

2015-16
**KEEP
ASPIRING**



BUILT ON A STRONG FOUNDATION

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OUR VISION

**TO BE A LEADING FINANCIAL
SERVICES PROVIDER, ADMIRER
AND RESPECTED FOR ETHICS,
VALUES AND CORPORATE
GOVERNANCE**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. V. Vaidyanathan

Chairman & Managing Director
DIN - 00082596

Mr. N. C. Singhal

Independent Director
DIN - 00004916

Mr. Vishal Mahadevia

Non-Executive Director
DIN - 01035771

Mr. M. S. Sundara Rajan

Independent Director
DIN - 00169775

Mr. Hemang Raja

Independent Director
DIN - 00040769

Dr. (Mrs.) Brinda Jagirdar

Independent Director
DIN - 06979864

Mr. Dinesh Kanabar

Independent Director
DIN - 00003252

Mr. Narendra Ostawal

Non-Executive Director
DIN - 06530414

Mr. Apul Nayyar

Executive Director
DIN - 01738973 (w.e.f 04.04.2016)

Mr. Nihal Desai

Executive Director
DIN - 03288923 (w.e.f 04.04.2016)

CHIEF FINANCIAL OFFICER & HEAD - CORPORATE CENTRE

Mr. Pankaj Sanklecha

LIST OF BANKING RELATIONSHIPS & SUBSCRIBERS TO DEBT ISSUES

Allahabad Bank
Andhra Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Baroda Pioneer Mutual Fund
Canara Bank
Canara Robeco Mutual Fund
Central Bank of India
Cholamandalam MS General Insurance
Corporation Bank
Dena Bank
Deutsche Bank
Dhanlaxmi Bank Limited
DSP Blackrock Mutual Fund
Franklin Templeton Mutual Fund
General Insurance Corporation of India
Gratuity Funds
HDFC Bank
HDFC Standard Life Insurance Company Limited
HSBC Mutual Fund
IDBI Bank
IDBI Mutual Fund
Indiabulls Mutual Fund
Indian Overseas Bank
International Finance Corporation
Kotak Mahindra Bank
L & T Mutual Fund
Life Insurance Corporation of India
Oriental Bank of Commerce

Pension Funds

Pramerica Mutual Fund
Principal Mutual Fund
Provident Funds
Punjab and Sind Bank
Punjab National Bank
Reliance General Insurance
Reliance Mutual Fund
Religare Mutual Fund
SBI General Insurance
SBI Mutual Fund
SIDBI
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
Sundaram Mutual Fund
Superannuation Funds
Syndicate Bank
The Lakshmi Vilas Bank
Union Bank of India
Union KBC Mutual Fund
United Bank of India
UTI Mutual Fund
Vijaya Bank
Yes Bank

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg,
Bhandup (West),
Mumbai - 400 078.
Tel. No.: +91 22 2594 6970
Fax No.: +91 22 2594 6969
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

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Indiabulls Finance Centre,
Senapati Bapat Marg,
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Mumbai - 400 013,
Maharashtra.
Tel. No.: +91 22 4042 3400
Fax No.: +91 22 4042 3401
E-mail: secretarial@capfirst.com
Website: www.capitalfirst.com

CIN : L29120MH2005PLC156795

HEAD - LEGAL, COMPLIANCE AND COMPANY SECRETARY

Mr. Satish Gaikwad

INVESTOR RELATIONS

Mr. Saptarshi Bapari

STATUTORY AUDITORS

M/s. S.R. Batliboi & Co. LLP,
Chartered Accountants (ICAI
Firm Registration No. 301003E/
E300005)

KEY INDICATORS



160.41 Billion

AUM (as of March 31, 2016)

27.38 Billion

Total Capital (as of March 31, 2016)
(Tier 1 + Tier 2)



19.81%

Capital Adequacy Ratio
(as of March 31, 2016)

AA+

Credit Rating
(as of March 31, 2016)



222

Locations
(as of March 31, 2016)



1.07%

Gross NPA
(as of March 31, 2016)



0.55%

Net NPA



ISO 27001

Certification for Information
Security Management
System



1412

Employees
(as of March 31,
2016)

CHAIRMAN'S ADDRESS



DEAR STAKEHOLDERS,

It is with great pleasure that I present to you your Company's Annual Report for FY16 against the backdrop of increasing optimism within India.

During the year gone by, all key macro metrics that influence the growth of the economy improved. The fiscal deficit, current account deficit and inflation have stabilised. More relevant, these improvements are sustainable in nature as the policy framework, like aligning domestic oil prices to global movements for instance, have been implemented. Further, large ticket government investments in roads, railways, defence and other such sectors will play a catalyst role in reviving the economy. Interest rates too are trending downwards apart from a possibility of a good monsoon. These factors will create a more enabling environment for large and small businesses going forward.

The theme with which your Company was founded is that financing

over

2.25 million

customers financed



THE THEME WITH WHICH YOUR COMPANY WAS FOUNDED IS THAT FINANCING INDIA'S 50 MILLION MSMEs AND ITS FAST-EMERGING MIDDLE CLASS, WITH A DIFFERENTIATED MODEL, BASED ON NEW TECHNOLOGIES, PROVIDES A LARGE AND UNIQUE OPPORTUNITY

India's 50 million MSMEs and its fast-emerging middle class, with a differentiated model, based on new technologies, provides a large and unique opportunity. The Company has so far financed more than 2.25 million customers including more than 1.5 million self-employed individuals and MSMEs.

Keeping in line with this theme, your Company has been consistent in its strategy to transform itself into a unique retail financial services institution over the past 6 years. Within this short span of time, we have built an extensive reach of 222 locations across the length and breadth of the country and have developed proprietary underwriting methods including usage of automated credit scoring models.

The Company has established for itself a unique franchise where it has developed the capability to provide small ticket loans. Over 97% of the

Company's 2.25 million customers financed have between ₹ 20,000 and ₹ 2,00,000 with an average tenor of 8 months to 2 years. These are difficult to originate, to manage, and to collect because of the relatively small book size from this business. Further, the small size of EMI and quick run off makes it challenging. Your Company is working on the means to improving capabilities to manage these accounts in a sustainable way.

I am pleased to share with you that this year, the retail business as a proportion of the overall AUM stands at 86% as of March 31, 2016, primarily driven by the growth in the retail business segments like consumer durable financing, two-wheeler financing, loan to MSME and self employed people, for which there is a vast untapped opportunity in India.

While we are pleased that the Loan book has grown by 34% from ₹ 119.75 billion (₹ 11,975 crores) in

**THE PBT GREW BY 52%
FROM ₹ 1,662 MILLION IN
FY15 TO
₹ 2,522 MILLION
IN FY16**

**THE COMPANY NOW
AVAILS CREDIT FROM
OVER 171 REPUTED
INSTITUTIONS INCLUDING
BANKS, MUTUAL FUNDS,
PROVIDENT FUNDS,
PENSION FUNDS,
SUPERANNUATION FUNDS,
GRATUITY FUNDS AND
INSURANCE COMPANIES**

FY15 to ₹ 160.41 billion (₹ 16,041 crores) by end of FY16. We are even more pleased that we have been able to maintain our asset quality at high standards compared to the industry.

The NII has grown by 53% to ₹ 8,181 million in FY16 from ₹ 5,363 million in FY15. The total income too grew by 51% to ₹ 9,918 million in FY16 from ₹ 6,588 million in FY15. Against the backdrop of such growth in assets and income, the operating expenses grew by 30% in FY16 over FY15.

I am also pleased to inform you that the PBT grew by 52% from ₹ 1,662 million in FY15 to ₹ 2,522 million in FY16. I am confident that the Company will continue to grow its business at a compounded rate and such growth will translate into an abundant increase in profits as well.

Our Gross NPAs and Net NPAs have continued to remain low at 1.07% and 0.55%, respectively, at 150 DPD NPA provision norms. We are confident that your Company will continue to maintain its high asset quality in the years to come as compared to industry benchmarks.

I am happy to inform you that your Company continues to enjoy a high

long-term credit rating of AA+ on its long-term debt instruments 4 years in a row, which is achieved by very select players in the financial services industry. We also enjoy a short-term credit rating of A1+, which again is the highest rating available for this category.

One of the remarkable successes for your Company in recent years is that it has successfully diversified its lines of credit from a large number of institutions. The Company now avails credit from over 171 reputed institutions including banks, mutual funds, provident funds, pension funds, superannuation funds, gratuity funds and insurance companies. Some notable names include International Finance Corporation, LIC, GIC of India, SBI Mutual Fund, HSBC Mutual Fund, Sundaram Mutual Fund, UTI Mutual Fund, Deutsche Bank, SBI, HDFC Bank, Kotak Mahindra Bank, DSP Blackrock Mutual Fund, HDFC Standard Life Insurance, Bank of Baroda and Yes Bank. I am sincerely thankful to each and every one of these great institutions for extending their shoulders in building an institution that has great value addition to the social sector of this country.

I'm happy to state that Capital First Home Finance Limited (CFHFL), wholly-owned housing finance subsidiary of your Company, has grown its loan book by more than 50% from ₹ 2.29 billion as of March 31, 2015 to ₹ 3.99 billion as of March 31, 2016. This is already profitable business for us and we have great growth aspirations for this business in the future with more contribution from the affordable housing segment.

Our aspirations go beyond becoming a larger robust financial institution. We strive to contribute actively in many education-centric initiatives which can play a critical role in social inclusiveness of the country. Based on detailed deliberations, we have decided to focus on select areas which we believe has maximum impact. We have rolled out ambitious programmes to reach the economically disadvantaged youth, children and women and those with mental health issues - using education as the enabling fulcrum. During the year gone by, we have achieved tangible outcomes in terms of numbers of individuals benefited and we look forward to expanding it further.

I would like to assure you that all our employees are working extremely hard with great dedication, high energy and strong commitment through the year for your Company. I sincerely thank them all vide this letter. I would also like to thank all our stakeholders for reposing their faith in us and thank our regulators, for their constant support and guidance.

I also express my thanks to all our Directors for their invaluable contribution through their guidance and encouragement, which have been critical for the success of the Company. Finally, I thank each and every shareholder, large and small, for your support and trust.

I assure you that each one of us is committed to build a company that is high on corporate governance, is of great value for society and is a Company that you will be proud of.

