believe it is time to recognize and reward his commitment by promoting him to the position of Joint Managing Director. This promotion will provide him with greater authority to steer the company toward continued success.

None of the directors except Mr. Vahin Khosla and Mr. Yogen Khosla are interested in the resolution.

Item No. 6

APPOINTMENT OF MR. YUV VIR KHOSLA AS EXECUTIVE DIRECTOR

The Board on the recommendation of Nomination and Remunration committee recommended the elevation of Mr. Yuv Vir Khosla to the position of Executive Director within our organization. Mr. Yuv Vir Khosla has been an invaluable asset to the company since he joined in 2016, and his contributions and achievements make him a compelling choice for this elevated role.

Key Highlights of Mr. Yuv Vir Khosla's Career:

Longstanding Commitment: Mr. Khosla has been a dedicated member of our team for seven years, consistently demonstrating his loyalty and commitment to our company's mission and growth.

Business Acumen: Mr. Khosla has a remarkable grasp of our business operations and has displayed exceptional control and understanding of our industry. His insights and strategic thinking have been instrumental in the company's overall success.

Branch Expansion: Mr. Khosla played a pivotal role in expanding our company's footprint by successfully opening new branches. His efforts have significantly contributed to our market presence and revenue growth.

Current Role as COO: Mr. Khosla currently serves as the Chief Operating Officer, a role in which he has excelled. He has been responsible for streamlining operations, optimizing processes, and enhancing overall efficiency, which has positively impacted our bottom line.

Flagship Product Launch: One of Mr. Khosla's most notable achievements was spearheading the launch of our company's flagship product, Capital Business Loans. His leadership in this endeavor not only led to the successful introduction of the product but also established it as a significant revenue generator for the company.

Given his extensive experience, deep industry knowledge, and proven leadership abilities, Mr. Yuv Vir Khosla's elevation to the position of Executive Director would undoubtedly benefit our company. His visionary approach, strategic thinking, and strong work ethic align with our corporate goals, and we believe he is more than capable of taking on this elevated role and contributing to our continued growth and success.

His appointment is subject to approval of Reserve Bank of India.

Item No. 7

FIXATION OF LIMIT FOR MANAGERIAL REMUNERATION IN EVENT OF INADEQUATE PROFITS

Due to Covid-19 situations, The company had to write-off about 86 Crores of the loan book and had to take hit on the Profit and loss account. The company has yet to earn profits which will be sufficient for the managerial remuneration.

The losses resulted in inadequate profits to meet the managerial remuneration limits. The nomination and Remuneration committee and the board of directors have recommended to fix the managerial remuneration in accordance with schedule V of Companies Act. Schedule V, provides for the shareholders permission in case the salary is required to be paid in excess of the limits provided.

Therefore the resolution is placed before the members to fix the minimum managerial remuneration in case of inadequate profits. The Managing Director and Executive Director are interested in this resolution.

Item No. 8

TO ISSUE EQUITY SHARES ON PREFERENTIAL BASIS IN COMPLIANCE WITH SECTION 42 AND 62 OF THE COMPANIES ACT, 2013

In order to meet the projected business growth, the Company proposes to raise capital by issuing 648287 Equity Shares of the Company of the face value of INR 10 (Ten) each ("Equity Shares") on preferential allotment, at a price of INR 125.33 (including a premium of Rs 115.33) per Equity Share aggregating to INR 8,12,49,810 (Rs. Eight Crores Twelve Lakhs Forty Nine Thousand Eight Hundred and Ten Only) to the following subscriber:

SR No.	Details of Subscriber	Number of Equity Shares	Consideration (Amount in INR)
1	Prodigee Finance Limited	478,736	599,99,983
2.	Moonlight Equity Private Limited	79,789	99,99,955
3	Amit Goel	79,789	99,99,955
4	Komal Saboo	9,973	12,49,916
	Total	**648,287**	**8,12,49,810**

on a preferential basis through private placement which has been approved **by the Board of Directors of the Company at its meeting held on May 28, 2024.**

The Equity Shares, if any, allotted in the Offer shall rank pari passu in all respects with the existing equity shares.

The management propose to use the proceeds from the Offer for augmenting the Tier I capital, which will be identified by the Board, and for meeting requirements of funds for general corporate purposes of the Company.

Accordingly, the approval of the Shareholders is required in accordance with Sections 42 and 62 and other applicable provisions of the Companies Act,

2013 and the rules made thereunder. Also an offer or invitation to subscribe securities under the private placement shall not be made to persons more than two hundred in the aggregate in a financial year.

<u>Further details of the proposed offer are disclosed below:</u>

The following disclosures for the issue of equity shares on preferential basis are made in accordance with the provisions of Section 42 and 62 of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debenture) Rules, 2014:

1. Particulars of the offer including date of passing of Board Resolution:

   The Board has pursuant to its resolution dated May 28, 2024 accorded its approval for raising funds by issuing 648287 Equity Shares of the Company of the face value of INR 10 (Ten) each ("Equity Shares") on preferential allotment, at a price of INR 125.33 (including a premium of Rs 115.33) per Equity Share aggregating to INR 8,12,49,810 (Rs. Eight Crores Twelve Lakhs Forty Nine Thousand Eight Hundred and Ten Only). The Equity Shares, if any, allotted in the Offer shall rank in all respects pari passu with the existing equity shares.

2. The objects of the issue:

   The proceeds from the issue will be utilized for the purpose of Tier I capital to be identified by the Board, and for meeting requirements of funds for general corporate purposes of the Company.

3. The total number of shares to be issued:

   648287 Equity Shares, in one tranche.

4. Kinds of securities offered and the price at which security is being offered:

   Equity Shares ranking *pari passu* with the existing Equity Shares are offered at a price of INR125.33 including a premium of Rs. 115.33 per Equity Share.

5. Basis or justification on which the price has been arrived at (including premium) at which the offer or invitation is being made, along with report of the registered valuer:

   Price arrived as per the guidelines of SEBI (ICDR) Regulations.. A copy of the valuation report shall be available for inspection at the Registered Office of the Company during business hours from 9:30 A.M. to 6:30 P.M.

6. Name and address of valuer who performed valuation:

The valuation of the Equity Shares has been carried out by Registered Valuer, CA Nitin Aggarwal [Reg IBBI Registration No. IBBI/RV/02/2019/11471] having its office at 605, Pragati tower, Rajendra Place Delhi-110008

The valuation report is dated 04th June 2024.

7. Relevant date with reference to which the price has been arrived at:

29th May, 2024.

8. Amount which the company intends to raise by way of such securities:

INR 8,12,49,810 (Rs. Eight Crores Twelve Lakhs Forty Nine Thousand Eight Hundred and Ten Only)

9. Material terms of raising such securities:

Issue and Allotment of 648287 Equity Shares of the Company of the face value of INR 10 (Ten) each ("Equity Shares") on preferential allotment, at a price of INR 125.33 (including a premium of Rs 115.33) per Equity Share at cash may be done in one or multiple tranches, as may be applicable.

10. Proposed time schedule:

Within 60 (sixty) days days from the respective dates of receipt of application money for each tranche, or such other timeline as prescribed under any applicable laws.

11. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects:

Promoter has contributed part of the offer amounting to Rs. 99,99,955 through Moonlight Equity Pvt Ltd.

12. Principle terms of assets charged as securities:

Not Applicable

13. The class or classes of persons to whom the allotment is proposed to be made:

Allotment to specific identified investor - Body corporate and individuals

14. identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees

Name of proposed allottee	Beneficial owner
Moonlight Equity Private Limited	1. Yogen Khosla 2. Anju Khosla
Prodigee Finance Limited	1. Babita Chawla 2. Darshan Chawla 3. Dolly Chawla 4. Madhu Chawla 5. Pinan Chawla 6. Roshan Chawla 7. Amit Goel 8. Sanjay Rana 9. Rajeev Dwivedi

15. Intention of promoters, directors or key managerial personnel to subscribe to the offer:

    The Equity Shares shall be offered to the Proposed Allottee only. Promoter Moonlight Equity Pvt Limited is participating in referential Allotment.

16. The proposed time within which the allotment shall becompleted:

    Within 60 (sixty) days from the respective dates of receipt of application money for each tranche, or such other timeline as prescribed under any applicable laws.

17. The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them:

Name of the proposed allottees	% post offer
Prodigee Finance Limited	2.81%
Moonlight Equity Private Limited	29.36%
Amit Goel	0.47%
Komal Saboo	0.06%

18. The change in control, if any, in the company that would occur consequent to the preferential offer:

    No change in control.

19. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:

    No equity shares allotted during the year.

20. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:

    Consideration in Cash only.

21. The pre issue and post issue shareholding pattern of the company:

Category of shareholder	No. of fully paid up equity shares held	%age	No. of fully paid up equity shares held	%age
	Pre - Issue		Post - Issue	
Promoter & Promoter Group	10953612	66.95%	11,033,401	64.87%
Public	5263888	32.17%	5,832,386	34.29%
Non Promoter- Non Public	143915	0.88%	143915	0.85%
Total number of Shares	**16361415**	**100%**	**17009702**	**100%**

22. We undertake that the company shall re-compute the price of the preferential issue in terms of the provision of these regulations where it is required to do so.

23. We undertake that if the amount payable on account of the re-computation of price is not paid within the time stipulated as per SEBI (ICDR), Regulations, the preferential issue shall continue to be locked- in till the time such amount is paid by the allottees.

24. disclosures specified in Schedule VI, if the issuer or any of its promoters or directors is a wilful defaulter or a fraudulent borrower.

    None of the directors is a wilful defaulter or a fraudulent borrower.

The proposed resolution is recommended for the consideration of and approval by the shareholders of the Company by passing special resolution in the meeting.

None of the Directors, key managerial personnel of the Company or the relatives are in any way materially or financially concerned or interested in the resolution as set out at Item No.2.

As required by Section 102(3) of the Companies Act, 2013, the documents with regard to the preferential issue shall be available for inspection at the Registered Office of the Company during business hours from 9:30 A.M. to 6:30 P.M.

Item No. 9

APPROVE CAPITAL TRUST EMPLOYEE STOCK OPTION SCHEME 2024 ("CT ESOS 2024"/ "SCHEME") FOR THE EMPLOYEES OF THE COMPANY.

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through stock-based compensation scheme.

Brief description of the Plan	It is proposed to implement the 'APITAL TRUST EMPLOYEE STOCK OPTION SCHEME, 2024 (Hereinafter CT ESOS, 2024) pursuant to which share-based benefits will be granted to eligible employees with a view to reward the talents, motivate the workforce, create an employee ownership culture, attract and retain talents and ensure sustained growth. The board of directors of the Company ("Board") at their meeting held on 28th May, 2024 have granted their approval to the introduction and implementation of the Plan
Total number of options to be granted and maximum number of options that can be granted under the Plan	Total number of employee stock Options ("Options") shall not exceed such number of Options that convert into maximum 4,00,000 fully paid-up Shares (or such other adjusted figure/number for any reorganization of capital structure undertaken in accordance with the Scheme) in the Company, having face value of INR 10 each. Unless otherwise determined by the Committee, if an Option expires, lapses or becomes

	un-exercisable due to any reason, it shall be brought back to the pool of Options and shall become available for future Grants, subject to compliance with the provisions of the applicable laws
Identification of class of employees to participate in the scheme	Subject to the determination/selection by the Board/Committee, the following class of employees are eligible to be granted Options under CT ESOS, 2024: A permanent employee of the company and its subsidiaries who has been working in India or outside India; or a director of the company and its subsidiaries, whether a whole time director or not but excluding an independent director; or but does not include: An employee who is a promoter or a person belonging to the promoter group; or A director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company. New joinees can also participate in the Scheme based upon the discretion of Compensation Committee.
Requirements of vesting and vesting period, maximum period within which options will get vested	The vesting of the stock options would be subject to the terms and conditions as may be stipulated by the Board/Committee from time to time including but not limited to continued employment of the eligible employees with the Company and/or its subsidiaries. Vesting period shall commence after 1 (One) Year from the date of grant of Options and may extend upto 4 (Four)

	years from the date of grant.
Appraisal Process for determining the eligibility of the employees to Employee Stock Options	The Board/Committee shall determine the criteria for eligible employees under CT ESOS, 2024 based on any one or more of the attributes like designation, period of service, performance linked parameters, Company's overall performance and such other criteria as the Board / Committee may deem fit.
Exercise price and pricing formula	The Exercise pricing of the shares will be based on the Market Price of the shares one day before the date of grant of options. The Committee may provide suitable discount or charge premium upon the price arrived as per above formula. The Committee may revise the exercise price if the scheme becomes unattractive due to fall in the price of the shares in the stock market.
Exercise period and process of exercise	3 years from the respective date of vesting of options within which the Vested Options can be exercised. The vested Options shall be exercisable either wholly or in part, according to the terms and conditions as determined and mentioned under the Plan during the exercise period.
Maximum number of options to be granted per employee and in aggregate	The maximum number of Options that can be granted to any eligible Employee during any one-year shall not equal or exceed 1% of the issued capital of the Company at the time of grant of Options. 2The Board may decide to grant such number of options equal to or exceeding 1% of the issued capital to any eligible Employee as the case may be, subject to the separate approval of the

	shareholders in a general meeting.
Transfer restrictions	An offer made under CT ESOS, 2024 is personal to the Grantee and cannot be transferred, pledged, hypothecated or otherwise alienated in any manner whatsoever.
Conditions under which vested Option may lapse	The conditions under which Options vested in employees may lapse on discontinuation of service are explained in detail in CT ESOS, 2024 . Further, in case vested Options are not exercised within the prescribed exercise period, then such vested Options shall lapse.
Exercise period in the event of termination or resignation of employee	All Vested Options as on that date shall be exercisable by the Grantee before his last working day in the organisation. The vested options not so exercised shall lapse irrevocably and the rights there under shall be extinguished.
Method of accounting, valuation and disclosure policies of options	The Company shall follow the rules/regulations/laws applicable to accounting and disclosures related to employee stock options including but not limited to the Indian accounting standards or the Guidance Note on Accounting for Share-based Payments as prescribed by the Institute of Chartered Accountants of India or any other accounting principle as may be replaced from time to time.
Whether the Plan is implemented by Company or trust	The Company shall directly implement and administer the CT ESOS, 2024 through the Committee/Board.