Thank you

With Best Wishes

V. Vaidyanathan

I ASSURE YOU THAT EACH ONE OF US IS COMMITTED TO BUILD A COMPANY THAT IS HIGH ON CORPORATE GOVERNANCE, IS OF GREAT VALUE FOR SOCIETY AND IS A COMPANY THAT YOU WILL BE PROUD OF

BOARD OF DIRECTORS



VISHAL MAHADEVIA
Non-Executive Director

He is the Managing Director & Co-Head, Warburg Pincus India Private Ltd. Previously, he has worked with Greenbriar Equity Group, Three Cities Research, Inc., and McKinsey & Company.

He is a B.S. in Economics with a concentration in finance and B.S. in Electrical Engineering from the University of Pennsylvania.

He has 22 years of experience in Corporate sector across the globe.

NIHAL DESAI
Executive Director

He is the Executive Director responsible for Risk, IT and Operations at Capital First Limited. He has also worked with Serco India as Managing Director and developed new markets for its core and new BPO business.

He holds degree in BE Computer Science and PGDM. He has been part of numerous management trainings from institutes like Wharton and IIM-Ahmedabad.

He has more than 22 years of work experience in the Financial Services domain.

NARENDRA OSTAWAL
Non-Executive Director

He is the Managing Director of Warburg Pincus India Private Limited. Earlier, he has worked with 3i India Private Limited (part of 3i Group PLC, UK) and McKinsey & Company.

He holds a Chartered Accountancy degree from Institute of Chartered Accountants of India and an MBA from Indian Institute of Management, Bangalore.

He has 14 years of experience in consulting and private equity segment.

DINESH KANABAR
Independent Director

He is the CEO of Dhruva Advisors LLP. Prior to founding Dhruva Advisors, he was the Deputy CEO of KPMG in India and Chairman of its Tax practice. He has handled some of the biggest tax controversies in India and has advised on complex structures for both inbound and outbound investments.

He is a Fellow Member of the ICAI.

He has over 25 years of experience advising some of the largest multinationals in India.

V. VAIDYANATHAN
Chairman and Managing Director

He secured USD 150 mn backing from Warburg Pincus and founded Capital First as a new entity. He was earlier the Managing Director & CEO of ICICI Prudential Life Insurance Ltd. and Executive Director on the Board of ICICI Bank Ltd. He has received a number of Domestic and International awards for his achievements in financial services in India. He is an alumnus of Birla Institute of Technology and Harvard Business School.

He has 25 years of experience in financial sector.



**DR. (MRS.) BRINDA
JAGIRDAR**

Independent Director

She is the former Chief Economist of State Bank of India. She is an independent consulting Economist with specialisation in areas relating to the Indian economy and financial intermediation.

She is a Ph.D in Economics, University of Mumbai, M.S. in Economics from the University of California, MA in Economics from Gokhale Institute, Pune and BA in Economics from Fergusson College, Pune.

She has over 35 years of experience in banking industry.

N.C. SINGHAL

Independent Director

He is founding Vice Chairman & Managing Director of SCICI Ltd. (Since merged with ICICI Ltd.).

He holds Post Graduate qualifications in Economics, Statistics and Administration and was awarded the United Nations Development Programme Fellowship for Advanced Studies in the field of Project Formulation and Evaluation, in Moscow and St. Petersburg.

He has 56 years of experience in Corporate sector.

HEMANG RAJA

Independent Director

He is the former Managing Director and Head – India of Credit Suisse Private Equity Asia and prior to the same was MD & CEO of IL&FS Investsmart Ltd. He has served on the executive committee of the Board of the NSE and also served as a member of the Corporate Governance Committee of the BSE Limited.

He is an MBA from Abilene Christian University, Texas, with a major emphasis on finance and an Alumni of Oxford University, UK.

He has a vast experience of over 35 years in financial services.

M.S. SUNDARA RAJAN

Independent Director

He is the former Chairman & Managing Director of Indian Bank. He is a Post Graduate in Economics from University of Madras with specialisation in Mathematical Economics, National Income and Social Accounting.

He is also Certified Associate of Indian Institute of Bankers and Associate Member of Institute of Company Secretaries of India.

He has a total experience of over 40 years in the Banking Industry.

APUL NAYYAR

Executive Director

He is the Executive Director responsible for Retail and SME businesses at Capital First Limited (CFL). Previously, he has worked in leadership positions across companies like India Infoline (IIFL), Merrill Lynch and Citigroup.

Apul is a qualified Chartered Accountant. He has successfully concluded Global Program for Management Development (GPMD) from Ross School of Business, Michigan, USA.

He has more than 18 years of experience in the Financial Services Industry.

SENIOR MANAGEMENT TEAM



APUL NAYYAR
Executive Director



NIHAL DESAI
Executive Director



PANKAJ SANKLECHA
Chief Financial Officer & Head - Corporate Centre



ADRIAN ANDRADE
Head - Human Resources and Administration

CLIENT SPEAK



ZAFAR A. KHAN

Nature of Business: Construction

Loan Amount: ₹ 15,00,000/-

Purpose: "For my business expansion"

Comment: VERY FAST & SERVICE BY A VERY RESPONSIBLE RATE. IT HELP ME TO COMPLETE MY FACULTY ON TIME AS I RECEIVE THE LOAN ON A VERY QUICK TIME & LESS PAPER WORK.



INTERNATIONAL TRENCHING PVT. LTD.

Nature of Business: Wires & Cables

Loan Amount: ₹ 50,00,000/-

Purpose: "Increased working capital for my business"

Comment: APPRECIATE THE WAY THE LOAN WAS HANDLED AND EXPEDITED WITHOUT HASSLE FREE.



CHANDRA KANTA BOHRA

Nature of Business: NGO

Loan Amount: ₹ 33,000/-

Purpose: "Laptop for Database Management for my office"

Comment: I WANT TO THANK TO CAPITAL FIRST FOR GIVING ME A LOAN FOR LAPTOP BECAUSE I WAS NEEDED IT TO MAINTAINING SOME OF MY DATABASE RELATED TO MY BUSINESS.



ARCHANA VIKRANT RAUT

Nature of Business: Small Restaurant

Loan Amount: ₹ 45,300/-

Purpose: "Two Wheeler loan for food delivery from my Restaurant"

Comment: श्री व्हेलरसाठी Capital First Ltd. कंपनी वरिष्ठतासोबत दोन्ही व्हेलर मिळाली. दोन्ही व्हेलर ही माझे व्यवसाय वाढवण्यासाठी आहे. आणि मला अत्यंत सहजतेने व्हेलर मिळाले. माझे व्यवसाय वाढवण्यासाठी आणि माझे व्यवसाय वाढवण्यासाठी. आणि माझे व्यवसाय वाढवण्यासाठी. आणि माझे व्यवसाय वाढवण्यासाठी.



ASHWANI JAIN

Nature of Business: Pharmaceutical Trading

Loan Amount: ₹ 9,00,000/-

Purpose: "For my business expansion & working capital"

““ COMMENT EXCELLENT SERVICE FROM CAPITAL FIRST IN CATERING TO MY FINANCIAL NEEDS.



GAURAV KUMAWAT

Nature of Business: Chemist

Loan Amount: ₹ 30,000/-

Purpose: "Laptop for Accounts Management in my Shop"

““ COMMENT laptop good for me. Because purchase laptop make an easy work and also my laptop very useful for my business.



JAY LAXMI KIRANA AND GENERAL STORES

Nature of Business: General Store

Loan Amount: ₹ 8,30,000/-

Purpose: "For increasing my stock"

““ COMMENT :- I have taken the loan for increasing my stock. Post getting loan from capital first my turnover & profit also get increased.



SHIVAM NEMA

Nature of Business: Medical Store

Loan Amount: ₹ 35,70,000/-

Purpose: "Purchase of office premises, since my current premises is small"

““ COMMENT Very Good Service by Capital first. Even though we are in a small shop, we are no problem at time of loan. My loan sanction very quickly.

CORPORATE SOCIAL RESPONSIBILITY



**“THE TIME IS ALWAYS
RIGHT TO DO WHAT IS
RIGHT.”**

— MARTIN LUTHER KING, JR.



Capital First Employees along with BALM staff and its client

With the conviction that education is the most powerful and effective change agent, the prime focus at Capital First is on education and skill training of the economically weaker sections of society. Apart from this broad arena of education, we also support two other causes – women empowerment and health selectively.

The Company chooses its CSR programs among many options in the CSR Committee and the Board Meeting(s) and does not get persuaded by any external influences other than those shortlisted in the best of spirit and which can add the social value in the pragmatic and idealistic sense.

During FY 2015-16, we have launched seven key initiatives under this banner.

Key Programmes

1. Capital First - Scholarship Program

Our flagship CSR program involves providing financial assistance to students who on their own merits, have been able to secure admission to reputed MBA institutes, but happen to belong to economically weaker section of the society and are therefore, unable to afford the expenses for the programs.

Such students will be awarded scholarship under the Capital First Scholarship Program. The first batch of such meritorious students are in the process of gaining admission to institutions that we have partnered with. During the course of the coming year, we intend to scale up the Program and provide scholarships to students who are admitted into the top 100 B-Schools in the country.

2. Capital First - BALM Fellowship Program

The Banyan Academy of Leadership in Mental Health (BALM) is a sister organisation of ‘The Banyan’ founded in 2007. The focus of this initiative is to advocate for positive mental health, increased access to care and recovery, engage in research and capacity building towards making relevant policy changes in the mental health and development sectors and to implement strategies to achieve visible outcomes, particularly in the context of persons affected by homelessness and poverty.

Towards creating ‘change-makers’ who are capable of driving social innovations, BALM offers master’s programs such as Social Work in Mental Health, Applied Psychology

CORPORATE SOCIAL RESPONSIBILITY

ALL STUDENTS WITH A FAMILY INCOME OF LESS THAN INR 1,50,000 PER ANNUM ARE ELIGIBLE FOR CAPITAL FIRST – BALM FELLOWSHIP PROGRAM

(Counselling), Applied Psychology (Clinical) and Management, Entrepreneurship and Policy Analysis in Health and Mental Health, in collaboration with the Tata Institute of Social Sciences (TISS).

All students with a family income of less than INR 1,50,000 per annum are eligible for Capital First – BALM Fellowship Program. Further, after the program, all students engage in a key initiative focussed on promoting mental health and wellbeing either through the Capital First - BALM Fellowship Program or regular placement opportunities. The program offers students a tuition

waiver, rental and living stipend, support for local travel and travel for fieldwork placements. It offers all students, access to the Language and Writing Centre at BALM that will offer remedial English language classes and basic research skills.

While this initiative is in a nascent stage, it has already made great headway and the efforts invested will bear fruits in the years that follow.