Information pursuant to the Listing Regulations and Secretarial Standards in respect to Appointment/ Re-appointment of Directors

1.	Name of Director	Mr. Sanjiv Sayal	Mr. Vahin Khosla	Mr. Yuv Vir Khosla
2.	Category	Independent Director	Executive Director	Executive Director
3.	DIN	00271256	07656894	07654913
4.	Date of birth	20/03/1959	01/03/1992	19/01/1995
5.	Qualification	Chartered Accountant	Bachelor's degree in Economics-Accounting and Master's degree in Finance	Bachelor of Arts degree from Williams College, a liberal arts college in the USA
6.	Nature of Expertise/Experience	Finance	More than 8 years of experience in NBFC in finance, Bushiness and field operation.	More than 6 years of experience in NBFC in Bushiness and field operation
7.	Brief Resume	Appended at end of this table	Appended at end of this table	Appended at end of this table
8.	Terms & Conditions of Appointment/ re-appointment	May 07, 2024 Appointment as an Independent Director for 5 years	Re-Appointment as an Executive Director	Appointed as Executive director subject to RBI approval
9.	Last Drawn Remuneration Details along with remuneration sought to be paid	As a Non-Executive Independent Director, he is entitled to sitting fees for attending meetings of the Board/Committee.	As per the resolution passed by members on 30th September, 2021	As per the resolution passed by members on 30th September, 2021
10.	No. of shares held in the company as at March 31, 2023	Not Applicable	Nil	Nil
11.	Relationship with other Directors/ Manager/KMP	No Relation	He is son of Managing Director	He is son of Managing Director
12.	No. of Board meetings attended out of 4 meetings held during the year	Not Applicable	4	-
13.	Directorship details	1. Compro Services (India) Private Limited 2. Compro Technologies Private Limited	1	-
14.	Committee Positions		3	-

Brief Resume of the Directors proposed to be appointed/reappointed:

Mr. Vahin Khosla

Mr. Vahin Khosla is the Executive Director of our company. He holds a bachelor's degree in Economics-Accounting and a master's degree in Finance from Claremont McKenna College, CA, USA. He graduated as a Roberts Day Scholar from college and a School Prefect from The Doon School. He has been instrumental in the fundraising arm of the company having raised over 1000Cr in the last few years. Prior to working with Capital Trust, Vahin worked with DaVita Healthcare in the Corporate Finance team in Denver, USA. He has represented his football club at an international level and completed the Ironman triathlon in 2022.

Mr. Sanjiv Syal

Mr. Syal is a practicing Chartered Accountant with an experience spanning over 26 years in consulting and accountancy. He has been a catalyst in startup of many successful projects in the BPO, IT & Financial Services space. Some of the successful startups where he has played a role include Yatra online, RAC, Gulliver Travels, DMI Finance & Cisco Systems Capital.

Mr. Yuv Vir Khosla

Mr. Yuv Vir Khosla is the Chief Operating Officer of our company. He holds a Bachelor of Arts degree in Economics and History from Williams College, MA, USA. He graduated from The Doon School as the Head Boy. He has experience in the fields of business operations, analytics and risk, and has been with the company since 2017. Prior to working at Capital Trust Limited, Yuv has worked at 3i Debt Management in New York and Cantor Fitzgerald in Hong Kong. Yuv also holds a private pilot license and has completed the Ironman Triathlon.

By Order of the Board of Directors
For Capital Trust Limited
Sd/-
Tanya Sethi
Company Secretary

Date: May 28, 2024
Place: New Delhi

INDEPENDENT AUDITOR'S REPORT

To the Members of Capital Trust Limited

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Capital Trust Limited ("the Company"), which comprise the balance sheet as at March 31, 2024, the statement of profit and loss, including other comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2024, its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
Expected Credit Loss (ECL) on Loans	
Company has total gross loans of Rs. 8693.54 Lakhs and allowance of ECL of Rs. 281.21 Lakhs as on March 31, 2024. Impairment of its financial assets is provided using expected credit loss (ECL) approach under Ind AS 109. The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default for each of the stages of loans. Significant judgment and assumption is required by the management in respect of - Classification of financial assets where significant increase in credit risk; - Statistics used to determine credit quality of loans; - Estimation of losses In view of the high degree of management's judgment involved in estimation of ECL, it is considered as a key audit matter.	We assessed areas of significant estimates and management judgement in line with principles under Ind AS; We compared the reasonableness of management assumptions in respect of recognition and measurement of financial instruments, allowance for expected credit losses etc. We tested the ECL model, including assumptions and underlying computation. We tested assumptions used by the management in determining the overlay for macro-economic factors. We assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework; and We obtained written representations from management and those charged with governance whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

Other Information

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. We have obtained all other information prior to the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014;

(c) The balance Sheet, the statement of profit and loss including the other comprehensive income, statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph (i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014;

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;

(h) In our opinion, the remuneration paid/ provided by the Company for its directors for the year ended March 31, 2024 is in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company did not have any pending litigations which would impact on its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. During the year, the Company has transferred Rs. 8.36 Lakhs to Investor Education and Protection Fund with delay of 18 days;

iv. a. The management has represented that, to the best of its knowledge and belief, no funds has been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) during the year by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding whether recorded in writing or otherwise that the intermediaries shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company during the year from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above contain any material misstatement;

v. The Company has not proposed, declared or paid any dividend during the year. Therefore, reporting in this regard is not applicable to the Company.

vi. Based on our examination, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which does not have the feature of recording audit trail (edit log) facility.

For JKVS & Co.
Chartered Accountants
Firm Registration No. 318086E

Sajal Goyal
Partner
Membership No. 523903
DIN: 24523903BKDIAV1984

Place: Noida
Date: May 28, 2024

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

(i) a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.

(B) The Company is maintaining proper records showing full particulars of intangible assets.

b. The Company physically verify its property, plant and equipment in every alternate year, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, property, plant and equipment were not physically verified during the year.

c. According to the information and explanations given to us and based on the examination of the records provided to us, the Company has no immovable properties other than leased properties. Therefore, the provisions of clause 3(i)(c) of the Order are not applicable to the Company.

d. On the basis of our examination of records of the Company, the Company has not revalued its property, plant and equipment or intangible assets during the year. Therefore, the provisions of clause 3(i)(d) of the Order are not applicable to the Company.

e. According to information and explanations given to us, no proceedings have been initiated or is pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions (Prohibition) Act, 1988 and the rules made thereunder. Therefore, provisions of clause 3(i)(e) of the Order are not applicable to the Company.

(ii) a. The Company has no inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable.

b. As per the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions. Therefore, the provisions of clause 3(ii)(b) of the Order are not applicable.

(iii) a. The Company's principal business is to give loans. Therefore, the provisions of clause 3(iii)(a) of the Order are not applicable to the Company.

b. According to the information and explanations given to us, the Company has not provided any guarantees or given any security or advances in the nature of loan during the year. Further, the investments made and the terms and conditions of the grant of all loans during the year, are not prima facie prejudicial to the interest of the Company.

c. In respect of loans asset, the schedule of repayment of principal and payment of interest has been stipulated. Except for loans where there are delays or defaults in repayment of principal and / or payment of interest as at the balance sheet date, in respect of which the Company has disclosed the accounting policy in note no 3(e)(iv) and credit risk in note 40(a) to the Financial Statements in accordance with Ind AS and the guidelines issued by the regulators, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable. Having regard to the nature of the Company's business and the voluminous nature of loan transactions involved, it is not practicable to furnish entity wise list of loan assets where delinquencies in the repayment of principal and interest have been identified.

d. The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans including interest thereon, as at March 31, 2024 is Rs. 41.02 Lakhs. As per information and explanation given to us, reasonable steps have been taken by the Company for recovery of the principal and interest, though provision for NPA as per applicable guidelines by the regulator and Accounting Standards have been made for these overdue amounts.

e. According to the records of the Company examined by us, the Company is engaged primarily in lending activities. Therefore, the provisions of clause 3(iii)(e) of the Order are not applicable to the Company.

f. According to the records of the Company examined by us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Therefore, the provisions of clause 3(iii)(f) of the Order are not applicable to the Company.

(iv) As per the records examined by us, the Company has not made any investment or granted any loan or provided any guarantee or security as covered under section 185 and section 186 of the Companies Act, 2013 during the year. Therefore, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits or amount which are deemed to be deposits covered under sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year. Therefore, provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) In our opinion and according to the information and explanations given to us, the requirement of maintenance of cost records under section 148(1) of the Companies Act, 2013 is not applicable to the Company. Therefore, provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) a. According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value Added tax, Cess and other statutory dues as applicable, with the appropriate authorities. There were no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable other than Provident Fund amounts to Rs. 4.27 Lakhs, Employees' State Insurance amounts to Rs. 1.06 Lakhs and Professional Tax amounts to Rs. 1.34 Lakhs.

b. According to the information and explanation given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) are pending for deposit on account of any dispute.

(viii) According to the information and explanation given to us and based on examination of the records, there are no transactions which have not been recorded in the books of account but have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.

(ix) a. The Company has not defaulted in repayment of loan or other borrowings or in the payment of interest thereon during the year.

b. According to information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or other lender.

c. Based on the books of account examined by us, term loans were applied for the purpose for which the loans were obtained during the year.

d. According to the information and explanation given to us and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short term basis during the year have been used for long-term proposes by the Company.

e. The Company has no subsidiary, joint venture or associates during the year. Therefore, provisions of clause 3(ix)(e) and 3(ix)(f) of the Order are not applicable to the Company.

(x) a. During the year, the Company did not raised any money by way of initial public offer or further public offer (including debt instruments). Therefore, the provisions of clause 3(x)(a) of the Order are not applicable to the Company.

b. The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally) during the year. Therefore, the provisions of clause 3(x)(b) of the Order are not applicable to the Company.

(xi) a. Based upon the audit procedures performed and considering the principles of materiality outlined in Standards on Auditing, for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year nor have we been informed of any such case by the management during the course of audit except frauds discovered by the Company aggregating Rs. 5.40 Lakhs committed by employees by embezzlement of cash against which the Company has recovered Rs. 2.14 Lakhs and balance Rs. 3.26 Lakhs has been provided for doubtful in the statement of profit and loss.

b. According to the information and explanations given to us, no report under subsection (12) of section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

c. According to the information and explanations given to us, no whistle blower complaints received by the Company during the year.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company and therefore, the provisions of clause 3(xii) of the Order are not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties as identified by the Company are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and details for the same have been disclosed in the financial statements as required by the applicable Accounting Standards.

(xiv) a. Based on information and explanation given to us and our audit procedure, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However same need to be further strengthened;

b. We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them as referred to in section 192 of the Companies Act, 2013. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.

(xvi) a. The Company was required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as NBFC and accordingly the Company has obtained the registration.

b. The Company has conducted the non-banking financial activities with a valid Certificate of Registration ('CoR') from the RBI as per the RBI Act. The Company has not conducted any housing finance activities and is not required to obtain CoR for such activities from the RBI.

c. In our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provisions of clause 3(xvi)(c) of the Order are not applicable to the Company.

d. According to the representations given by the management, there is no CIC as part of the Group.

(xvii) The Company has not incurred cash losses in current year. The Company has incurred cash losses of Rs. 1276.47 Lakhs in immediately preceding financial year.

(xviii) There has been no resignation of statutory auditors during the year. Therefore, the provisions of clause 3(xviii) of the Order are not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, expected dates of realization of financial assets and payment of financial liabilities, assets liability maturity (ALM) pattern and other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The provisions of section 135 of the Companies Act, 2013 towards Corporate Social Responsibility is not applicable to the Company. Therefore, the provisions of clause 3(xx) of the Order are not applicable to the Company.

(xxi) The Company has no subsidiary, joint venture or associates during the year. Therefore, provisions of clause 3(xxi) of the Order are not applicable to the Company.

For JKVS & Co.
Chartered Accountants
Firm Registration No. 318086E

Sajal Goyal
Partner
Membership No. 523903
UDIN: 24523903BKDIAV1984

Place: Noida
Date: May 28, 2024

ANNEXURE B

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

We have audited the internal financial controls with reference to financial statements of Capital Trust Limited ('the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under Act.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial controls with reference to financial statements

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

Inherent Limitations of Internal Financial controls with reference to financial statements

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

Emphasis of Matters

The Company is required to update its internal financial control system over financial reporting in continuation of changing business environment and business model.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India however same need to be further strengthened.