3. Distribution of Books and Digital Products

Capital First, in collaboration with Navneet Education Ltd., identified 16



Ashram School staff along with Capital First employees at Ghodegaon Village



SPECIAL BOOKS THAT WERE NOT PART OF THE REGULAR CURRICULUM WERE DISTRIBUTED TO 3,942 STUDENTS OF 16 SCHOOLS IN AMBEGAON, JUNNER AND THE KHED TALUKAS IN MAHARASHTRA



Distribution of books by Capital First staff to students of tribal school

target schools in the three talukas of Pune district within which the needs of students for Educational Supplementary aid was chalked out, in consultation with their teachers and principal. The teachers were provided with training that guided them on the usage of supplementary books as tools for continuous evaluation. Further, one digital classroom was installed per school in seven schools across two talukas as per the need assessment undertaken. Students were also provided with handy materials that aided in the development of good English and vocabulary, along with other informative books.

Through this initiative, we have made special efforts towards drawing marginalised tribes into the formal education system. Special books that were not part of the regular curriculum were distributed to 3,942 students of 16 schools in Ambegaon, Junner and the Khed talukas in Maharashtra. These books will aid students' learning effectiveness and will also assist teachers.

We have ensured that the beneficiaries were all residential schools, run by the State Government and all the teachers in these schools are qualified with B.Ed. degrees.

CORPORATE SOCIAL RESPONSIBILITY

THE TEAM WORKS WITH LOCAL COMMUNITY LEADERS, NGOS AND CULTURAL ORGANISATIONS TO REACH THE YOUTH SEGMENT

4. Capital First Woman of Substance

Towards empowering women from low-income backgrounds, using our primary platform of education, we have teamed up with the NGO - Etasha Society - to provide vocational training to our focus group.

We chose to work with Etasha as its community mobilisation team works tirelessly to engage with the local community through various programs and initiatives. The team works with local community leaders, NGOs and cultural organisations to reach the youth segment.

Under the initiative, the objective is to offer training to women between the ages of 18 and 30 years who are keen to earn a living.

The trainees are engaged in a dialogue to identify the nature of work they are most keen on doing, and, therefore, the right training program for them. Their eligibility for the desired program is then ascertained. By sponsoring a batch of students for this program, we promote their vocational training and, eventually, employment and thereby facilitate a better standard of living for these women and their families.



Capital First employees interacting with Etasha staff



Capital First employees with Etasha Staff

WE HAVE BEEN ABLE TO MOBILISE 191 STUDENTS TILL DATE AT OUR PUNE ACADEMY. OUT OF THESE, 26 STUDENTS HAVE SUCCESSFULLY COMPLETED THE TRAINING AND ARE NOW PREPARING THEMSELVES FOR PLACEMENTS

5.Capital First EduBridge Training Program

In a country that holds the promise of a demographic dividend, we are making efforts to ensure that the potential of the youth is not only tapped but maximised.

In collaboration with EduBridge, a Mumbai-based training organisation started by a group of IIM alumni and professors in October 2009 (also partners of the National Skill Development Corporation (NSDC), a Govt. of India organisation), we have set up a co-branded career academy in Pune. Sponsored by Capital First Ltd.,



Orientation program by Capital First Senior Management to students of Capital First Career Academy

this academy provides job-oriented retail, BFSI, IT/ITeS and hospitality sector training and placements in reputed organisations in these sectors.

Actively participating in this program, through sponsorship, monitoring and mentoring, we have been able to mobilise 191 students till date at our Pune Academy. Out of these, 26 students have successfully completed the training and are now preparing themselves for placements.

We have also facilitated the training of some students in the Guwahati, Hyderabad and Jodhpur centres of EduBridge. In these centres, of the 125 students that have enrolled, 25 have successfully completed the training.



Inauguration of Capital First Career Academy at Pune along with EduBridge staff

CORPORATE SOCIAL RESPONSIBILITY

In a parallel initiative, Capital First and EduBridge have joined hands to provide a sustainable livelihood to rural youth. As a result of this partnership, we inaugurated the first Capital First Career Academy on February 23, 2016 near Thermax Chowk, Pune.

Going forward, we will be constantly supporting these students during their training and also in some of their future endeavours.

6. Om Creations Trust – Supporting Children with Down’s Syndrome

Capital First endeavours to help mentally challenged children / young adults to develop and realise their potential, by giving them opportunities to study, acquire skills and integrate into the mainstream. Our mission is also to empower them to lead.

The project Om Creations Trust has students from the SPJ Sadhana School with Specialised Education in the Arts and Crafts, Hospitality and Catering skills. This enables them to earn a living and also lead a more meaningful life. Regular monitoring, evaluation and training

are done for the students, enabling them a productive and fulfilled life. Through this initiative, we have also given away stipends to 19 students who are from weaker sections of the society.

7. Bala Janaagraha

Capital First in partnership with Bala Janaagraha runs an education program for children in 11 municipality schools in Nagpur City. The program focusses on teaching children the principles of good citizenship, in the process, delivering multiple other benefits to them. It, therefore, equips them to become active citizens, change agents and leaders.

THE PROJECT OM CREATIONS TRUST HAS STUDENTS FROM THE SPJ SADHANA SCHOOL WITH SPECIALISED EDUCATION IN THE ARTS AND CRAFTS, HOSPITALITY AND CATERING SKILLS



Capital First employees spending time with children of Om Creations Trust

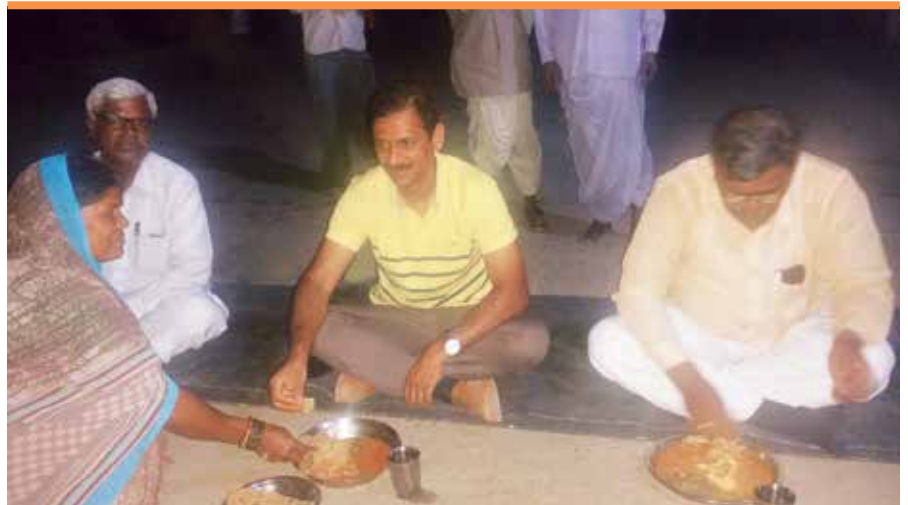


River Rejuvenation work conducted by local community and NGOs at Beed district supported by Capital First



The Sarpanch of the village at Beed discussing the efforts to remedy the situation

Two consecutive years of failed monsoons (2014 and 2015) has brought about the worst drought situation in four decades in Maharashtra. Almost one-fifth of the state has been affected severely and more than 10,000 villages need serious help. Mr. V. Vaidyanathan, CMD, Capital First Ltd., visited the drought-affected districts of Latur and Beed to get a firsthand understanding on the gravity of the situation. He engaged with the local people and assessed the way we can assist the affected people in Marathwada region with the help of the NGOs to bring in sustainable change in terms of river rejuvenation and building bunds in the affected areas of Marathwada region.



Discussing on local issues

Post the visit, Mr. Vaidyanathan, employees of the Company and Capital First contributed an amount

of ₹ 36 Lacs for the drought relief work in the region.

AWARDS AND ACCOLADES



Mr. V. Vaidyanathan, Executive Chairman, Capital First receiving “Outstanding Entrepreneur Award” from Mr. V.K. Singh, Minister of State for External Affairs, Govt. of India, at the Asia Pacific Entrepreneurship Award 2016



Capital First Limited received Overall Excellence in Procurement award at 3rd Annual CPO forum India & Awards 2015



Mr. Rahul Jain - Head-Operations, Capital First on receiving The Best Electronic Banking Implementation, India by The Asset Triple A Treasury, Trade and Risk Management Awards at Hong Kong



Acknowledging & Celebrating Excellence at the ACE Awards Nite 2015-16

MANAGEMENT DISCUSSION AND ANALYSIS

The Indian economy is currently seeing a culmination of positive domestic indicators. Economic growth has picked up and both the government and the World Bank expect it to be well over 7% in FY16 and FY17. The fiscal deficit is on track, as per the target of 3.5%, and retail inflation has dipped to below 5%.

Against the backdrop of these encouraging developments, the Reserve Bank of India (RBI) cut its policy rate by 0.25% in its first bimonthly monetary policy for FY17 in April 2016, bringing the rate to its lowest level in five years. The RBI has cut rates to the extent of 1.5% between January 2015 and April 2016. To ensure a boost to investment and consumption, the RBI proposed a number of measures that would

facilitate the pass-through of the rate cuts, such as a reduction in reserve requirements of banks and a policy stance to inject adequate liquidity.

Two years into its term in office, the current Government has covered considerable ground in terms of reforms, creation of housing and infrastructure and making it easier to do business in India. A number of on the ground schemes were announced in the MSME sector including Aspire – “A Scheme for Promoting Innovation and Rural Entrepreneurship, was launched in March 2015, to set up a network of technology centres and incubation centres to accelerate entrepreneurship and promote start-ups for innovation and entrepreneurship in agro-industry”. New initiatives were also

announced under the Prime Minister’s Employment Generation Programme (PMEGP) and the Registration Process for MSMEs was eased through the Udyog Aadhaar Memorandum (UAM).

Most importantly, the Cabinet approved a proposal for the introduction of the Micro, Small and Medium Enterprises Development (Amendment) Bill, 2015, which aimed at the amendment of the Micro, Small and Medium Enterprises Development Act, 2006. The objective of proposed amendment was to (i) enhance the existing limit for investment in plant and machinery considering changes in price index and cost of inputs consistent with the emerging role of the MSMEs in various Global Value Chains, (ii) include



in such classification, the micro or tiny enterprises or the village enterprises, as part of medium enterprises apart from small enterprises so as to enable the aforesaid category of enterprises to avail the benefits and become competitive, and (iii) empower the Central Government to revise the existing limit for investment, by notification, considering the inflation and dynamic market situation.

The Government has also made great headway in its mission to promote financial inclusion. The “Jan Dhan Yojana” and other schemes that propose targeted subsidies have been further cemented with the passing of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Bill, 2016.