For JKVS & Co.
Chartered Accountants
Firm Registration No. 318086E

Sajal Goyal
Partner
Membership No. 523903
UDIN: 24523903BKDIAV1984

Place: Noida
Date: May 28, 2024

Capital Trust Limited
Balance sheet as at March 31, 2024

(Amounts in ₹ in lakhs)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial Assets			
Cash and Cash Equivalents	4	1,220.60	812.21
Bank Balances other than Cash and Cash Equivalents	5	1,245.11	6,507.49
Receivables			
- Other Receivables	6	336.74	322.65
Loans	7	8,300.02	4,019.67
Investments	8	55.00	5.00
Other Financial Assets	9	1,271.46	1,340.80
Total Financial Assets		**12,428.93**	**13,007.82**
Non Financial Assets			
Current Tax Assets (Net)	10	405.24	601.82
Deferred Tax Assets (Net)	11	4,854.27	4,928.28
Property, Plant and Equipment	12	136.81	129.15
Right of use Asset	13	-	0.88
Intangible Asset under Development	14	18.89	18.89
Other Intangible Assets	15	-	-
Other Non Financial Assets	16	92.52	129.61
Total Non-Financial Assets		**5,507.73**	**5,808.63**
Total Assets		**17,936.66**	**18,816.45**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
Trade Payables	17		
Total outstanding dues of Micro Enterprises & Small Enterprises		-	-
Total outstanding dues of Creditors other than Micro Enterprises & Small Enterprises		82.17	78.40
Other Payables			
Total outstanding dues of Micro Enterprises & Small Enterprises		-	-
Total outstanding dues of Creditors other than Micro Enterprises & Small Enterprises		-	-
Debt Securities	18	918.26	2,998.04
Borrowings (other than debt securities)	19	7,090.19	2,094.29
Subordinated Liabilities	20	-	4,499.40
Lease Liabilities		-	1.05
Other Financial Liabilities	21	1,547.74	1,340.93
Total Financial Liabilities		**9,638.36**	**11,012.11**
Non-Financial Liabilities			
Provisions	22	145.77	122.36
Other Non-Financial Liabilities	23	482.53	228.13
Total Non-Financial Liabilities		**628.30**	**350.49**
EQUITY			
Equity Share Capital	24	1,621.75	1,621.75
Other Equity		6,048.25	5,832.10
Total Equity		**7,670.00**	**7,453.85**
Total Liabilities And Equity		**17,936.66**	**18,816.45**
Summary of Material Accounting Policies and other notes on Financial Statements	1-59		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached
For JKVS & Co.
Chartered Accountants
Firm Reg. No. 318086E

For and on behalf of the Board of Directors

Sajal Goyal
Partner
Membership No. 523903

Place: Noida
Date: May 28, 2024

Yogen Khosla
Managing Director
DIN: 00203165

Vahin Khosla
Executive Director
DIN: 07656894

Vinod Raina
Chief Financial Officer

Tanya Sethi
Company Secretary
M. No. A31566

Place: New Delhi
Date: May 28, 2024

Capital Trust Limited

Statement of Profit and Loss for the year ended March 31, 2024

(Amounts in ₹ in lakhs except EPS)

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
INCOME			
Revenue from operations			
Interest Income	25	3,377.52	4,100.44
Fees and commission income	26	2,434.98	2,629.58
Net gain on fair value changes		-	-
Net gain on derecognition of financial instruments under amortised cost category	27	88.74	34.77
Other operating income	28	1,867.52	1,836.24
Total Revenue from operations		**7,768.76**	**8,601.03**
Other income	29	189.56	90.39
Total Income	**(A)**	**7,958.32**	**8,691.42**
EXPENSES			
Finance costs	30	1,022.10	2,162.03
Fees and commission	31	105.53	506.83
Employee benefits	32	3,671.77	3,774.84
Impairment / write offs of financial instruments	33	9.31	4,810.52
Net loss on fair value changes	34	-	56.44
Depreciation, amortization and impairment	35	42.28	45.68
Others	36	2,819.21	3,467.75
Total expenses	**(B)**	**7,670.20**	**14,824.09**
Profit/(Loss) before tax	**(A - B)**	**288.12**	**(6,132.67)**
Tax expense			
Current tax	37	-	-
Deferred tax charged/(credit)	11	73.50	(1,568.54)
Total Tax expense		**73.50**	**(1,568.54)**
Profit/(Loss) for the year (A)		**214.62**	**(4,564.13)**
Other comprehensive income (OCI)			
1. (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit liabilities/assets		2.04	18.98
(ii) Income tax relating to above		(0.51)	(4.78)
2. (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to above		-	-
Total other comprehensive income for year (B)		**1.53**	**14.20**
Total comprehensive income (A+B)		**216.15**	**(4,549.93)**
Earnings per equity share (Face value of ₹ 10 each)	38		
(a) Basic (₹)		1.32	(28.14)
(b) Diluted (₹)		1.32	(28.14)
Summary of Material Accounting Policies and other notes on Financial Statements	1-59		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For JKVS & Co.
Chartered Accountants
Firm Reg. No. 318086E

For and on behalf of the Board of Directors

Sajal Goyal
Partner
Membership No. 523903

Yogen Khosla
Managing Director
DIN: 00203165

Vahin Khosla
Executive Director
DIN: 07656894

Place: Noida
Date: May 28, 2024

Vinod Raina
Chief Financial Officer

Tanya Sethi
Company Secretary
M. No. A31566

Place: New Delhi
Date: May 28, 2024

Capital Trust Limited

Statement of Cash flows for the year ended March 31, 2024

(Amounts in ₹ in lakhs)

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities			
Profit/(loss) before tax		288.12	(6,132.67)
Adjustments for:			
Depreciation, amortization and impairment		42.28	45.68
Provision for impairment of financial instruments		8.60	(983.11)
Loans written off		0.71	5,407.96
Net (gain)/loss on derecognition of property, plant and equipment		1.95	(2.53)
Net (gain)/loss on derecognition of right of use assets		(0.05)	(0.86)
Gain on sale of investments		-	(523.26)
Unrealised (gain)/loss on fair value changes of investments		-	579.70
Gain on sale of loan portfolio through assignment		(88.74)	(34.77)
Unwinding of loss on fair valuation of financial assets		5.54	8.43
Effective interest rate adjustment for financial instruments		(178.59)	197.76
Operating profit before working capital changes		**79.82**	**(1,437.67)**
(Increase)/ decrease of receivables		(14.09)	7.04
(Increase)/ decrease of loans		(4,192.73)	10,210.31
(Increase)/ decrease of other financial assets		158.08	704.74
(Increase)/ decrease of other non financial assets		31.55	34.42
Movement in fixed deposits		5,254.02	(1,267.52)
Increase/ (decrease) of trade payables		3.77	(13.52)
Increase/ (decrease) of other financial liabilities		206.81	(382.32)
Increase/ (decrease) of provisions		26.98	15.49
Increase/ (decrease) of other non-financial liabilities		262.74	(446.80)
Increase/ (decrease) of lease liabilities		(0.78)	(4.29)
Cash generated / (used) in operating activities		**1,816.17**	**7,419.88**
Income taxes (paid) /refund		196.58	5.50
Net cash inflow / (outflow) from operating activities	**A**	**2,012.75**	**7,425.38**
Cash flows from investing activities			
Purchase of property, plant & equipment		(52.50)	(14.84)
Proceed from sale of property, plant & equipment		1.29	3.94
Purchase of investments		(50.00)	(5.00)
Proceeds from sale of investments		-	4,223.26
Net cash inflow / (outflow) from investing activities	**B**	**(101.21)**	**4,207.36**
Cash flows from financing activities			
Repayment of Non Convertible Debentures		(3,000.00)	-
Proceeds from issue of Non Convertible Debentures		935.00	-
Repayment of Subordinate Debt		(4,500.00)	-
Proceeds from securitised loans under pass through transactions		-	905.92
Repayment of securitised loans under pass through transactions		-	(4,396.72)
Proceeds from long term borrowings		8,359.46	1,150.00
Repayment of long term borrowings		(2,942.78)	(8,682.64)
Repayment of short term borrowings (Net)		(354.83)	(285.25)
Net cash inflow / (outflow) from financing activities	**C**	**(1,503.15)**	**(11,308.69)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		408.39	324.05
Cash and cash equivalents at the beginning of the year		812.21	488.16
Cash and cash equivalents at the end of the year (refer note 4)		**1,220.60**	**812.21**

Note 1: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7.

Note 2: As per Ind AS 7, the Company is required to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Company did not have impact on the Statement of Cash Flows therefore reconciliation has not been given.

As per our report of even date attached
For JKVS & Co.
Chartered Accountants
Firm Reg. No. 318086E

For and on behalf of the Board of Directors

Sajal Goyal
Partner
Membership No. 523903

Place: Noida
Date: May 28, 2024

Yogen Khosla
Managing Director
DIN: 00203165

Vahin Khosla
Executive Director
DIN: 07656894

Vinod Raina
Chief Financial Officer

Tanya Sethi
Company Secretary
M. No. A31566

Place: New Delhi
Date: May 28, 2024

(Amounts in ₹ in lakhs)

(A) Equity Share Capital

Particulars	As at March 31, 2024 No. of Shares	As at March 31, 2024 Amount	As at March 31, 2023 No. of Shares	As at March 31, 2023 Amount
Equity Shares of ₹ 10 each, fully paid up				
Balance at the beginning of the year	1,63,61,415	1,636.14	1,63,61,415	1,636.14
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	1,63,61,415	1,636.14	1,63,61,415	1,636.14
Changes in Equity during the year	-	-	-	-
	1,63,61,415	**1,636.14**	**1,63,61,415**	**1,636.14**
Less: Equity shares held by Capital Welfare Trust (shares transferred to the trust pursuant to the scheme of Employee Stock Option Scheme("ESOP"))	(1,43,915)	(14.39)	(1,43,915)	(14.39)
Balance at the end of the year	**1,62,17,500**	**1,621.75**	**1,62,17,500**	**1,621.75**

(B) Other Equity

Particulars	Reserve & surplus						Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Statutory reserve (Reserve u/s. 45-IC of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934"))	Retained Earnings	
Balance as at March 31, 2022	**545.59**	**300.00**	**12,488.26**	**34.57**	**1,714.58**	**(4,700.97)**	**10,382.03**
Profit for the year	-	-	-	-	-	(4,564.13)	**(4,564.13)**
Other Comprehensive Income (net of tax)	-	-	-	-	-	14.20	**14.20**
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**(4,549.93)**	**(4,549.93)**
Transfer to Statutory Reserve	-	-	-	-	-	-	**-**
Balance as at March 31, 2023	**545.59**	**300.00**	**12,488.26**	**34.57**	**1,714.58**	**(9,250.90)**	**5,832.10**
Profit for the year	-	-	-	-	-	214.62	**214.62**
Other Comprehensive Income (net of tax)	-	-	-	-	-	1.53	**1.53**
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**216.15**	**216.15**
Transfer to Statutory Reserve	-	-	-	-	43.23	(43.23)	**-**
Balance as at March 31, 2024	**545.59**	**300.00**	**12,488.26**	**34.57**	**1,757.81**	**(9,077.98)**	**6,048.25**

Nature and purpose of reserve

1. Capital Reserve
This reserve was created on forfeiture of share warrants in the previous years and can be utilized in accordance with the provisions of the Companies Act, 2013.

2. Capital Redemption Reserve
This Reserve was created on account of redemption of preference shares in earlier years and can be utilized in accordance with the provisions of the Companies Act, 2013.

3. Securities Premium
This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

4. General Reserve
It represents appropriation of profits by the board of directors and can be utilized in accordance with the provisions of the Companies Act, 2013.

5. Statutory Reserve (Reserve u/s. 45-IC of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934"))
This reserve created as per the provision of the Section 45-IC of the Reserve Bank of India Act, 1934 (the "RBI Act"). Non-Banking Finance Company is required to transfer an amount not less than 20 per cent of its net profit to a Reserve Fund before declaring any dividend. Appropriation from this Statutory reserve is permitted only for the purposes specified by RBI.

6. Retained earnings
Retained earnings are profits earned by the Company after transfer to general reserve, Statutory reserve in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 and payment of dividend to shareholders.

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.
For JKVS & Co.
Chartered Accountants
Firm Reg. No. 318086E

For and on behalf of Board of Directors

Sajal Goyal
Partner
Membership No. 523903

Yogen Khosla
Managing Director
DIN: 00203165

Vahin Khosla
Executive Director
DIN: 07656894

Place: Noida
Date: May 28, 2024

Vinod Raina
Chief Financial Officer

Tanya Sethi
Company Secretary
M. No. A31566

Place: New Delhi
Date: May 28, 2024

1. **Company Overview**

Capital Trust Limited is a public Company incorporated in India under the provisions of the erstwhile Companies Act, 1956. The Company is a Non Deposit taking-Systemically Important (ND-SI) registered with the Reserve Bank of India ('RBI') and engaged in the business of providing loan to Small and Micro Enterprises. Equity Shares of the Company are listed on BSE Limited (BSE), India and National stock exchange of India limited.

2. **Basis of Preparation**

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, as amended from time to time and other accounting principles generally accepted in India along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company– Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI.

These financial statements were authorised for issue by the Board of Directors on their meeting held on May 28th, 2024.

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 42.

(ii) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for following assets and liabilities which have been measured at fair value
i) financial instruments - fair value through profit and loss (FVTPL);
ii) defined benefit liabilities/(assets): present value of defined benefit obligation less fair value of plan assets.

Fair value is the price that would be received to sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except measurements that have some similarities to fair value but are not fair value, such as value in use in Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
− Level 1 inputs are quoted prices /net asset value (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
− Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
− Level 3 inputs are unobservable inputs for the asset or liability.

(iii) Significant accounting Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:
- assessing the lease term (including anticipated renewals) and the applicable discount rate.
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts.
- Useful life and residual value of property, plant and equipment, other intangible assets and Right of Use assets;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows
- Measurement of expected credit losses.
- Uncertainty relating to the global health pandemic

(iv) Functional and presentation currency

Indian Rupee (₹) is the Company's functional currency and the currency of the primary economic environment in which the Company operates. Accordingly, the management has determined that financial statements are presented in Indian Rupees (₹). All amounts have been rounded-off to the nearest lakhs upto two decimal places, unless otherwise indicated.

3. Material Accounting Policies

a **Property, plant and equipment**

Recognition and measurement

Property, plant and equipment ('PPE') are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods and the cost of the item can be measured reliably.

Expenditure incurred after the PPE have been put into operations, such as repair and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

The estimated useful lives and residual values of the PPE are reviewed at the end of each financial year.

PPE, individually costing less than Rupees five thousand, are fully depreciated in the year of purchase.

Gains or losses arising from the retirement or disposal of PPE are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation on property, plant and equipment is provided on Straight Line Method using the rates arrived at based on the useful lives as specified in the Schedule II of the Companies Act, 2013. Depreciation on the Property Plant and Equipment added/disposed off/discarded during the year is provided from/upto the date when added/disposed off/discarded.

b **Other Intangible Assets**

Recognition and measurement

Intangible assets, representing softwares are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Amortisation

The intangible assets are amortised using the straight line method over a period of three years [which is the management's estimate of its useful life] from the date when the asset is available for use or license period which ever is lower. Amortisation on the intangible asset disposed off during the year is provided on pro-rata basis with reference to the date of disposal. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

c **Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

d **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Interest and allied Income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Late payment charges, prepayment charges etc. are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting is uncertain and these receipts are reported under "Fees and commission income".

Net Gain/ Loss on Fair Value Changes

Any differences between the fair values of the investment in debt oriented mutual funds classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains or fair value changes" under revenue from operations and if there is a net loss the same is disclosed "Expenses", in the statement of profit and loss.

Assignor's Yield on Direct Assignments

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS evaluated and adjusted for ECL and expected prepayment.

Business Correspondent Operations

Income from business correspondent services is recognized as and when the services are rendered as per agreed terms and conditions of the contract.

e **Financial Instruments**

A Financial Instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument of another entity.

(i) Initial recognition and measurement

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability which is not recognised at Fair Value Through Profit and Loss, is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii) Subsequent recognition

(A) Financial Assets

On initial recognition, a financial asset is classified and measured at
- Amortised Cost;
- Fair Value Through Other Comprehensive Income (FVOCI); or
- Fair Value Through Profit and Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not recognised as at FVTPL:

− the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
− the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI) (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.
All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
− contingent events that would change the amount or timing of cash flows;
− terms that may adjust the contractual coupon rate, including variable interest rate features;
− prepayment and extension features; and
− terms that limit the Company's claim to cash flows from specified assets.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

Financial assets: Subsequent measurement and gains and losses

Financial assets measured at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Statement of Profit and Loss.
Financial assets measured at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.
Financial assets measured at Amortised Cost	These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the Statement of Profit and Loss.
Investment in subsidiaries (Others)	These assets are recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment. The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

(B) Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised as profit or loss respectively.

(iii) Derecognition

Financial Assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.
If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Impairment of Financial Assets

The Company assesses at each date of Balance Sheet whether a Financial asset or a group of Financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance.

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Particulars	Criteria
Stage 1 (1-30 Days)	includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
Stage 2 (31-90 Days)	includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
Stage 3 (More than 90 Days)	includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD): LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (ED): EAD is based on the amounts the Company expects to be owed at the time of default.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

(v) Offsetting Financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

f **Borrowing costs**
Borrowing cost attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such assets up to the date when such assets are ready for its intended use. Ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings and recognised using the Effective Interest Rate (EIR) method. Other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

g **Employee benefits**

(i) Short term employee benefits

Short-term employee benefits are expensed in the year in which the related services are provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Define Contribution Plan

Employee benefits in the form of Provident Fund are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

(iii) Define Benefit Plan

For defined benefit retirement, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields available on government bonds.

The effect of the remeasurement changes (comprising actuarial gains and losses) to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other equity and will not be reclassified to the Statement of Profit & Loss. Past service cost is recognised in the Statement of Profit & Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit & Loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(iv) Other employee benefits

The Company has other employment benefit plans i.e. accumulated leave. As per Company's policy, unutilised leaves lapse at each year end.

h **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

i **Income Tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in Other Comprehensive Income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j **Cash and cash equivalent**

Cash and cash equivalents comprise cash on hand, cash at bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

k **Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company assesses if a contract is or contains a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less and leases for which the underlying asset is of low value, which are expensed in the statement of operations on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if not readily determinable, the incremental borrowing rate specific to the country, term and currency of the contract.

Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date, as well as any extension or purchase options, if the Company is reasonably certain to exercise these options. The lease liability is subsequently measured at amortized cost using the effective interest method and remeasured with a corresponding adjustment to the related right-of-use asset when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessments of options.

The right-of-use asset comprises, at inception, the initial lease liability, any initial direct costs and, when applicable, the obligations to refurbish the asset, less any incentives granted by the lessors. The right-of-use asset is subsequently depreciated, on a straight-line basis, over the lease term, if the lease transfers the ownership of the underlying asset to the Company at the end of the lease term or, if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, over the estimated useful life of the underlying asset. Right-of-use assets are also subject to testing for impairment if there is an indicator for impairment. Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of operations in the period in which the events or conditions which trigger those payments occur. In the statement of financial position right-of-use assets and lease liabilities are classified on the face of the Balance Sheet.

l **Segment Reporting**

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one business segment viz. “Financing Activities”.

m **Earning per equity share**

The basic EPS is computed by dividing the profit after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

n **Upfront servicers fees booked on direct assignment**

Servicer fees payable for servicing loan contracts under direct assignment are discounted at the applicable rate entered into with the assignee and recognised upfront in the balance sheet and amortised on a straight line basis over the remaining contractual maturity of the underlying loans.

(Amounts in ₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
4	**Cash and cash equivalents**		
	Cash on hand	81.65	78.16
	Balances with banks in current accounts	1,138.95	734.05
		1,220.60	**812.21**
5	**Bank balances other than Cash and cash equivalents**		
	Bank deposits$$	1,231.78	6,485.80
	Earmarked balances with banks		
	On dividend accounts	13.33	21.69
		1,245.11	**6,507.49**

$$ Includes deposits amounts to Rs. 931.78 Lakhs (Previous Year Rs. 2,132.69 Lakhs) placed as margin money to avail term loans from banks and financial institutions.

	Particulars	As at March 31, 2024	As at March 31, 2023
6	**Other Receivables (Unsecured - considered good)***		
	At Amortised Cost		
	Service fee from business correspondents receivables	336.74	322.65
		336.74	**322.65**

* No debts are due from directors or other officers or any of them either severally or jointly with any other person, from firms, Limited Liability Partnerships or private companies in which any director is a partner or a director or a member.

	Particulars	As at March 31, 2024	As at March 31, 2023
7	**Loans**		
	At Amortised Cost		
a)	Portfolio Loans	8,692.11	4,291.64
b)	Minimum Retention on Direct Assignments of Portfolio Loans	-	49.18
c)	Loan to employees	1.43	3.34
	Gross Loans	**8,693.54**	**4,344.16**
	Less: Unamortization of processing fees	(112.31)	(15.38)
	Less: Impairment loss allowance	(281.21)	(309.11)
	Net Loans	**8,300.02**	**4,019.67**
7.1	**Breakup of total loans**		
	Secured by tangible assets	-	1.48
	Unsecured	8,693.54	4,342.68
	Gross Loans	**8,693.54**	**4,344.16**
	Less: Unamortization of processing fees	(112.31)	(15.38)
	Less: Impairment loss allowance	(281.21)	(309.11)
	Net Loans	**8,300.02**	**4,019.67**
7.2	**Loans in India**		
	Public Sector	-	-
	Others	8,693.54	4,344.16
	Gross Loans	**8,693.54**	**4,344.16**
	Less: Unamortization of processing fees	(112.31)	(15.38)
	Less: Impairment loss allowance	(281.21)	(309.11)
	Net Loans	**8,300.02**	**4,019.67**

7.3 There are no loans and advances to Promoters/Directors/KMP/Related Parties as on March 31, 2024 and March 31, 2023.

7.4 Additional disclosure under RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

A comparison between provisions required under Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 is given in Note 58.

(Amounts in ₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
8	**Investments**		
	Fair Value through Profit and Loss		
	In equity instruments (Unquoted)		
	2,400 Equity Shares (March 31, 2023: 2,400 Equity Shares) of Rs. 10 each/- fully paid up of Indo Duch Proteins Limited ^	-	-
	3,600 Equity Shares (March 31, 2023: 3,600 Equity Shares) of Rs. 10 each/- fully paid of Tina Electronics Limited ^	-	-
	2,000 Equity Shares (March 31, 2023: 2,000 Equity Shares) of Rs. 10 each/- fully paid of Parasrampuria Industries Limited ^	-	-
	14,800 Equity Shares (March 31, 2023: 14,800 Equity Shares) of Rs. 10 each/- fully paid of Naina Semiconductors Limited ^	-	-
	^ Carrying value is ₹ 1 each		
	At Amortized Cost		
	In Debentures (Unquoted)		
	5 (March 31, 2023: 5) 8% Optionally Covertible Debentures of Arthmatetech Private Limited having Face Value of Rs. 100,000 each	5.00	5.00
	Investment Portfolio of Transactree Technologies Private Limited having Face Value of Rs. 25,000 each	50.00	-
		55.00	**5.00**
	Breakup of total investments		
	In India	55.00	5.00
	Outside India	-	-
		55.00	**5.00**
9	**Other Financial Assets**		
	(Unsecured, considered good)		
	Interest accrued	70.87	175.61
	Security deposits @	460.72	80.56
	Recoverable against employee embazzlement	6.94	106.42
	Other recoverables*	1,164.45	1,478.35
	Total Gross (a)	**1,702.98**	**1,840.94**
	Less: Impairment loss allowance (b)	424.58	393.72
	Less: Provision for recoverable against employee embazzlement	6.94	106.42
	Total Net (a - b)	**1,271.46**	**1,340.80**
	Recoverable against embazzlement		

@ Represents deposits placed as margin money to avail loans from financial institutions and direct assignment.
* Includes Rs. 1,005.46 Lakhs (Previous year: Rs. 1,035.67 Lakhs) recoverable against assigned portfolios.

	Particulars	As at March 31, 2024	As at March 31, 2023
10	**Current Tax Assets (Net)**		
	Advance Income Tax (Net of Provision)	405.24	601.82
		405.24	**601.82**

(Amounts in ₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
11	**Deferred Tax Assets (Net)**		
	Deferred tax assets		
	Property, plant and equipment	9.91	9.73
	Origination and reversal of temporary differences	36.69	30.80
	Impairment loss allowance	179.38	203.67
	Financial assets measured at amortized cost	28.27	3.87
	Business losses	4,610.80	4,691.00
	Others	-	0.04
	Total deferred tax assets	**4,865.05**	**4,939.11**
	Deferred tax liabilities		
	Fair Valuation of Financial Instruments	-	-
	Others	10.78	10.83
	Total deferred tax liability	**10.78**	**10.83**
	Deferred tax assets (net)	**4,854.27**	**4,928.28**

11.1 Change in Deferred tax assets (net)

Particulars	As at March 31, 2023	(Charged)/ credit to P&L	(Charged)/ credit to OCI	As at March 31, 2024
Deferred tax assets				
Property, plant and equipment	9.73	0.18	-	9.91
Origination and reversal of temporary differences	30.80	6.40	(0.51)	36.69
Impairment loss allowance	203.67	(24.29)	-	179.38
Financial assets measured at amortized cost	3.87	24.40	-	28.27
Business losses	4,691.00	(80.20)	-	4,610.80
Others	0.04	(0.04)	-	-
Total deferred tax assets	**4,939.11**	**(73.55)**	**(0.51)**	**4,865.05**
Deferred tax liabilities				
Fair Valuation of Financial Instruments	-	-	-	-
Others	10.83	(0.05)	-	10.78
Total deferred tax liability	**10.83**	**(0.05)**	**-**	**10.78**
Deferred tax assets (net)	**4,928.28**	**(73.50)**	**(0.51)**	**4,854.27**

11.2 The Company has unutilized business losses under the Income Tax Act, 1961 due to substantial portfolio written off in previous years. The Company has concluded that the deferred tax assets recognized on business losses will be recoverable basis the estimated future taxable income based on the approved business plans. The Company is expected to generate taxable income in near future. The business losses can be carried forward and adjusted against future taxable profit within the period as specified in the Income Tax Act, 1961 and the Company expects to recover the same within the specified period.