With the assigning of a unique 12-digit number to every citizen, the delivery of subsidies and services to target individuals will be greatly facilitated.

Overall, all the developments have been in the positive directions in the segments which happened to be the key areas of focus for your Company.

TWO YEARS INTO ITS TERM IN OFFICE, THE CURRENT GOVERNMENT HAS COVERED CONSIDERABLE GROUND IN TERMS OF REFORMS, CREATION OF HOUSING AND INFRASTRUCTURE AND MAKING IT EASIER TO DO BUSINESS IN INDIA

OVERVIEW OF THE NBFC SECTOR

NBFC'S CREDIT PENETRATION IN GDP OF INDIA AT 13% IS SIGNIFICANTLY BEHIND DEVELOPED ECONOMIES LIKE UK (264%), US (130%), JAPAN (74%) AND ALSO WELL BEHIND EMERGING ECONOMIES LIKE CHINA (33%), THAILAND (27%) AND MALAYSIA (26%).

According to an RBI report¹, the role of the NBFC sector in the Indian financial system has become critical in terms of its size, spread and niche areas of operation. Many larger NBFCs have become significant contributor to the overall financial system in India. In FY15, there were 11,622 Non-Deposit-taking NBFCs (NBFC-ND) and 220 Deposit-taking

NBFCs (NBFC-D) in India with balance sheet sizes of ₹ 14,166 billion and ₹ 1,925 billion, respectively. NBFC-NDs have posted a balance sheet growth of more than 15% in 2015 over 2014.

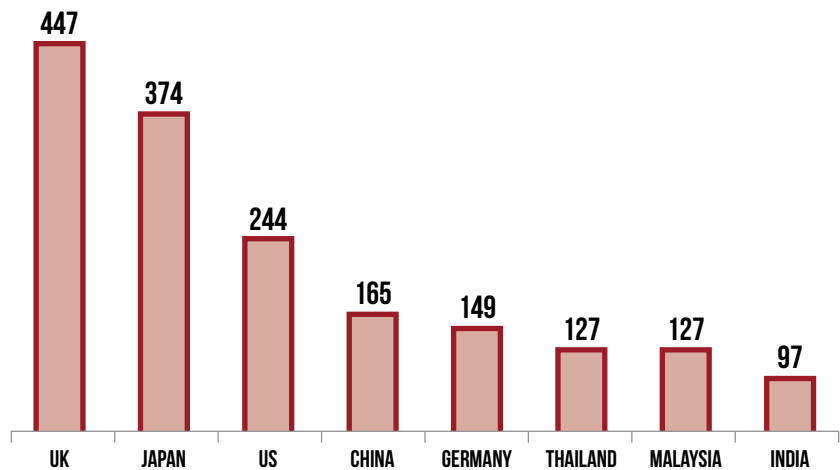
A study by the Boston Consulting Group², states that in the 10 year period between 2005 and 2015, the share of NBFCs in credit rose from 10% to 13%. It pointed out that in narrower product segments, such as home loans and commercial vehicle loans, their presence was larger and had grown faster. The share of

NBFCs in the home loan segment has increased from 26% to 38% between FY09 and FY15. The growth is not only observed in traditional NBFC domains but also in products like mortgages where commercial banks are active.

The credit penetration in India is low compared to other economies. On similar benchmarks, the non-bank finance penetration in India is even lower. NBFC's credit penetration in GDP of India at 13% is significantly behind developed economies like UK (264%), US (130%), Japan (74%) and

Lower credit penetration in India vs. other economies

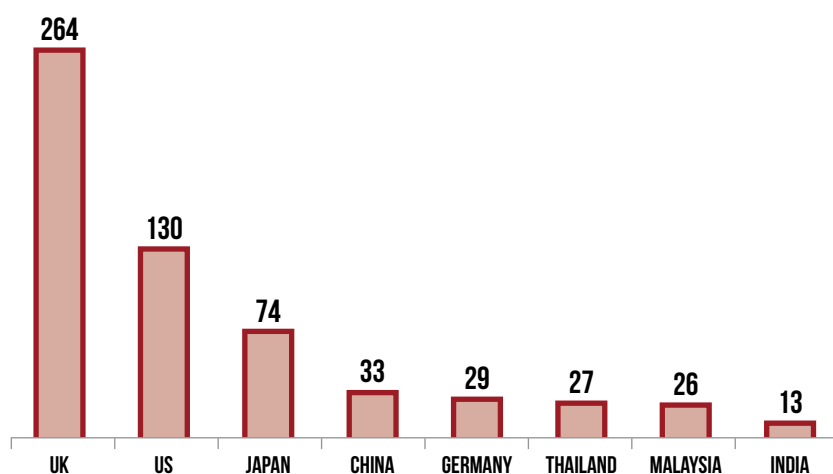
Total credit as % of GDP



Source: EIU, International Financial Statistics Database, RBI, Global Shadow Banking Monitoring Report 2015, BCG analysis

NBFC size substantially lower vs. other economies

NBFC credit as % GDP



Source: EIU, International Financial Statistics Database, RBI, Global Shadow Banking Monitoring Report 2015, BCG analysis

also well behind emerging economies like China (33%), Thailand (27%) and Malaysia (26%).

Indian economy has a huge latent credit demand fuelled by a massive self-employed population that is underserved by the banks due to inadequate documented income proof. The recent developments in deepening the wholesale debt markets bode well with liquidity for funding for NBFCs. The report also expects that the growth in NBFC credit to further accelerate over the next 5-10 years.

Success of NBFCs is attributed to the sharp focus on the product lines leading to better cost control, better customer service and consequently faster growth at higher profitability.

In terms of profitability, the average Return on Equity (RoE) of NBFCs have been on a strong footing in recent years even with low leverage riding on unique business models focussed more on the retail segments, control on asset quality, higher turnaround time, better customer service levels and efficient cost control measures. Higher profitability with higher growth

has been the key for creating higher shareholders' value.

Looking ahead, there are many reasons, as pointed in the study, which will drive the accelerated growth of NBFCs in the medium term. These include:

- The huge latent credit need in the economy, especially from the self-employed and MSME universe
- Due to the colossal parallel economy and inadequate income proof by the self-employed, traditional bank lending is unable to cater to credit demands from this segment
- Government initiatives like smart cities, focus on ease of doing business, financial inclusion, etc, will fuel the growth of credit off-take for underserved segments and geographies
- Digital trends in consumer and MSME will offer new disruptive opportunities for innovation and partnership

¹ Report on Trend and Progress of Banking in India 2014-2015

² NBFC 2.0: Enormous Potential in Non-Bank Finance and Ways to Make it Happen (December 2015)

BUSINESS OVERVIEW

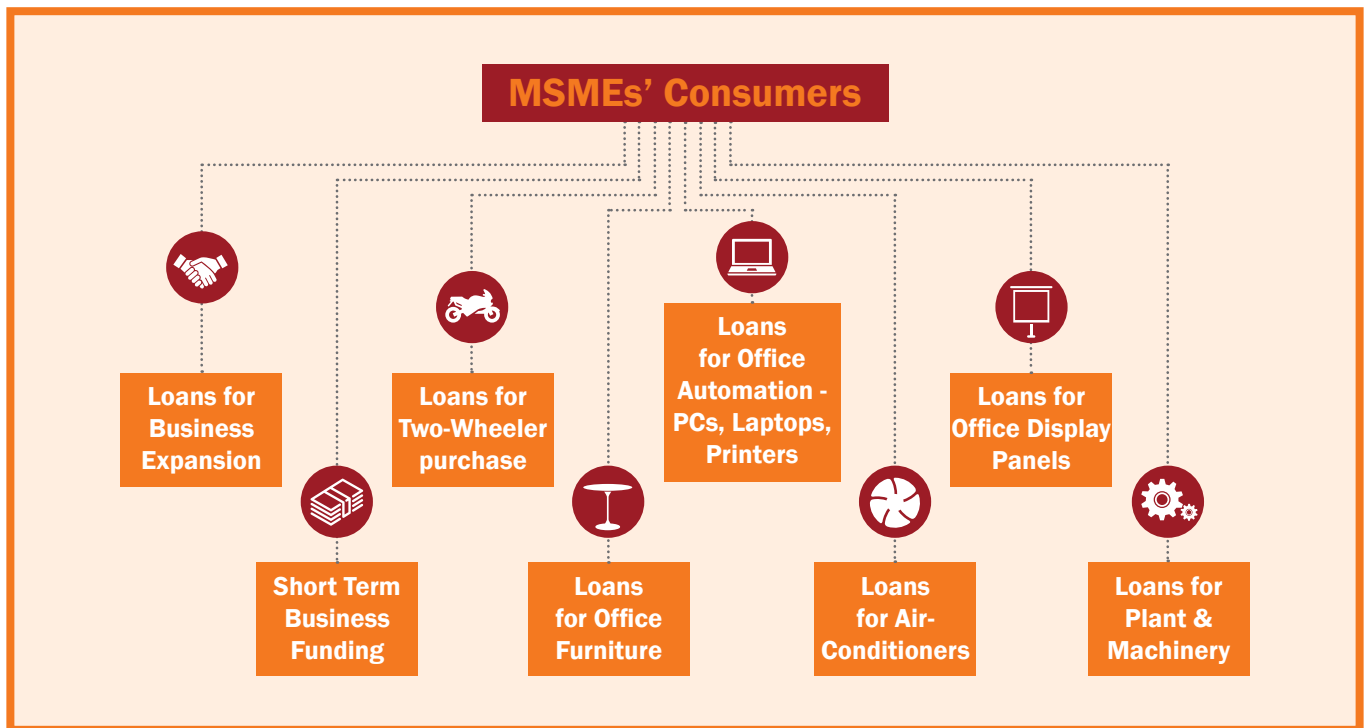
Capital First Limited (CFL) is a leading financial institution in India focussed on providing debt financing to MSMEs and consumers.

The founding theme of the Company is that financing India's 50 million MSMEs and its emerging middle class, with a differentiated model, based on new technologies, provides a large and unique opportunity. The Company has so far financed more than 2.25 million customers including

more than 1.5 million self-employed individuals and MSMEs.

With the help of contemporary scoring solutions and sophisticated technology, the Company provides finance to select segments that are traditionally underserved by the existing financing system due to small loan ticket sizes, difficulties in credit evaluation, collection issues, etc. The Company provides financing to salaried and self-

employed retail customers, a growing category in India because of increasing affluence, growing aspirations and favourable demographics. It has a large and growing presence in the MSME segment and caters to their multiple financing needs. Through its extensive reach and proprietary underwriting methods, it provides essential debt capital to MSMEs in a quick, affordable and convenient manner.