(Amounts in ₹ in lakhs)

12 **Property, plant and equipment**
For the financial year 2023-24

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31, 2023	Additions	Disposals	As at March 31, 2024	As at March 31, 2023	Charged during the year	Disposals	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Land and Building	-	-	-	-	-	-	-	-	-	-
Plant and equipment	0.45	-	-	0.45	0.36	-	-	0.36	0.09	0.09
Computer	53.94	10.36	-	64.30	31.60	13.67	-	45.27	19.03	22.34
Furniture and fixtures	73.93	29.82	10.89	92.86	39.37	8.41	7.67	40.11	52.75	34.56
Vehicles	110.69	10.13	-	120.82	50.99	14.05	-	65.04	55.78	59.70
Office equipment	48.64	2.19	-	50.83	36.18	5.49	-	41.67	9.16	12.46
Total	**287.65**	**52.50**	**10.89**	**329.26**	**158.50**	**41.62**	**7.67**	**192.45**	**136.81**	**129.15**

For the financial year 2022-23

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31, 2022	Additions	Disposals	As at March 31, 2023	As at March 31, 2022	Charged during the year	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Land and Building	-	-	-	-	-	-	-	-	-	-
Plant and equipment	0.45	-	-	0.45	0.36	-	-	0.36	0.09	0.09
Computer	55.54	2.20	3.80	53.94	21.77	13.41	3.58	31.60	22.34	33.77
Furniture and fixtures	73.93	-	-	73.93	31.05	8.32	-	39.37	34.56	42.88
Vehicles	104.73	12.64	6.68	110.69	43.69	12.79	5.49	50.99	59.70	61.04
Office equipment	48.64	-	-	48.64	29.15	7.03	-	36.18	12.46	19.49
Total	**283.29**	**14.84**	**10.48**	**287.65**	**126.02**	**41.55**	**9.07**	**158.50**	**129.15**	**157.27**

(Amounts in ₹ in lakhs)

13 Right of use Asset (Refer Note 46)
For the financial year 2023-24

PARTICULARS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at March 31, 2023	Additions	Disposals	As at March 31, 2024	As at March 31, 2023	Charged during the year	Disposals	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Leasehold Buildings	8.46	-	8.46	-	7.58	0.66	8.24	-	-	0.88
Total	**8.46**	**-**	**8.46**	**-**	**7.58**	**0.66**	**8.24**	**-**	**-**	**0.88**

For the financial year 2022-23

PARTICULARS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at March 31, 2022	Additions	Disposals	As at March 31, 2023	As at March 31, 2022	Charged during the year	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Leasehold Buildings	25.69	-	17.23	8.46	10.83	4.13	7.38	7.58	0.88	14.86
Total	**25.69**	**-**	**17.23**	**8.46**	**10.83**	**4.13**	**7.38**	**7.58**	**0.88**	**14.86**

14 Intangible assets under development
Intangible assets under development ageing

Particulars	As at March 31, 2024				
	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended*	-	-	5.06	13.83	18.89

* During the year Projects have been temporarily suspended due to upgradation of software with latest technologies by vendor.

Particulars	As at March 31, 2023				
	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	-	5.06	13.83	-	18.89
Projects temporarily suspended	-	-	-	-	-

(Amounts in ₹ in lakhs)

15 **Other Intangible Assets**

For the financial year 2023-24

PARTICULARS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at March 31, 2023	Additions	Disposals	As at March 31, 2024	As at March 31, 2023	Charged during the year	Disposals	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Software	29.58	-	-	29.58	29.58	-	-	29.58	-	-
Total	**29.58**	**-**	**-**	**29.58**	**29.58**	**-**	**-**	**29.58**	**-**	**-**

For the financial year 2022-23

PARTICULARS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at March 31, 2022	Additions	Disposals	As at March 31, 2023	As at March 31, 2022	Charged during the year	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Software	29.58	-	-	29.58	29.58	-	-	29.58	-	-
Total	**29.58**	**-**	**-**	**29.58**	**29.58**	**-**	**-**	**29.58**	**-**	**-**

(Amounts in ₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
16	**Other Non Financial Assets**		
	(Unsecured, considered good)		
	Prepaid expenses	5.31	0.84
	Input tax credit	87.21	128.77
		92.52	**129.61**
17	**Trade Payables**		
	Total outstanding dues of Micro Enterprises & Small Enterprises**	-	-
	Total outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	82.17	78.40
		82.17	**78.40**

** Based on the information available and as identified by the management, there is no vendor registered under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, disclosures relating to dues of Micro and Small enterprises are not given.

17.1 Trade Payables ageing

Particulars	Outstanding for following periods from due date of payment				
	As at March 31, 2024				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	-	-	-	-	-
Others	82.17	-	-	-	82.17
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
Unbilled dues	-	-	-	-	-

Particulars	Outstanding for following periods from due date of payment				
	As at March 31, 2023				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	-	-	-	-	-
Others	78.40	-	-	-	78.40
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
Unbilled dues	-	-	-	-	-

	Particulars	As at March 31, 2024	As at March 31, 2023
18	**Debt Securities**		
	Valued at Amortised Cost		
	Debentures (Secured)		
	3000, 11.50% Non Convertible Debentures of Rs. 100,000 each (refer note 18.1)	-	3,000.00
	600, 18.00% Non Convertible Debentures of Rs. 100,000 each (refer note 18.1)	435.00	-
	600, 18.00% Non Convertible Debentures of Rs. 100,000 each (refer note 18.1)	500.00	-
	Others (Secured)		
	Less: Unamortised Ancillary cost of arranging the borrowings	(16.74)	(1.96)
		918.26	**2,998.04**

18.1 Secured by way of exclusive charge on book debts and guaranteed by promoter director of the Company in his personal capacity.

	As at March 31, 2024	As at March 31, 2023
Breakup of Debt securities		
In India	918.26	2,998.04
Outside India	-	-
	918.26	**2,998.04**

(Amounts in ₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
19	**Borrowings (other than debt securities)**		
	Measured at Amortised Cost		
	Term loan		
	Secured		
	from banks	1,139.20	695.95
	from financial institutions	5,820.18	842.93
	Unsecured		
	from Corporate entities (Related Paries)	-	229.75
	from a Director (Related Party)	-	79.00
	from other Corporate entities	200.00	250.00
	Vehicle loan		
	Secured		
	from banks	15.67	15.57
	Less: Unamortised Ancillary cost of arranging the borrowings	(84.86)	(18.91)
		7,090.19	**2,094.29**
	Breakup of Borrowings		
	In India	7,090.19	2,094.29
	Outside India	-	-
		7,090.19	**2,094.29**

19.1 Borrowings are secured by way of hypothecation of portfolio loans arising out of its business operation, cash collateral in the form of fixed deposits and mutual funds.

19.2 Vehicles are hypothecated for respective borrowings.

19.3 Following loans have also been guaranteed by promoter director of the Company in his personal capacity and corporate guarantee of Moonlight Equity Private Limited (Shareholders and related parties):

	Term Loan		
	from banks	197.83	695.96
	from financial institutions	5,752.02	-
		5,949.85	**695.96**

20	**Subordinated Liabilities (Unsecured)**		
	At Amortised Cost		
	From bank	-	4,500.00
	Less: Unamortised Ancillary cost of arranging the borrowings	-	(0.60)
		-	**4,499.40**
	Breakup of Subordinated Liabilities		
	In India	-	4,499.40
	Outside India	-	-
		-	**4,499.40**

Term of repayment of debt securities and other borrowings as at March 31, 2024

(Amounts in ₹ in lakhs)

Particulars	Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		More than 3 years		Total
			No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	Amount
Debt Securities	Monthly	18.00%	39	815.00	7	120.00	-	-	-	-	935.00
			39	**815.00**	**7**	**120.00**	**-**	**-**	**-**	**-**	**935.00**
	Less: Unamortised Ancillary cost of arranging the borrowings										(16.74)
											918.26
Borrowings other than Debt Securities	Monthly	8.00% to 10.00%	28	12.69	12	2.31	12	2.52	9	2.06	19.58
	Monthly	10.50% to 12.50%	9	197.83	-	-	-	-	-	-	197.83
	Monthly	12.70% to 16.00%	71	3,143.44	29	1,052.96	-	-	-	-	4,196.40
	Monthly	Above 16%	118	2,448.47	12	312.77	-	-	-	-	2,761.24
			226	**5,802.43**	**53**	**1,368.04**	**12**	**2.52**	**9**	**2.06**	**7,175.05**
	Less: Unamortised Ancillary cost of arranging the borrowings										(84.86)
											7,090.19

Term of repayment of debt securities, other borrowings and subordinated liabilities as at March 31, 2023

Particulars	Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		More than 3 years		Total
			No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	Amount
Debt Securities	Bullet Payment	11.50%	1	3,000.00	-	-	-	-	-	-	3,000.00
			1	**3,000.00**	**-**	**-**	**-**	**-**	**-**	**-**	**3,000.00**
	Less: Unamortised Ancillary cost of arranging the borrowings										(1.96)
											2,998.04
Borrowings other than Debt Securities	Monthly	8.00% to 10.00%	24	8.90	15	6.67	-	-	-	-	15.57
		10.50% to 12.50%	24	347.28	24	338.48	1	10.20	-	-	695.96
		12.70% to 16.00%	44	1,016.27	5	385.40	-	-	-	-	1,401.67
			92	**1,372.45**	**44**	**730.55**	**1**	**10.20**	**-**	**-**	**2,113.20**
	Less: Unamortised Ancillary cost of arranging the borrowings										(18.91)
											2,094.29
Subordinated Liabilities	Bullet	Above 16%	2	4,500	-	-	-	-	-	-	4,500.00
	Less: Unamortised Ancillary cost of arranging the borrowings										(0.60)
											4,499.40

(Amounts in ₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
21	**Other Financial Liabilities**		
	Interest accrued	37.09	137.76
	Employees emoluments	402.13	249.56
	Interest and principle payable on pass through transactions	-	34.56
	Recovered premium payable to insurance company	71.63	61.44
	Unpaid dividend	13.33	21.69
	EMI collection payable on business correspondence arrangements	1,011.49	760.26
	Other liabilities	12.07	75.66
		1,547.74	**1,340.93**
22	**Provisions**		
	Provision for employee benefits (Refer note 47)	145.77	122.36
		145.77	**122.36**
23	**Other non-financial liabilities**		
	Advance EMI received	338.16	62.60
	Refundable amount under scheme for grant of ex-gratia (refer note 53)	-	45.59
	Statutory dues payable	144.37	119.94
		482.53	**228.13**

(Amounts in ₹ in lakhs)

	Particulars	As at March 31, 2024		As at March 31, 2023	
		Number	Amount	Number	Amount
24	**Equity Share capital**				
(a)	**Authorised**				
	Equity shares of ₹10 each	6,70,10,000	6,701.00	6,70,10,000	6,701.00
			6,701.00		**6,701.00**
(b)	**Issued, subscribed and fully paid-up**				
	Equity shares of ₹10 each	1,63,61,415	1,636.14	1,63,61,415	1,636.14
	Less: Equity shares held by Capital Welfare Trust	(1,43,915)	(14.39)	(1,43,915)	(14.39)
	(Shares transferred to the trust pursuant to the scheme of Employee Stock Option Scheme("ESOP")) (Refer note (e) below)				
			1,621.75		**1,621.75**

(c) **Reconciliation of the Equity share capital**

	Number	Amount	Number	Amount
Balance at the beginning of the year	1,63,61,415	1,636.14	1,63,61,415	1,636.14
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	**1,63,61,415**	**1,636.14**	**1,63,61,415**	**1,636.14**

(d) **Terms, rights and restrictions 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 dividend proposed by the Board of Directors is subject to the approval of the shareholders in the general meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(e) **Trust Shares**

The Company has created a Employee Benefit Trust ('EBT'). EBT holds equity shares of the Company for the benefit of the employees of the Company. Considering conservative interpretation of Ind AS 32, number of equity shares held by the EBT are reduced from total number of issued equity shares. Equity shares that are held by the trust is deducted from Equity / Other Equity. No gain or loss is recognised in statement of profit and loss on the sale or cancellation of the Company's own equity instruments.

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

	As at March 31, 2024		As at March 31, 2023	
Name of Shareholder	**Number**	**%**	**Number**	**%**
Yogen Khosla	60,38,917	36.91%	60,38,917	36.91%
Moonlight Equity Private Limited	49,14,695	30.04%	49,14,695	30.04%
India 2020 II Investors Limited	24,21,519	14.80%	24,21,519	14.80%

(g) **Details of equity shareholding of Promoter**

	As at March 31, 2024		
Name of Promoter	**Number of shares**	**% of total shares**	**% Change during the year**
Yogen Khosla	60,38,917	36.91%	-
Moonlight Equity Private Limited	49,14,695	30.04%	-

	As at March 31, 2023		
Name of Promoter	**Number of shares**	**% of total shares**	**% Change during the year**
Yogen Khosla	60,38,917	36.91%	-
Moonlight Equity Private Limited	49,14,695	30.04%	-

(Amounts in ₹ in lakhs except EPS)

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
25	**Interest Income**		
	(On financial assets measured at Amortised cost)		
	Interest income on loan portfolio	3,308.10	3,812.85
	Interest income on security deposits	8.47	12.70
	Interest income on investments	4.03	-
	Interest income on fixed deposits	56.92	274.89
		3,377.52	**4,100.44**
26	**Fees and commission Income**		
	Service fee & facilitation charges	3.35	58.09
	Service fee from business correspondents	2,431.63	2,571.49
		2,434.98	**2,629.58**
27	**Net gain on derecognition of financial instruments under amortised cost category**		
	Gain on sale of loan portfolio through assignment	88.74	34.77
		88.74	**34.77**
28	**Other Operating Income**		
	Assignor's Yield on Direct Assignments of Portfolio	16.12	-
	Recovered against portfolio written off in earlier years	1,851.40	1,836.24
		1,867.52	**1,836.24**
29	**Other income**		
	Cheque Bouncing Charges Received	78.08	50.50
	Gain on derecognition of right of use assets	0.05	0.86
	Interest on income tax refund	19.19	26.54
	Liabilities no longer required written back	83.51	-
	Profit on sale of property, plant and equipment	0.30	2.67
	Miscellaneous income	8.43	9.82
		189.56	**90.39**
30	**Finance costs (on financial liabilities measured at amortised cost)**		
	Interest expenses:		
	- on Debt Securities	72.66	563.43
	- on Borrowings (other than debt securities)	783.77	623.88
	- on Subordinate Debts	64.93	790.00
	- on Unwinding of loss on fair valuation of financial assets	5.54	8.43
	- on Lease Liability	0.03	0.74
	- on Others	11.35	1.82
	Other borrowing costs	83.82	173.73
		1,022.10	**2,162.03**
31	**Fee and Commission Expense**		
	Professional Fee and consultancy	16.12	392.04
	Commission	89.41	114.79
		105.53	**506.83**