CFL's strong distribution setup across India covers customers at 222 locations, with an employee base of 1,412 as on March 31, 2016.

Total AUM of the Company increased by 34% from ₹ 1,19,748 Mn as on March 31, 2015 to ₹ 1,60,408 Mn as on March 31, 2016. The Retail AUM increased by 36% from ₹ 1,01,131 Mn as on March 31, 2015 to ₹ 1,37,558 Mn as on March 31, 2016. Retail Assets contribute to 85.75% of the overall AUM at the end of FY16.

CFL as a Company has grown with aspirations of becoming a large retail finance Franchise in India and has launched products at regular intervals in the retail financing space since FY10. Over the years, the Company has undertaken numerous initiatives to support its strategy to establish itself as a major retail financing player focussing on the underserved MSME and Consumer segment.

CFL provides long-term secured loans to MSMEs after proper evaluation of cash flows, credit behaviour and other due diligence checks. These loans are backed by collateral of residential

or commercial property. CFL also provides unsecured short tenure working capital loans to MSMEs, based on intense cash flow analysis and other credit checks.

CFL finances the salaried segment as well as self-employed individuals, like small traders and shop keepers for the purchase of new two-wheelers. These are generally smaller loans with an average ticket size of about ₹ 45,000 and an average tenor of around 2 years.

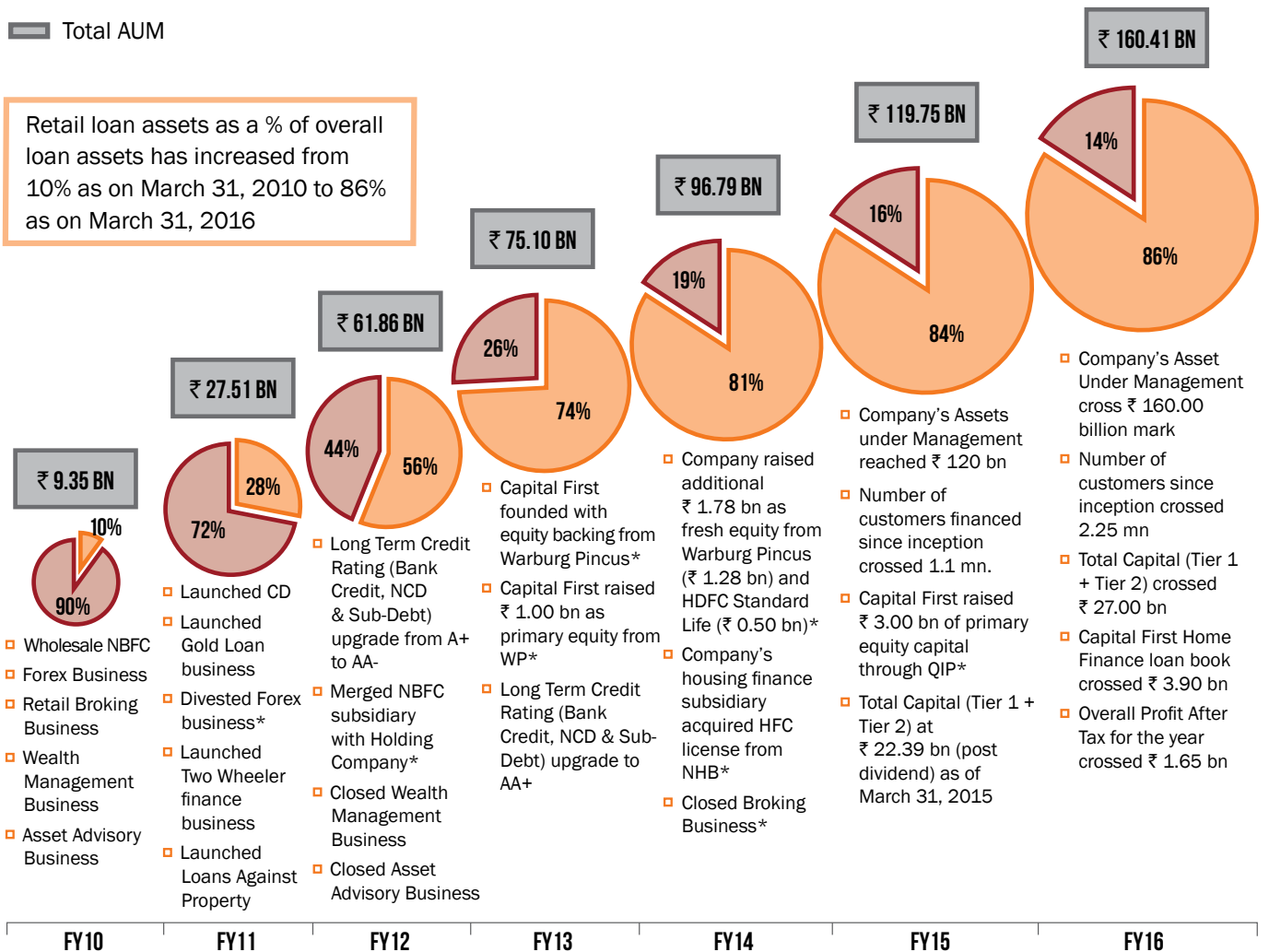
CFL also finances salaried and self-employed customers for purchasing of LCD/LED panels, Laptops, Refrigerators, Air-conditioners and other such white good products. These are also availed by small entrepreneurs for official purposes. Such loans are generally smaller and have an average ticket size of about ₹ 30,000 and a tenor of about 8 months. The Company also provides "Easy Buy Cards", a pre-approved loan card to interested customers in the Consumer Durable Financing space, based on their credit performance with the Company.

In addition to lending, which is the Company's mainstay business, the Company, as a Corporate Agent, also distributes life insurance products and general insurance products offered by reputed insurance companies in India.

BUSINESS OVERVIEW

Capital First has transformed from a Wholesale Lending Financial Institution to a strong Retail Lending Financial Institution in the last 6 years

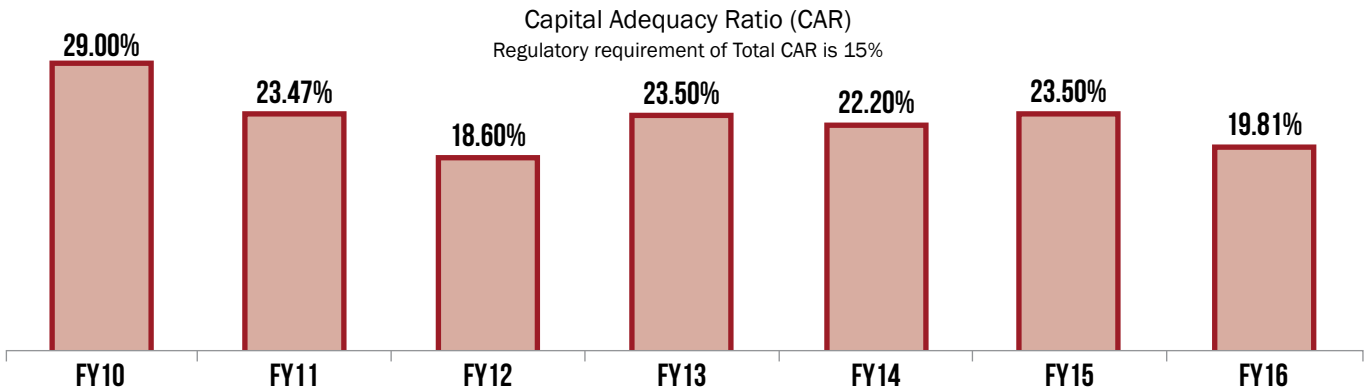
- Wholesale Assets
- Retail loans (MSME, Self Employed Professionals and Consumer loans)
- Total AUM



CAPITAL

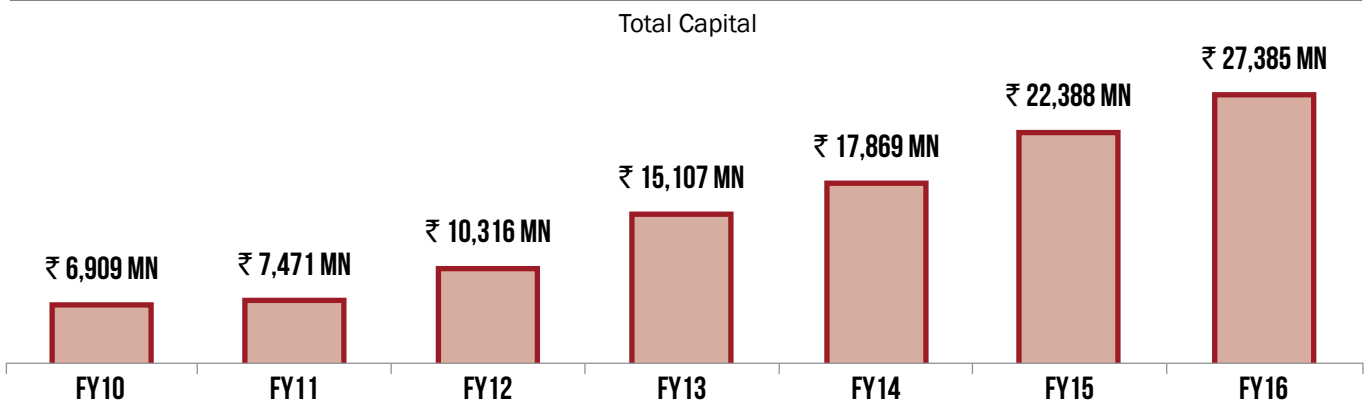
The Company has maintained a healthy capital adequacy ratio over the years, at well above the levels directed by the RBI. As of March 31, 2016, the overall capital adequacy ratio of the Company is 19.81% with Tier-I capital adequacy at 14.53%.

CFL has maintained a Capital Adequacy significantly higher than regulatory requirements over the years



The Total Capital of the Company, including the Tier-II capital, has grown consistently and significantly over the years. The Company has raised primary capital consecutively in FY13, FY14 and FY15 from marquee global and domestic institutional investors through preferential allotments and Qualified Institutional Placements. The increasing bottom line growth has also been contributing to the overall capital available for the Company.