(Amounts in ₹ in lakhs except EPS)

	Particulars		For the year ended March 31, 2024		For the year ended March 31, 2023
32	**Employee benefit expense**				
	Salaries, wages and bonus		3,101.10		3,258.25
	Gratuity		27.50		6.55
	Contribution to provident and other funds		235.35		262.39
	Staff welfare expenses		307.82		247.65
			3,671.77		**3,774.84**
33	**Impairment / written off of financial instruments (On financial assets measured at amortised cost)**				
	Loan Portfolio written off	0.71		8,288.31	
	Less: Impairment loss allowance created in earlier years	-	0.71	2,880.35	5,407.96
	Impairment / (reversal) on Loans portfolio		(27.90)		(983.11)
	Impairment on Other Financial Assets		36.50		385.67
			9.31		**4,810.52**
34	**Net Loss on fair value changes**				
	Net loss on financial instruments measured at fair value through profit or loss		-		56.44
			-		**56.44**
	Fair value change:				
	Realised loss / (gain)		-		(523.26)
	Unrealised loss / (gain)		-		579.70
			-		**56.44**
35	**Depreciation, amortization and impairment**				
	On property, plant and equipment		41.62		41.55
	On right of use assets		0.66		4.13
	On other intangible assets		-		-
			42.28		**45.68**
36	**Other expenses**				
	Rates & Taxes		14.24		12.76
	Electricity		14.32		13.83
	Rent		318.64		288.65
	Reversal of input GST Credit		70.66		80.33
	Repairs and maintenance - Others		22.91		20.22
	Insurance		0.88		0.79
	Advertisement expenses		89.20		16.17
	Directors sitting fee		1.50		1.60
	Travelling and conveyance		1,402.45		1,448.16
	Other Professional Charges		234.79		242.84
	Communication costs		38.69		32.64
	Cloud service charges		49.88		49.29
	Printing and stationery		19.41		16.16
	Payment to auditors (Refer note (i) below)		16.37		12.44
	Bank charges		23.19		31.43
	Loss on sale of Property, plant and equipment		2.25		0.15
	Writen off of recoverable against employee embazzlement	111.63		19.41	
	Less: Provision created in earlier years	108.37	3.26	-	19.41
	Waiver of loan instalments		472.59		1,149.15
	Rebate and Claim		0.40		-
	Sundry Balances written off	5.64	-	-	-
	Less: Provision created in earlier years	5.64	-	-	-
	Miscellaneous Expenses		23.58		31.73
			2,819.21		**3,467.75**

(Amounts in ₹ in lakhs except EPS)

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
	(i) **Payment to auditors**		
	As auditors		
	Statutory audit	8.00	7.00
	Tax audit	1.35	1.35
	Limited Review certification	3.00	3.00
	Certification fee	3.75	0.70
	Reimbursement of Expenses	0.27	0.39
		16.37	**12.44**

(ii) **Corporate Social Responsibility expense (CSR)**

The Company is not required to makes CSR Expenditure as specified under section 135 of the Companies Act, 2013.

37	**Tax Expense**		
	Current Tax		
	Current Tax for the year	-	-
	Current Tax adjustments for earlier year (Net)	-	-
		-	**-**
37.1	**Components of Income Tax Expense:**		
	Amounts recognised in the Statement of Profit and Loss		
	Current tax	-	-
	Deferred tax charged/(credit)	73.50	(1,568.54)
	Amounts recognised in the Other Comprehensive Income		
	Income tax relating to items that will not be reclassified to profit or loss	0.51	4.78
	Income Tax expense for the year	**74.01**	**(1,563.76)**
37.2	**Reconciliation of effective tax :**		
	Income before Income Tax	288.12	(6,132.67)
	Income Tax Rate	25.168%	25.168%
	Expected Income Tax Expense	72.51	(1,543.47)
	Tax effect of adjustments:		
	Impact of allowable and disallowed income and expenses	1.50	(20.29)
	Taxes adjustments related to earlier years	-	-
	Total Tax expense	**74.01**	**(1,563.76)**
38	**Earning Per Share**		
	Net Profit for the year	214.62	(4,564.13)
	Face value per share (₹)	10.00	10.00
	Equity shares outstanding at the beginning of the year	1,62,17,500	1,62,17,500
	Equity shares allotted during the year	-	-
	Equity shares outstanding at the end of the year	1,62,17,500	1,62,17,500
	Weighted Avg. No. of Equity Shares	1,62,17,500	1,62,17,500
	Basic EPS (₹)	1.32	(28.14)
	Diluted EPS (₹)	1.32	(28.14)

(Amounts in ₹ in lakhs)

39 Fair value of Financial assets & Financial liabilities

(i) The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Measured at amortized cost				
Financial Assets				
Investments	55.00	55.00	5.00	5.00
Cash and Cash Equivalents	1,220.60	1,220.60	812.21	812.21
Bank Balances other than Cash and Cash Equivalents	1,245.11	1,245.11	6,507.49	6,507.49
Receivables - Others	336.74	336.74	322.65	322.65
Loans	8,300.02	8,300.02	4,019.67	4,019.67
Other Financial Assets	1,271.46	1,271.46	1,340.80	1,340.80
	12,428.93	**12,428.93**	**13,007.82**	**13,007.82**
Financial Liabilities				
Trade Payables	82.17	82.17	78.40	78.40
Debt Securities	918.26	918.26	2,998.04	2,998.04
Borrowings (other than debt securities)	7,090.19	7,090.19	2,094.29	2,094.29
Subordinated Liabilities	-	-	4,499.40	4,499.40
Lease Liabilities	-	-	1.05	1.05
Other Financial Liabilities	1,547.74	1,547.74	1,340.93	1,340.93
	9,638.36	**9,638.36**	**11,012.11**	**11,012.11**

Fair value of cash and bank, loans, other receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(ii) Fair value hierarchy

The fair value of financial instruments as referred (i) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:-

Level 1: Quoted prices / net assets value for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(a) Financial Assets and liabilities measured at fair value – recurring fair value measurements

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:
(a) recognised and measured at fair value and
(b) measured at amortised cost.
To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Investments at fair value through profit and loss

Particulars	Level 1	Level 2	Level 3	Total
Investments				
As at March 31, 2024	-	-	-	-
As at March 31, 2023	-	-	-	-

Valuation technique used to determine fair value

During the year ended March 31, 2024 and March 31, 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

(b) Fair value of instruments measured at amortised cost

For the purpose of disclosing fair values of financial instruments measured at amortised cost, the management assessed that fair values of short term financial assets and liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. Further, the fair value of long term financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

40 Financial Risk Management

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Company's risk management policy. The Company's Board of Directors has overall responsibility for managing the risk profile of the Company. The purpose of risk management is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed to manage adverse impacts on achieving objectives.

The Audit Committee of the Company reviews the development and implementation of the risk management policy of the Company on periodic basis. The Audit Committee provides guidance on the risk management activities, review the results of the risk management process and reports to the Board of Directors on the status of the risk management initiatives. The Company has exposure to the following risks arising from Financial Instruments:

Risk	Exposure fror
Credit Risk	Cash and cash equivalents, loans, investments and other financial assets
Liquidity Risk	Borrowings, debt securities, subordinated liabilities, trade payables and other financial liabilities
Market Risk - Interest Rate	Change in interest rate of variable rates borrowings, debt securities and subordinated liabilities
Market Risk - Price	Investment in Debt Securities

In order to avoid excessive concentration of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

a Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Cash and Cash Equivalents

The Company holds cash and cash equivalents and other bank balances as per note 4 and 5. The credit worthiness of such bank is evaluated by the management on an ongoing basis and is considered to be high.

Loans

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the factors that may influence the credit risk of its client base, including the default risk of the industry and locations in which clients operate. The Company Management has established a credit policy under which each new client is analysed individually for creditworthiness through internal systems and appraisal process to assess the credit risk. The Company's review includes client's income and indebtness levels including economic activity which ensures regular and assured income. The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a three stage model approach for the purpose of computation of expected credit loss for Loan portfolio.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime expected credit loss (ECL). The assumptions underlying the ECL are monitored and reviewed on an ongoing basis. Gross carrying value and associated allowances for ECL stage wise for loan portfolio is as follows :

Loans - Staging Analysis:
Analysis of change in gross carrying amount of loans is as follows:

Particulars	As at March 31, 2024			
	Stage ^1	Stage ^2	Stage ^3	Total
Opening gross carrying amount	4,330.12	12.92	1.12	4,344.16
Increase in EAD - new asset originated	8,358.85	-	-	8,358.85
Asset paid in part or full (excluding write off) (net)	(3,096.76)	(10.42)	(0.47)	(3,107.65)
Asset derecognised/co-lending	(901.82)	-	-	(901.82)
Asset written off	-	-	(0.71)	(0.71)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(160.88)	160.88	-	-
Transfer to stage 3	(37.87)	(2.50)	41.08	0.71
Closing gross carrying amount	**8,491.64**	**160.88**	**41.02**	**8,693.54**

Particulars	As at March 31, 2023			
	Stage ^1	Stage ^2	Stage ^3	Total
Opening gross carrying amount	21,317.68	482.26	1,119.95	22,919.89
Increase in EAD - new asset originated	2,487.93	-	-	2,487.93
Asset paid in part or full (excluding write off) (net)	(11,888.10)	(326.56)	(240.67)	(12,455.33)
Asset derecognised/co-lending	(320.02)	-	-	(320.02)
Asset written off	-	-	(8,288.31)	(8,288.31)
Transfer to stage 1	6.27	(5.70)	(0.57)	-
Transfer to stage 2	(12.33)	12.33	-	-
Transfer to stage 3	(7,261.31)	(149.41)	7,410.72	-
Closing gross carrying amount	**4,330.12**	**12.92**	**1.12**	**4,344.16**

ECL - staging analysis

Particulars	As at March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying value	8,491.64	160.88	41.02	**8,693.54**
Allowance of ECL	166.09	97.85	17.27	**281.21**

Particulars	As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying value	4,330.12	12.92	1.12	**4,344.16**
Allowance of ECL	307.77	0.81	0.53	**309.11**

Loans secured against collateral

The Company's secured portfolio pertains to Secured Enterprise loans (SEL), which are secured against tangible assets. The Company does not physically possesses properties or other assets in its normal course of business but makes efforts toward recovery of outstanding amounts on delinquent loans. Once contractual loan repayments are overdue, the Company initiate the legal proceedings against the defaulted customers. The exposure to credit risk is Nil as on March 31, 2024 (March 31, 2023 ₹ 1.48 Lakhs).

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and other recoverables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

(Amounts in ₹ in lakhs)

b Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company has developed internal control processes for managing liquidity risk.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company assesses the liquidity position under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company.

The table below analyse the Company financial liabilities into relevant maturity grouping based on their contractual maturities.

As at March 31, 2024

Particulars	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
Financial Liabilities					
Trade Payables	82.17	-	-	-	82.17
Debt Securities	798.26	120.00	-	-	918.26
Borrowings (other than debt securities)	5,717.57	1,368.04	2.52	2.06	7,090.19
Other Financial Liabilities	1,547.74	-	-	-	1,547.74
Total	**8,145.74**	**1,488.04**	**2.52**	**2.06**	**9,638.36**

As at March 31, 2023

Particulars	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
Financial Liabilities					
Trade Payables	78.40	-	-	-	78.40
Debt Securities	2,998.04	-	-	-	2,998.04
Borrowings (other than debt securities)	1,353.54	730.55	10.20	-	2,094.29
Subordinated Liabilities	4,499.40	-	-	-	4,499.40
Lease Liabilities	1.05	-	-	-	1.05
Other Financial Liabilities	1,340.93	-	-	-	1,340.93
Total	**10,271.36**	**730.55**	**10.20**	**-**	**11,012.11**

c Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as interest rates, other prices). The Company is exposed to market risk primarily related to interest rate risk and price risk.

(i) Interest Rate Risk

The company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow and interest rate risk. Below is the exposure of the Company to interest rate risk:

Particulars	As at March 31, 2024	As at March 31, 2023
Liabilities		
Borrowings (other than debt securities)	197.83	695.96
Total	**197.83**	**695.96**

Sensitivity Analysis

Particulars	As at March 31, 2024	As at March 31, 2023
Interest rates - increase by 0.50%	0.99	3.48
Interest rates - decrease by 0.50%	(0.99)	(3.48)

(Amounts in ₹ in lakhs)

(ii) Price Risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables including interest rate change whether caused by factors specific to an individual investment, its issuer or the market. The Company's exposure to price risk arises from investments in debts securities are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Investments		
Maximum exposure to price risk	55.00	5.00
Total	**55.00**	**5.00**

Sensitivity Analysis

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Investments at FVTPL - increase by 1%	0.55	0.05
Investments at FVTPL - decrease by 1%	(0.55)	(0.05)

41 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, lender and market confidence and to sustain future development of the business. The Company's objective to manage its capital is to ensure continuity of business while at the same time provide reasonable returns to its various stakeholders but keep associated costs under control. In order to achieve this, requirement of capital is reviewed periodically with reference to operating and business plans that take into account of portfolio and strategic Investments. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. Sourcing of capital is done through judicious combination of equity/internal accruals and borrowings. The following table summarises the capital of the Company.