Total Capital of the Company has grown consistently and significantly over the years



Note: Capital includes Networth, Perpetual Debt and Sub-Debt

PORTFOLIO PERFORMANCE

THE NPA OF THE COMPANY HAS BEEN SUBSTANTIALLY BROUGHT DOWN FROM 5.28% TO 1.07% ON GROSS BASIS AND FROM 3.78 % TO 0.55% ON NET BASIS OVER A 5-YEAR PERIOD

CFL is structured with inherent checks and balances for effective risk management. The sales, credit, operations and collections divisions are independent of each other, with independent reporting lines. To put it in simple words, every loan is conceived only if it meets lending norms defined in the credit policy of the organisation. The business origination team then

hands over its recommendations to the credit underwriting team who consider the credentials independently. The loan booking and operations team then takes over for checking and disbursement of the loan and finally, once the loan is disbursed, the independent Portfolio Monitoring team monitors the portfolio and then independent Collections team follow up to ensure that recovery and the credit health of the loans are on track.

Further, the Company has implemented a number of scoring solutions to track the performance of the portfolio by various categories and deciles. This enables the Company to take corrective action to constantly improvise and fine tune the lending criteria. The ability of the Company to lend as per pre-defined criteria and monitor the portfolio on a timely basis is one of the significant competitive advantages enjoyed by the firm.

The credit quality of the overall loan book has been high in comparison with the other players in the banking and financial services industry. The Gross NPA of the Company stood at

1.07% and the Net NPA was low at 0.55% as of March 31, 2016, based on the 150 dpd (days past due) recognition as directed by the RBI. As per the directives of the RBI, the Company plans to move towards a 90 dpd NPA recognition norm on a staggered basis by March 2018. This change in the recognition norms will raise the reported Gross NPA levels but it will not impact the Profit & Loss Statement of the Company as CFL already has a policy of taking requisite provisions at 90 dpd.

Consequent to conceiving the strategy for a retail business transformation of the loan book and successful execution of the same, the NPA of the Company has been substantially brought down from 5.28% to 1.07% on gross basis and from 3.78 % to 0.55% on net basis over a 5-year period. This has decreased because of the diversified nature of lending, strong evaluation of cash flows at the time of lending, strong appraisal systems, and automated collection systems. CFL has been able to maintain one of the best asset qualities in the industry, even during difficult macro-economic periods.

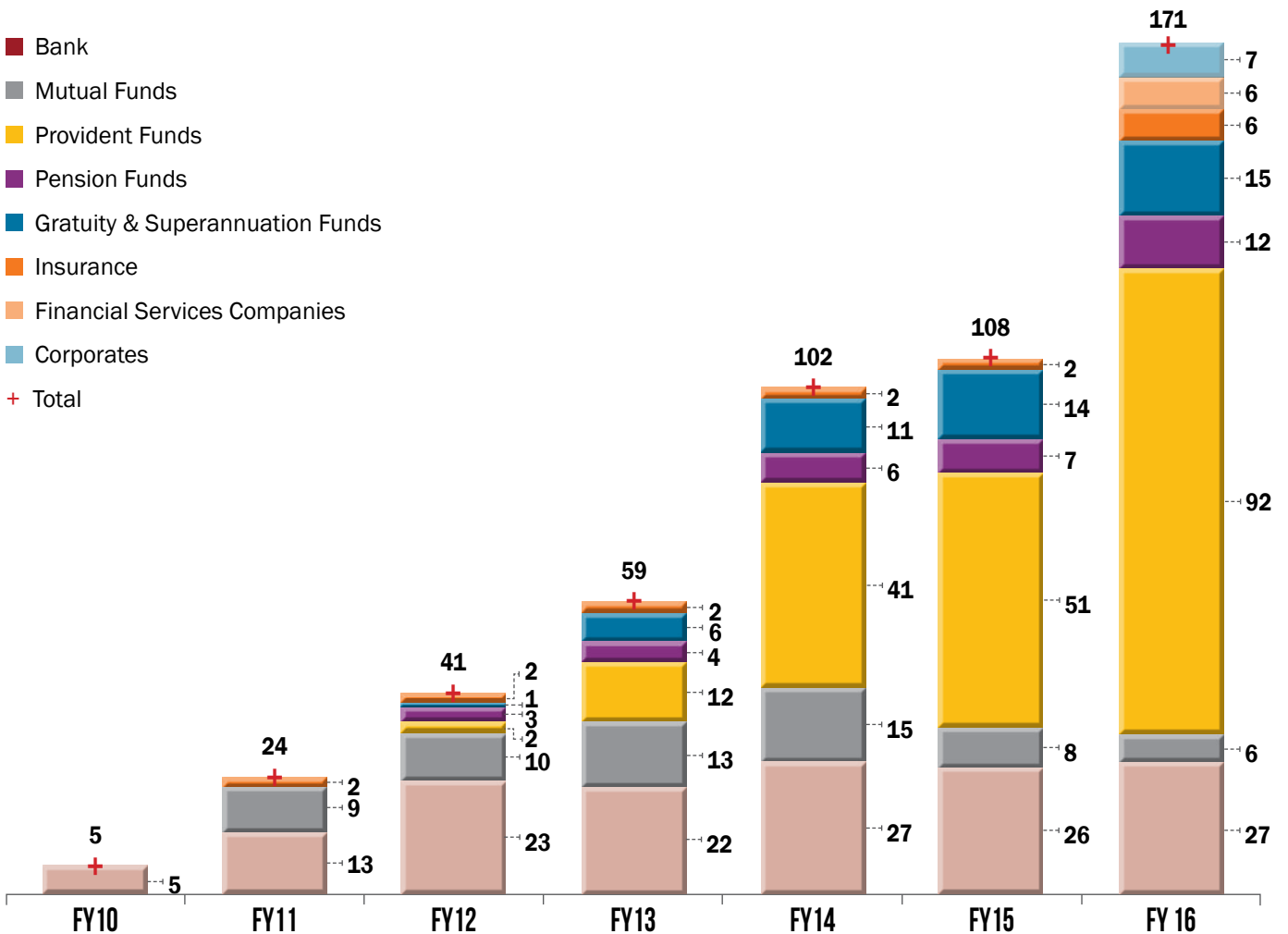
RESOURCES & LIABILITIES

Capital First has successfully diversified its liability portfolio with an array of 171 different institutional units for lines of credit, including banks,

mutual funds, superannuation funds, provident funds and gratuity funds in FY16. During the last financial year, the Company has successfully opened

up new avenues of funding and raised significant amounts of funds through Non-Convertible Debentures (NCDs).

No. of Institutions providing Lines of Credit



RESOURCES & LIABILITIES

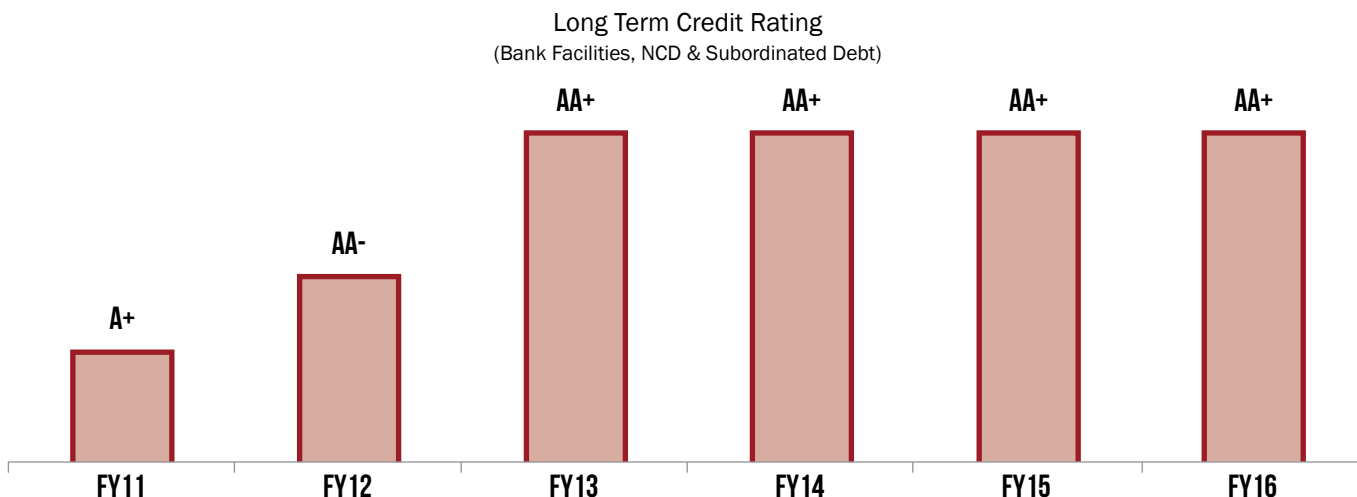
In the last financial year, the Company diversified its borrowing base and raised more than ₹ 20.00 Bn in bonds in FY 2015-16 from marquee domestic and international investors including International Finance Corporation (IFC), which establishes the financial and operational strength of the Company.

The long term credit rating of the Company is AA+ for Bank

Facilities, NCD & Subordinated Debt, which recognises its comfortable capitalisation levels, strong business model, comfortable asset quality parameters, healthy liquidity position, experienced management team, strong promoters and reputed institutional shareholders. During the last 6 years, the long term credit rating of CFL has been upgraded thrice and the Company has been able to maintain its excellent credit rating over

the last 4 years consequently. This has been an excellent achievement for the Company, which is seen in the perspective that such rating has been achieved by very select finance companies and banks in India, who have had many decades of existence in the business. The short term credit rating of the Company at A1+ is the highest allotted grade.

The Company has a long term credit rating at AA+, which is achieved by very select finance companies and banks in India



The long term credit rating of the Company is AA+ for Bank Facilities, NCD & Subordinated Debt, which recognises its comfortable capitalisation levels, strong business model, comfortable asset quality parameters, healthy liquidity position, experienced management team, strong promoters and reputed institutional shareholders.

The short term credit rating of the Company is A1 + (Highest).

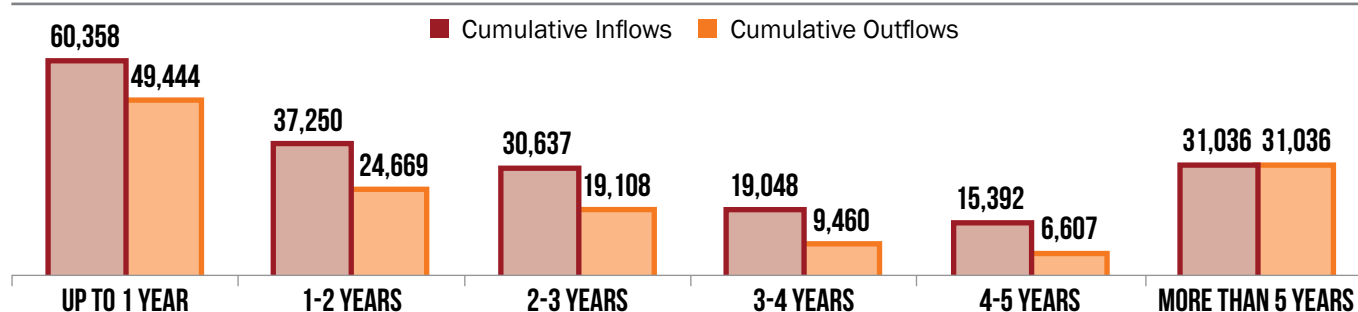
ASSET LIABILITY MANAGEMENT

The Company has one of the most conservative and prudent policies for matching funding to assets. This translates into a robust Asset Liability stability. As a key strategy to manage healthy

cash flows, the Company borrows for a longer tenor than the actuarial maturity of its assets. Hence, the total inflow in each maturity bucket is higher than the total outflows in the respective buckets, which

provides the Company adequate liquidity at all times. The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis.

Asset Liability Management (₹ mn)



CONSOLIDATED FINANCIAL PERFORMANCE

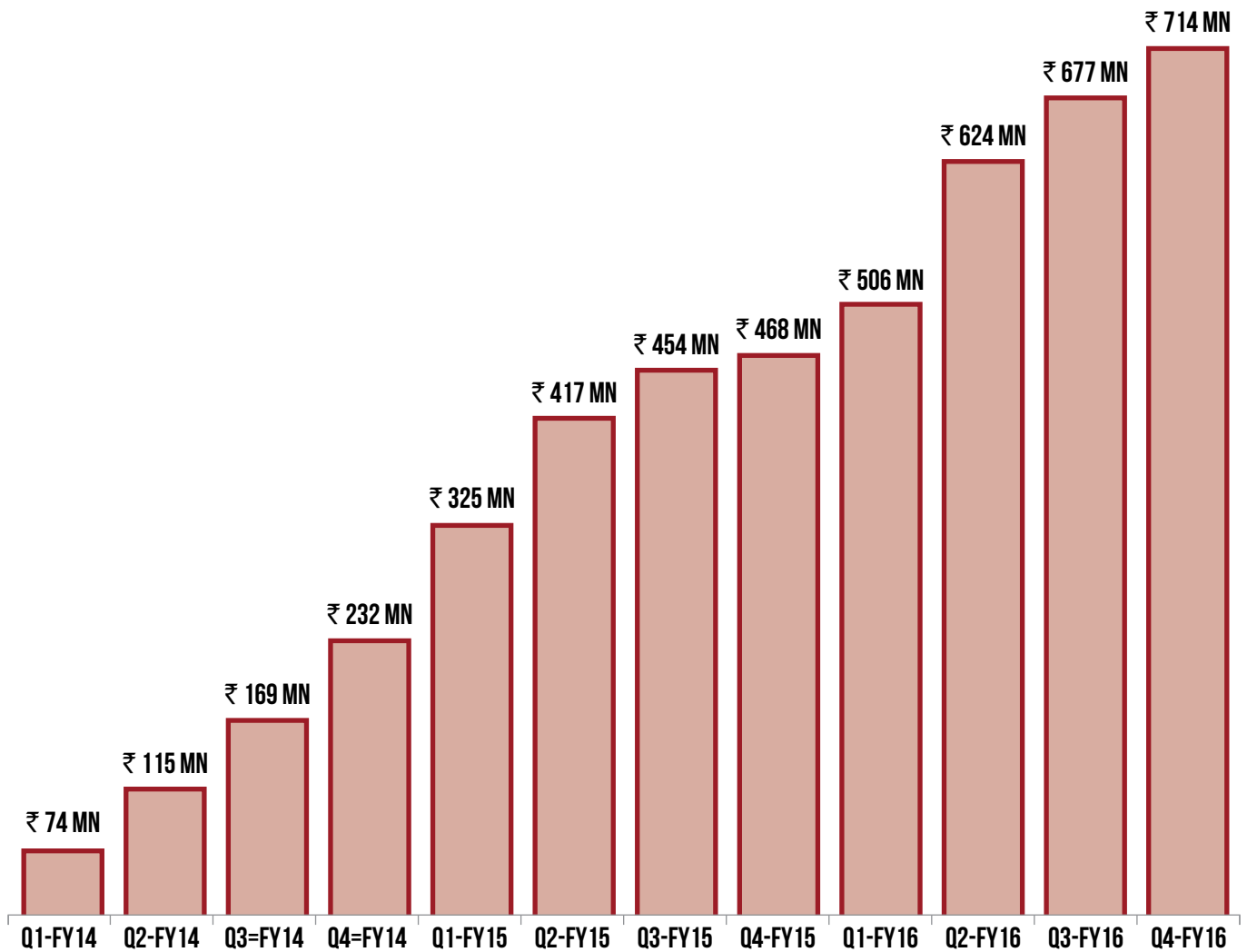
The following table presents the consolidated results of the Company's operations for the year ended March 31, 2016:

(₹ mn)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 | % change |
|----------------------------------|------------------------------|------------------------------|------------|
| Interest Income | 17,153 | 13,241 | 30% |
| Less: Interest Expense | 8,972 | 7,878 | 14% |
| Net Interest Income (NII) | 8,181 | 5,363 | 53% |
| Total Income | 9,918 | 6,588 | 51% |
| Opex | 5,031 | 3,870 | 30% |
| Provision | 2,365 | 1,055 | 124% |
| PBT | 2,522 | 1,663 | 52% |
| PAT | 1,662 | 1,143 | 45% |

In FY16, the NII was up by 53% as compared to the previous year. The Profit Before Tax has increased by 52%.

PROFIT BEFORE TAX



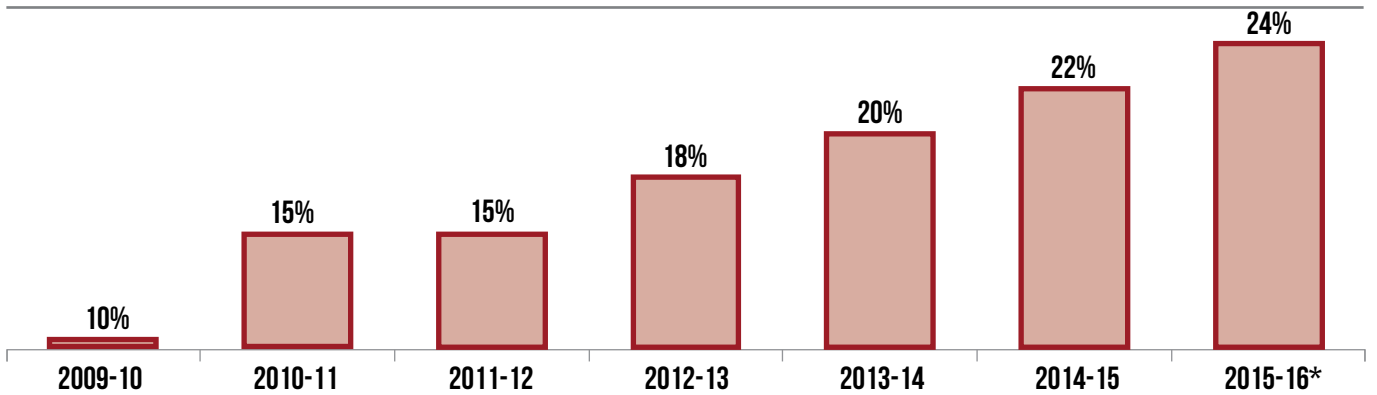
SHAREHOLDERS' FUNDS

As of March 31, 2016, shareholders' funds of the Company amounted to ₹ 17,035 Mn as compared to

₹ 15,786 Mn as on March 31, 2015. The Capital Adequacy Ratio (CAR) as on March 31, 2016 was 19.81%

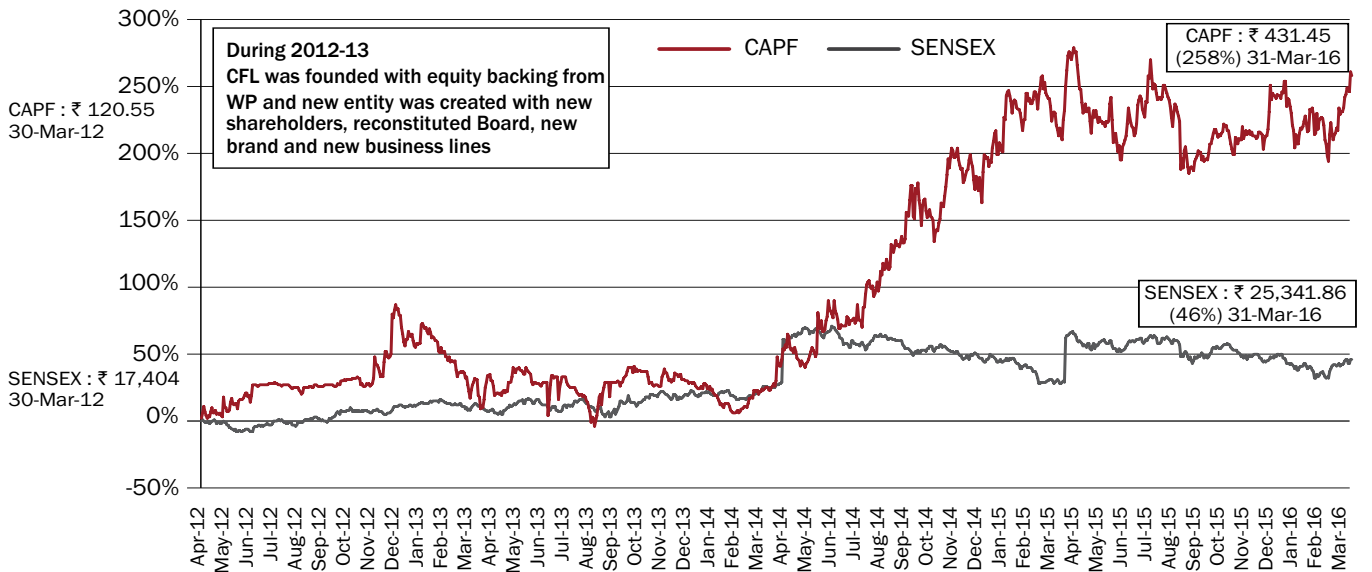
with Tier-I Capital Adequacy Ratio being at 14.53%.