Particulars	As at March 31, 2024	As at March 31, 2023
Debt Securities	918.26	2,998.04
Borrowings (Other than Debt Securities)	7,090.19	2,094.29
Subordinated Liabilities	-	4,499.40
Interest Accrued	37.09	137.76
Less: Cash and Cash Equivalents	(1,220.60)	(812.21)
Less: Bank Balances other than Cash and Cash Equivalents	(1,245.11)	(6,507.49)
Net Debt	**5,579.83**	**2,409.79**
Equity	1,621.75	1,621.75
Other Equity	6,048.25	5,832.10
Total Capital	**7,670.00**	**7,453.85**
Net debt to equity ratio	**0.73**	**0.32**

(Amounts in ₹ in lakhs)

42 Maturity analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2024		As at March 31, 2023	
	within 12 months	after 12 months	within 12 months	after 12 months
ASSETS				
Financial Assets				
Cash and Cash Equivalents	1,220.60	-	812.21	-
Bank Balances other than Cash and Cash Equivalents	1,225.11	20.00	5,843.78	663.71
Receivables - Others	336.74	-	322.65	-
Loans	6,074.66	2,225.36	1,990.13	2,029.54
Investments	55.00	-	5.00	-
Other Financial Assets	1,271.16	0.30	1,307.62	33.18
Total	**10,183.26**	**2,245.67**	**10,281.39**	**2,726.43**
Non Financial Assets				
Current Tax Assets (Net)	405.24	-	601.82	-
Deferred Tax Assets (Net)	-	4,854.27	-	4,928.28
Property, Plant and Equipment	-	136.81	-	129.15
Right of use Asset	-	-	-	0.88
Intangible Assets	-	-	-	-
Intangible Asset under Development	-	18.89	-	18.89
Other Non Financial Assets	92.52	-	129.61	-
Total	**497.76**	**5,009.97**	**731.43**	**5,077.20**
Total Assets	**10,681.02**	**7,255.64**	**11,012.82**	**7,803.63**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Trade Payables	82.17	-	78.40	-
Debt Securities	798.26	120.00	2,998.04	-
Borrowings (Other than Debt Securities)	5,717.57	1,372.62	1,353.54	740.75
Subordinated Liabilities	-	-	4,499.40	-
Lease Liabilities	-	-	1.05	-
Other Financial Liabilities	1,547.74	-	1,340.93	-
Total	**8,145.74**	**1,492.62**	**10,271.36**	**740.75**
Non-Financial Liabilities				
Provisions	16.31	129.46	18.24	104.12
Other Non-Financial Liabilities	482.53	-	228.13	-
Total	**498.84**	**129.46**	**246.37**	**104.12**
Total Liabilities	**8,644.58**	**1,622.08**	**10,517.73**	**844.87**
Net Equity	**2,036.44**	**5,633.56**	**495.09**	**6,958.76**

43 Movement of Impairment Loss Allowance

	As at March 31, 2024		As at March 31, 2023	
	on Loans	on Other financial assets	on Loans	on Other financial assets
Opening Allowance	309.11	393.72	4,172.57	8.05
Created/(reversed) during the year	(27.90)	36.50	(983.11)	385.67
Adjusted against written off	-	(5.64)	(2,880.35)	-
Closing Allowance	**281.21**	**424.58**	**309.11**	**393.72**

(Amounts in ₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
44	**Contingent liabilities not provided for**		
	Claims against the Company not acknowledged as debts	-	-

45 **Segment Information**

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one business segment viz. "financing activities". Hence, the disclosure requirement of Ind AS 108 of 'Segment Reporting' is not considered applicable.

46 **Leases disclosures**

As a Lessee

a) The Company incurred ₹ 318.64 Lakhs for the year ended March 31, 2024 (Previous year ₹ 288.65 Lakhs) towards expenses relating to short-term leases and leases of low-value assets.

b) There are no subleasing of right-of-use assets during the year ended March 31, 2024 and March 31, 2023.

c) There are no variable lease payments for the year ended March 31, 2024 and March 31, 2023.

d) Total cash outflow on right to use assets for the year ended March 31, 2024 of Rs. ₹ 0.81 Lakhs and March 31, 2023 ₹ 5.04 Lakhs.

47 **Employee Benefits**

a) **Defined Contribution Plan :**

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The company has been recognized following amounts in statement of Profit & Loss for the year:

	For the year ended March 31, 2024	For the year ended March 31, 2023
Contribution to employees Provident fund	155.97	162.01

b) **Defined benefit plan**

The Company made provision for gratuity as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the gratuity fund formed by the company.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2024. The present value of the defined benefit obligations and the related current service cost and past service cost, was measured using the Projected Unit Credit Method.

(i) Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of defined benefit obligation	153.59	127.72
Fair value of plan assets	7.82	5.36
Net defined benefit liability	**145.77**	**122.36**

(Amounts in ₹ in lakhs)

(ii) Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
Amount recognised in the statement of Profit & Loss		
Current service cost	18.24	20.70
Interest cost	7.64	6.09
Interest income on plan assets	-	-
	25.88	**26.79**

Particulars	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
Amount recognised in the other comprehensive income		
Actuarial (gain)/loss unrecognised during the year	(2.04)	(18.98)
	(2.04)	**(18.98)**
Movement in defined benefit obligation (DBO)		
Present value of DBO as at the beginning of the year	127.72	133.15
Current service cost	18.24	20.70
Interest cost	7.64	6.09
Remeasurements (gain)/loss	2.04	(19.50)
Benefit paid out of the fund	(2.05)	(12.72)
Present value of DBO as at the end of the year	**153.59**	**127.72**
Movement in the plan assets recognised in the balance sheet		
Fair Value of Plan Assets at the beginning of the year	5.36	7.30
Actual Return on Plan Assets	0.41	0.60
Contributions by the employer	4.10	10.17
Benefits Paid	(2.05)	(12.71)
Actuarial gain /(loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	**7.82**	**5.36**

(iii) Maturity profile of defined benefit obligation (based on discounted basis):	**As at March 31, 2024**	**As at March 31, 2023**
Within next twelve months	78.67	44.70
Between one to five years	62.20	63.95
Beyond five years	12.72	19.07
Total	**153.59**	**127.72**

(iv) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Discount rate (in %)	7.15%	7.30%
Expected rate of future salary increase (in %)	5.00%	5.00%
Expected average remaining working lives of employees (in years)	28.47	29.45

(v) Category of plan assets

Insurer managed funds	100%	100%

In the absence of detailed information regarding plan assets which is funded with Insurance Company, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

(Amounts in ₹ in lakhs)

(vi) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	Discount Rate		Average salary escalation rate	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
- Impact due to increase of 1%	(2.70)	(3.01)	2.26	2.41
- Impact due to decrease of 1%	2.83	3.20	(2.26)	(2.28)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(vii) Description of Risk Exposure:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

Salary Increases - Higher than expected increase in salary will increase the defined benefit obligation.

Investment Risk - Assets / liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability / Assets.

Discount Rate - Reduction in discount rate in subsequent valuations can increase the plan's liability.

Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawals, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends on the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the employee benefit of a short career employee typically costs less per year as compared to a long service employee.

(viii) The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

48 Other Disclosures

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) The Company has not advanced or loaned or invested funds during the year to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lendor invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Company has not received any fund during the year from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period except following where satisfaction is yet to be registered:

Lender Name	Charge ID	Date of Creation	Amount (Rs. in Lakhs)	Registrar
1. AU Financiers (India) Limited	10547168	17/12/2014	500.00	New Delhi
2. Bank Of India	100093930	24/03/2017	2,500.00	New Delhi
3. Moneywise Financial Services Private Limited	100125887	05/09/2017	1,000.00	New Delhi
4. Incred Financial Services Limited	100595837	24/06/2022	1,000.00	New Delhi
5. Usha Financial Services Private Limited	100613067	28/07/2022	500.00	New Delhi

(Amounts in ₹ in lakhs)

(iv) The Company has not been declared willful defaulter by any Banks/Financial Institutions.

(v) The Company has not traded or invested in Crypto currency or Virtual currency during the year.

(vi) There is no income which is required to be recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(vii) There are no transaction with struck off companies during the current and previous year.

(viii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

49 Ratios for the year ended:

Particulars	March 31, 2024	March 31, 2023	Variance (%)	Reason for Variance exceeding 25%
Capital to risk-weighted assets ratio (CRAR)	28.82%	41.30%	-30.21%	Due to increase in portfolio loans
Tier I CRAR	28.51%	41.05%	-30.56%	
Tier II CRAR	0.32%	0.25%	26.27%	Due to increase in provision against standard assets
Liquidity Coverage Ratio	Not Applicable	Not Applicable	Not Applicable	

CRAR = Adjusted net worth divided by Risk weighted assets, calculated as per RBI guidelines.

(Amounts in ₹ in lakhs)

50 Related party as identified by the Company

1 Name & Relationship of the related parties:

Key Management Personnel (KMP)	Mr. Yogen Khosla (Managing Director) Mr. Vahin Khosla (Executive Director) (Son of Managing Director) Mr. Sanjiv Syal (Independent Director) ceased to with effect from 13th February, 2024 Ms. Suman Kukretty (Independent Director) Mr. Govind Saboo (Independent Director) Mr. Pawan Dubey (Independent Director) Mr. Vinod Raina (Chief Financial Officer) Mrs. Tanya Sethi (Company Secretary)
Relatives of Key Management Personnel	Mr. Yuv Vir Khosla (Chief Operating Officer) (Son of Managing director) Mrs. Anju Khosla (Wife of Managing director)
Enterprise over which KMP and their relatives is having significant influence	Lendonline Private Limited (Formerly known as Capital Trust Infotech Private Limited) Moonlight Equity Private Limited

2 Transactions with related parties during the year

Particulars	**Subsidiary**	**Key Management Personnel (KMP)**	**Relatives of Key Management Personnel**	**Enterprise over which KMP and their relatives can exercise significant influence**
Loan taken				
Moonlight Equity Private Limited	- -	- -	- -	1,631.17 (110.00)
Lendonline Private Limited (Formerly known as Capital Trust Infotech Private Limited)	- -	- -	- -	279.00 (425.00)
Mr. Yogen Khosla	- -	602.68 (190.00)	- -	- -
Loan repaid				
Moonlight Equity Private Limited	- -	- -	- -	1,631.17 (265.00)
Lendonline Private Limited (Formerly known as Capital Trust Infotech Private Limited)	- -	- -	- -	279.00 (449.00)
Mr. Yogen Khosla	- -	681.68 (349.00)	- -	- -
Interest Paid				
Moonlight Equity Private Limited	- -	- -	- -	49.45 (19.65)
Lendonline Private Limited (Formerly known as Capital Trust Infotech Private Limited)	- -	- -	- -	24.68 (16.12)
Mr. Yogen Khosla	- -	29.73 (23.50)	- -	- -
Remuneration and other perquisites to Company's KMPs and their relatives*				
Short term employee benefit	- -	266.32 (263.88)	121.97 (121.70)	- -
Defined Contribution Plan	- -	23.82 (23.65)	13.18 (13.17)	- -
Directors Sitting Fees	-	1.50	-	-
	-	(1.60)	-	-

* The above remuneration is excluding provision for Gratuity based on acturial valuation done at year end.

3 Outstanding balance as at year end	**As at March 31, 2024**	**As at March 31, 2023**
Unsecured Loans:		
Mr. Yogen Khosla	-	79.00
Remuneration and other perquisites to Company's KMPs and their relatives		
Short term employee benefit	16.76	17.40

Apart from above Managing director of the company and Moonlight Equity Private Limited has given corporate guarantees to the bankers to secure loan availed by the company. (Refer Note 19.3)

(Amounts in ₹ in lakhs)

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
51	a) Expenditure in foreign currency	-	-
	b) Exposure to unhedged and hedged foreign currency	-	-

52 Pursuant to the master direction DNBR.PD. 088/03.10.119/2016-17 dated September 01, 2016 as amended from time to time (the NBFC Master Direction 2016), the Company is a Systemically Important Non-Deposit taking Non-Banking Financial Company.

53 In accordance with the instructions in the RBI circular dated 7 April 2020, all lending institutions shall refund/adjust 'interest on interest' to all borrowers including those who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the Company has estimated the said amount and made provision for refund/adjustment. As on 31 March 2024, the Company holds the liability of Rs. Nil (Previous Year - Rs. 45.59 Lakhs) to meet its obligation towards refund / adjustment of interest on interest to eligible borrowers as prescribed by the RBI.

54 During the previous year the Company has written off its loan portfolio amounting to Rs. 8,288.31 Lakhs (against which the Company had provision for impairment of Rs. 3,863.46 Lakhs) which was distinguished by joint liability, long tenure, and high ticket size loans which were disbursed before 2020. The Company granted moratorium on these loans as per RBI regulations but after moratorium period, the customers continued to default their scheduled repayments.

55 Additional disclosures pursuant to the RBI guidelines and notification:

1) Capital

Items	As at March 31, 2024	As at March 31, 2023
Capital to risk / weighted assets ratio (CRAR) (%)	28.82%	41.30%
CRAR-Tier I capital (%)	28.51%	41.05%
CRAR-Tier II capital (%)	0.32%	0.25%
Amount of Subordinate debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

2) Investments

Particulars	As at March 31, 2024	As at March 31, 2023
(1) Value of investments		
i) Gross value of investments		
(a) In india	55.00	5.00
(a) Outside india	-	-
ii) Allowances for impairment		
(a) In india	-	-
(b) Outside india	-	-
iii) Net value of Investments		
(a) In india	55.00	5.00
(a) Outside india	-	-
(2) Movement of provisions held towards depreciation on investments		
i) Opening balance	-	-
ii) Add: Provisions made during the year	-	-
iii) Less: Write-off/ (write-back) of excess provisions during the year	-	-
iv) Closing balance	-	-

3) Derivatives

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

4) Disclosure relating to Securitisation

A) The Company has entered into various agreements for the securitisation of loans by way of direct assignment with assignees, wherein it has securitised a part of its loan portfolio amounting to Rs. 901.82 Lakhs during the year ended March 31, 2024 (March 31, 2023: Rs. 320.02 Lakhs), being the principal value outstanding as on the date of the deals. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of investors/buyers. In terms of the said securitisation agreements, the Company pays to investor/buyers on agreed date basis the prorata collection amount as per individual agreement terms.

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

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

C) Details of Assignment transactions undertaken by applicable NBFCs

	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) No. of accounts	4,393	1,699
(ii) Aggregate value (net of provisions) of accounts sold	901.82	320.02
(iii) Aggregate consideration	901.82	320.02
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate (gain) / loss over net book value	-	-

D) Details of non performing financials assets purchased / sold

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

55 Additional disclosures pursuant to the RBI guidelines and notification:

5) Asset liability management

Maturity pattern of certain items of assets and liabilities as at year end

	As at March 31, 2024			As at March 31, 2023			
	Advances	Investments	Borrowings #	Advances	Investments	Borrowings #	
Upto 30/ 31 days	606.80	-	595.59	287.31	-	3,099.08	*
Over 1 month upto 2 months	646.31	-	617.09	265.11	-	4,589.70	*
Over 2 months upto 3 months	645.85	-	621.06	245.16	-	90.62	
Over 3 months and upto 6 months	1,846.94	-	1,801.44	681.96	-	278.00	
Over 6 months and upto 1 year	2,722.29	55.00	2,978.30	835.08	5.00	815.05	
Over 1 year and upto 3 years	1,629.01	-	1,494.53	961.03	-	740.75	
Over 3 years and upto 5 years	596.35	-	2.04	1,068.51	-	-	
Over 5 years	-	-	-	-	-	-	
Total	**8,693.54**	**55.00**	**8,110.05**	**4,344.16**	**5.00**	**9,613.20**	

excluding interest accured thereon

* As on March 31, 2023, the Company had Bank deposits of Rs. 6485.80 Lakhs for the repayament of borrowings

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

	As at March 31, 2024	As at March 31, 2023
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; (Refer Note 8)	-	-
Advances against shares/ bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds;	-	-
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security;	-	-
Advances for any other purposes to the extent secured by the collateral security of shares of convertible bonds or convertible debentures or units of equity-oriented mutual funds, i.e., where the primary security other than shares / convertible bonds / convertible debentures / units of equity-oriented mutual funds does not fully cover the advances;	-	-
Secured and unsecured advances to stockholders and guarantees issued in behalf of stockbrokers and market makers;	-	-
Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
Bridge loans to companies against expected equity flows / issues.	-	-
All exposures to Venture Capital Funds (both registered and unregistered)	-	-

(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 except mentioned in note 7.

(Amounts in ₹ in lakhs)

55 **Additional disclosures pursuant to the RBI guidelines and notification:**

7) Miscellaneous

(a) Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):
(i) Ministry of Corporate Affairs
(ii) Ministry of Finance (Financial Inteligence Unit)
(iii) Securities and Exchange Board of India (SEBI)
(iv) Central Registry of Securitisation Asset Reconstruction and Security Inerest of India (CERSAI)

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

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

(c) Related party transactions

Details of all material related party transactions are disclosed in note 50 to the financial statements.

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

The details of ratings

Particulars	Amount in ₹	Credit Rating Agency	Current Rating	Previous Rating
Long-term Bank facilities	50 Crores	CareEdge	BB+ (Outlook Stable)	BB+ (Outlook Negative)
Non Convertible Debentures	Nil	CareEdge	BB+ (Outlook Stable)	BB+ (Outlook Negative)

(e) Remuneration of Directors

Particulars	Remuneration		Provident Fund and Others		Sitting Fees	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Mr. Yogen Khosla	162.66	163.71	15.76	15.76	-	-
Ms. Anju Khosla	-	-	-	-	-	-
Mr. Vahin Khosla	56.34	42.38	6.05	3.94	-	-
Mr. Sanjiv Syal	-	-	-	-	0.30	0.40
Ms. Suman Kukretty	-	-	-	-	0.40	0.40
Mr. Govind Saboo	-	-	-	-	0.40	0.40
Mr. Pawan Dubey	-	-	-	-	0.40	0.40

8) Additional Disclosures

(a) Provisions and contingencies

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

	Current Year	Previous Year
Impairment / (reversal) on Loans Portfolio	(27.90)	(983.11)
Provision made towards income tax	-	-
Provision made/write off towards employees fraud (including for earlier years)	3.26	19.41
Provision for other advances/assets	36.50	385.67
Other provision and contingencies (employee benefits)	25.88	26.79
	37.74	(551.24)

(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

(to the extent identified by the management)

	Current Year	Previous Year
a. Concentration of advances		
Total advances to twenty largest borrowers	27.28	32.91
Percentage of exposure to twenty largest borrowers as total exposure	0.31%	0.76%
@ Advances have been taken as Gross Carrying Amount		
b. Concentration of exposure		
Total exposure to twenty largest borrowers	27.28	32.91
Percentage of exposure to twenty largest borrowers as total exposure	0.31%	0.76%
@ Exposures have been taken as Gross Carrying Amount		
c. Concentration of non-performing assets		
Total Exposure to top four non-performing accounts	4.61	0.19
@ Exposures have been taken as Gross Carrying Amount	0.05%	0.00%

d. Sector-wise non-performing assets

	Current Year %	Previous Year %
Agriculture & allied activities	0.12%	0.01%
Micro Small and Medium Enterprises *	0.04%	-
Services	0.09%	-
Other loans	0.02%	-
Auto loans	0.00%	-

* Determination based on the information related to the nature and size of activity of the borrower and excluding loans to related parties as certified by the management.

e. Movement of non-performing assets

		Current Year	Previous Year
	Net NPA to net Advances (%)	0.27%	0.01%
(i)	Movement of non-performing assets (Gross)		
	(a) Opening balance	1.12	1,190.08
	(b) Additions during the year	40.61	7,099.35
	(c) Reductions during the year #	0.71	8,288.31
	(d) Closing balance	**41.02**	**1.12**
(ii)	Movement of net non-performing assets		
	(a) Opening balance	0.59	596.68
	(b) Additions during the year	23.87	7,099.35
	(c) Reductions during the year #	0.71	7,695.44
	(d) Closing balance	**23.75**	**0.59**
(iii)	Movement of provisions for non-performing assets (excluding provisions on standard assets)		
	(a) Opening balance	0.53	593.40
	(b) Provisions made during the year	16.74	-
	(c) Write-off/ write-back of excess provisions	-	592.87
	(d) Closing balance	**17.27**	**0.53**

Reduction includes write-offs and recoveries.

f. Overseas assets (for those with joint ventures and subsidiaries aboard)
The company did not have any overseas assets during the current and previous year.

g. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)
The company did not sponsor any SPVs during the current and previous year.

9) Disclosure of customer complaints
(as identified by the management)

	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	215	493
c) No. of complaints redressed during the year	215	493
d) No. of complaints pending at the end of the year	-	-

10) Information on instances of fraud identified during the year
(as identified by the management)

	Current Year	Previous Year
cash embezzlement and snatching		
No. of cases	34	16
Amount of fraud	5.40	21.60
Recovery	2.14	2.19
Amount provided for/written off	3.26	19.41
Loans given against fictitious documents		
No. of cases	-	-
Amount of fraud	-	-
Recovery	-	-
Amount provided for	-	-

RBI has been reported each fraud which are of the value of more than Rs. 1 Lakh. In Current year there is no fraud identified for more than Rs. 1 Lakh.

(Amounts in ₹ in lakhs)

56 Additional disclosure pursuant to Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 issued by RBI

	Particulars		Current Year		Previous Year	
	Liabilities Side:		**Outstanding**	**Overdue**	**Outstanding**	**Overdue**
1	**Loans and advances availed by the NBFCs**					
	(a) Debentures	:Secured	935.00	-	3,000.00	-
		:Unsecured	-	-	-	-
	(other than falling within the Meaning of public deposits)					
	(b) Deferred credits		-	-	-	-
	(c) Term loans		6,959.38	-	1,538.88	-
	(d) Inter-corporate loans and borrowing		200.00	-	558.75	-
	(e) Commercial paper		-	-	-	-
	(f) Public deposits		-	-	-	-
	(g) Subordinate loans		-	-	4,500.00	-
	(h) Vehicle loans		15.67		15.57	
	(i) Loans repayable on demand		-	-	-	-
	(h) Liabilities against securitised loans		-	-	-	-
2	**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.		-	-	-	-
	(c) Other public deposits		-	-	-	-
	Assets side:					
3	**Break-up of loans and advances including bills receivables (other than those included in (4) below:**					
	(a) Secured		-	-	1.48	-
	(b) Unsecured - receivable under financing activity		8,693.54	-	4,342.68	-
4	**Break-up of leased assets and stock on hire and hypothecation loans counting towards EL / HP activities**					
	(i) Lease assets including lease rentals under sundry Debtors:					
	(a) Financial Lease		-	-	-	-
	(b) Operating Lease		-	-	-	-
	(ii) Stock on hire including hire charges under Sundry Debtors					
	(a) Assets on hire		-	-	-	-
	(b) Repossed Assets		-	-	-	-
	(iii) Hypothecation loans counting towards EL/HP activities					
	(a) Loans where assets have been repossessed		-	-	-	-
	(b) Loans other than (a) above		-	-	-	-
5	**Break-up of investments:**					
	Current investments:					
	1. Quoted:					
	(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	-	-	-	-
		(b) Preference	-	-	-	-
	(ii) Debentures and bonds		55.00	-	5.00	-
	(iii) Units of mutual funds		-	-	-	-
	(iv) Government securities		-	-	-	-
	(v) Others (please specify)		-	-	-	-
	Non Current investments:					
	1. Quoted:					
	(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	-	-	-	-
		(b) Preference	-	-	-	-
	(ii) Debentures and bonds			-	-	-
	(iii) Units of mutual funds		-	-	-	-
	(iv) Government securities		-	-	-	-
	(v) Others (please specify)		-	-	-	-

56 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

SN	Particulars	Current Year		Previous Year	
		Secured	Unsecured	Secured	Unsecured
6	**Borrower group-wise classification of assets financed as in (3) and (4) above:**				
	1. Related parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	-	8,693.54	1.48	4,342.68
	Total	**-**	**8,693.54**	**1.48**	**4,342.68**

SN	Particulars	Current Year		Previous Year	
		Market value / Break-up or fair value or NAV	Book value (net of provisions)	Market value / Break-up or fair value or NAV	Book value (net of provisions)
7	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**				
	1. Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties				
	Shares	-	-	-	-
	Mutual fund	-	-	-	-
	Total	**-**	**-**	**-**	**-**

SN		Particulars	Current Year	Previous Year
8	**Other information**			
	(i)	**Gross non-performing assets**		
		(a) Related parties	-	-
		(b) Other than related parties	41.02	1.12
	(ii)	**Net Non-performing Assets**		
		(a) Related parties	-	-
		(b) Other than related parties	23.75	0.59
	(iii)	**Assets acquired in satisfaction of debt**	**-**	**-**

SN		Particulars	Current Year	Previous Year
9	**Asset Classification**			
	(i)	Standard	8,652.52	4,343.04
	(ii)	Sub-Standard & doubtful	41.02	1.12

57 Disclosure pursuant to RBI Notification dated September 24, 2021 on "Transfer of Loan Exposures" are given below:

(a) Details of loans transferred through direct assignment

Particulars	**Amount**
Total amount of loans transferred through direct assignment (Rs. in Lakhs)	901.82
Weighted average residual maturity (in months)	10
Weighted average holding period (in months)	8
Retention of beneficial economic interest	0%
Coverage of tangible security coverage	Nil
Rating wise distribution of rated loans	No Rating

(b) The Company has not acquired, any loans not in default during the year ended March 31, 2024.

(c) The Company has not transferred or acquired, any stressed loans during the year ended March 31, 2024.

(Amounts in ₹ in lakhs)

58 Additional disclosure under RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March (Certified by management)

A comparison between provisions required under Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 is as follows:

As at March 31, 2024

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Perfoming Assets						
Standard	Stage 1	8,491.64	166.09	8,325.55	34.61	
	Stage 2	160.88	97.85	63.03		
Subtotal		**8,652.52**	**263.94**	**8,388.58**	**34.61**	**229.33**
Non-Perfoming Assets (NPA)						
Substandard	Stage 3				4.04	
Doubtful - upto 1 year	Stage 3					
1 to 3 years	Stage 3	41.02	17.27	23.75	0.64	
more than 3 years	Stage 3					
Subtotal for doubtful						
Loss	Stage 3				-	
Subtotal for NPA		**41.02**	**17.27**	**23.75**	**4.68**	**12.59**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	-	-	-	-	
	Stage 2	-	-	-	-	
	Stage 3	-	-	-	-	
Subtotal		-	-	-	-	-
Total	Stage 1	8,491.64	166.09	8,325.55	34.61	
	Stage 2	160.88	97.85	63.03		
	Stage 3	41.02	17.27	23.75	4.68	
	Total	**8,693.54**	**281.21**	**8,412.33**	**39.29**	**241.92**

59 Previous year figures have been regrouped / rearranged wherever necessary to conform current year's figure. However same is not material.

As per our report of even date attached
For JKVS & Co.
Chartered Accountants
Firm Reg. No. 318086E

For and on behalf of the Board of Directors

Sajal Goyal
Partner
Membership No. 523903

Yogen Khosla
Managing Director
DIN: 00203165

Vahin Khosla
Executive Director
DIN: 07656894

Place: Noida
Date: May 28, 2024

Vinod Raina
Chief Financial Officer

Tanya Sethi
Company Secretary
M. No. A31566

Place: New Delhi
Date: May 28, 2024

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