Dividend (%)



* Proposed at AGM to be held on July 5, 2016

Share price performance



OPPORTUNITIES & OUTLOOK

The Government's focus on facilitating MSME's through its Make in India platform, to ensure a broad-based foundation to growth, augurs well for CFL as it caters to this segment. Further, predictions of an abundant monsoon suggest that rural demand for credit which would percolate to boost the urban and overall economy. This may lead to a spur of credit demand for two wheelers, consumer durables, commercial vehicles as well as rural credit in the near term. The overall economic boost and modernisation of infrastructure would also facilitate the growth of

other segments like Home Loans, SME Loans and Business Loans. New technologies, better and easier KYC checks and modern tech-based underwriting processes can open up new product and customer segments which have been traditionally ignored by the main stream financiers.

Outlook

Capital First envisages strong growth in the near-term as economic growth has picked up and the RBI is promoting investment and consumption by reducing rates and infusing liquidity.

The Company envisages good growth on the horizon too as the sectors that it caters to are not only large but growing and are still quite under-penetrated from the perspective of financing. Continuous innovations in terms of product space leveraging technology and changing consumer behaviour and demographics have opened up new horizons for growth. To ready itself for this take-off in growth, the Company has put in place robust internal risk-management systems and processes and supportive technology.

INTERNAL CONTROL SYSTEMS

Capital First has in place adequate systems of internal control which are commensurate with its size and nature of operations. It maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations.

The Company has in place adequate systems to ensure that assets are

safeguarded against losses that may arise due to unauthorised use or disposition and that transactions are authorised, recorded and reported. It has further strengthened its system controls by implementing robust Loan Management Systems.

The Company has an Internal Audit Department, which reports to the Audit Committee of the Board of Directors of the Company. The department conducts comprehensive audits of functional areas and operations of the

Company to examine the adequacy of and compliance with policies, plans and statutory requirements.

Significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

RISKS AND CONCERNS

CAPITAL FIRST CONTINUES TO INVEST IN PEOPLE, PROCESSES AND TECHNOLOGY AS THE COMPANY ACKNOWLEDGES THAT THESE ARE VITAL ELEMENTS FOR MITIGATING VARIOUS RISKS POSED BY THE ENVIRONMENT

Capital First continues to invest in people, processes and technology as the Company acknowledges that these are vital elements for mitigating various risks posed by the environment.

Credit Risk Management: Capital First has established detailed procedures and policies for underwriting across various product categories, based on the credit profile of the customer. The Company underwrites loans on the basis of assessed cash flow capabilities of customers as well as LTV norms and Credit scoring. While it does lay emphasis on regular credit bureau inputs and detailed credit analysis processes, it considers various other factors too.

Interest rate volatility: Fluctuations in interest rates could adversely affect borrowing costs, interest income and net interest margins of companies in the financial sector. Being well funded with a strong shareholder base, Capital First is in a position to tide over such spells. Further, the Company ensures that it maintains an appropriate proportion of asset and liabilities at floating rate to avoid interest rate mismatches.

Competition: The financial services space in India is highly competitive.

However, as the segments in which Capital First is present (MSME and consumer finance) are enormous and growing and highly under-served, there is scope for business growth despite the competition. Further, being well capitalised, with robust internal controls and risk management systems in place, give us an advantage over peers in the sector.

Changes in policies towards NBFC: There is a growing trend towards more stringent yet structurally beneficial regulation in the NBFC sector. Anticipating such regulations and implementing good governance norms before they are mandated has been a constant practice at Capital First. Accordingly, the Company stands to benefit by policy notifications.

Operational Risk Management: Towards minimising operational risks, the Company has created 'maker-checker' processes for critical controls. Further, it has laid down detailed process manuals with Service Level Agreements (SLA) for document processing and handling. It has also automated loan processing and management through established systems.

The Company ensures that the underwriting and collection

THE COMPANY BELIEVES ITS EFFORTS TO CONTINUOUSLY STRENGTHEN ITS RISK FRAMEWORK AND PORTFOLIO QUALITY, HAS HELPED US BUILD A STABLE & HEALTHY PORTFOLIO

process and infrastructure are well streamlined and managed by a highly competent workforce that is imparted necessary training as well. This helps in maintaining Capital First's high asset quality and low NPA levels. Capital First realises that a good customer experience is of critical importance in building a sustainable customer franchise. Accordingly, the Company constantly endeavours to improve the service engagement with its customers through physical branches and the call centre with effective customer engagement and awareness tools like regular automated SMS, welcome and awareness calling, e-mailers and follow-up letters at regular intervals to keep the customer aware of the payment cycle.

The Company has also put in place Management Information Systems (MIS) through a strong IT backbone to assist in monitoring of portfolios on a continuous basis. It has been continuously monitoring and realigning its credit policies and processes at regular intervals and is also working closely with leading credit bureaus in the country to ensure better credit quality.

The risk management committee reviews are regularly undertaken to examine and address issues such as systemic risks to the organisation/ portfolio/balance sheet arising from credit quality, liquidity and interest rate movements. The Company believes its efforts to continuously strengthen its risk framework and portfolio quality, has helped us build a stable & healthy portfolio.

INFORMATION TECHNOLOGY

Capital First continues to excel in the use of technology towards improving and integrating customer experiences and in the area of automation and security. The Company has also

invested in best-of-breed security infrastructure and taken steps towards creating a Disaster Recovery capability for its critical systems. As a testimony to your

Company's highest standards of IT governance, the British Standards Institute (BSI) has reaffirmed its ISO 27001 certification.

HUMAN CAPITAL

Capital First recognises that people play a key role in gaining competitive advantage in our industry. We are focussed on creating the right working environment for our people to excel. The Company has scored above most companies in the Great Place to Work survey for companies that are of same vintage as Capital First. We will continue to work towards improving all aspects of our people practices to be counted among the Great Places to Work.

This year, we introduced the “BIG Call” where our Chairman address all employees of the Company on a bi-monthly basis providing them with the vision and direction of our Company, followed by a Q&A. This initiative has been highly appreciated by all employees.

The sharpness of our performance management processes has brought transparency, fairness and great clarity in what is expected of our employees. This has led to a highly credible process and businesses achieving their goals. Our reward practices continue to be competitively benchmarked.

We have invested in automating our process to make it easy for our employees to succeed. The Learning Management System “iLearn” that has been implemented allows for employees to learn and build their skills anytime, anywhere. Overall, we have increased our investments in training our employees and we are seeing the results in higher productivity.

The Health and Wellbeing of our employees is of paramount importance. This year the Company enrolled all of its employees in a health program “Stepathalon” which encourages employees to lead a healthy lifestyle. We have consciously provided excellent office facilities that are convenient to access to our customers and employees across our footprint in India.

We take great pride in being compliant to all laws and regulations governing labour and we continue to exercise strong governance over all our practices.

As on March 31, 2016, we had 1,412 employees.

CAUTIONARY STATEMENT

Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eleventh Annual Report of your Company with the audited financial statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

The highlights of the Consolidated and Standalone Financial Statements of the Company for the financial years 2015-16 and 2014-15 are as under:

(₹ in Million)

| Particulars | Consolidated | | Standalone | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Total Income | 18,887.96 | 14,418.58 | 18,478.41 | 14,259.32 |
| Total Expenditure | 16,364.41 | 12,791.40 | 16,092.27 | 12,646.13 |
| Profit Before Tax and exceptional items | 2,523.55 | 1,627.18 | 2,386.14 | 1,613.19 |
| Provision For Tax | 847.98 | 510.59 | 817.03 | 492.99 |
| Profit after tax from continuing operations | 1,675.57 | 1,116.59 | 1,569.11 | 1,120.20 |
| Profit/(Loss) after tax from Discontinuing operations | -13.72 | 26.22 | - | - |
| Profit for the year | 1,661.85 | 1,142.81 | 1,569.11 | 1,120.20 |
| Profit/(Loss) brought forward from previous Year | 1,468.60 | 931.95 | 1,734.34 | 1,216.26 |
| Less: Accelerated Depreciation as per the Companies Act, 2013 | - | 6.71 | - | 6.71 |
| Less: Loss in recovery of advances granted to Employee Welfare Trusts | - | 18.36 | - | 18.36 |
| Profit available for appropriation | 3,130.45 | 2,049.69 | 3,303.45 | 2,311.39 |
| Appropriations: | | | | |
| Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934 | 313.82 | 224.04 | 313.82 | 224.04 |
| Transfer to statutory reserve under Section 29C of the National Housing Bank Act, 1987 | 12.48 | 4.03 | - | - |
| Proposed Dividend | 218.99 | 200.24 | 218.99 | 200.24 |
| Dividend Tax thereon | 44.58 | 40.76 | 44.58 | 40.76 |
| Transfer to General Reserve | 156.91 | 112.02 | 156.91 | 112.02 |
| Balance carried forward to Balance Sheet | 2,383.66 | 1,468.60 | 2,569.14 | 1,734.34 |

The Company is focused on providing retail loans to MSMEs and consumers, including long term loans secured by property, two-wheeler loans and consumer durable loans, which is expected to drive growth for the Company going forward.

During the year under review, the Company has successfully grown its outstanding Loan Assets under Management from ₹ 119.75 billion to ₹ 160.41 billion, a growth of 34%. The Retail Assets under Management has grown from ₹ 101.17 billion to ₹ 137.56 billion, a growth of 36%. Wholesale Book increased only by 23% from ₹ 18.62 billion to ₹ 22.85 billion.

The Consolidated Net worth of the Company increased from ₹ 15.74 billion to ₹ 17.03 billion as at March 31, 2016.

Consolidated Net Interest Income increased by 53% from ₹ 5363 million during the financial year ending March 31, 2015 to ₹ 8181 million during the financial year ending March 31, 2016.

The profit after tax was up by 45% from ₹ 1143 million to ₹ 1662 million.

The Company proposes to transfer an amount of ₹ 156.91 million to the General Reserves.

DIVIDEND

Keeping in mind the overall performance and the outlook for your Company, your Directors are pleased to recommend a dividend of ₹ 2.40/- (Rupees Two and forty paise only) per share i.e. 24% on each Equity Share having face value of ₹ 10/- (Rupees Ten only). The total outgo for the current year amounts to ₹ 218.99 million as against ₹ 200.24 million in the previous year.

CAPITAL ADEQUACY

The Company's capital adequacy ratio was 19.81% as on March 31, 2016, which is significantly above the threshold limit of 15% as prescribed by the Reserve Bank of India ('RBI').

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Circular/ Notifications/ Directions issued by Reserve Bank of India from time to time, the Management Discussion and Analysis of the financial condition and result of consolidated operations of the Company for the year under review is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE

A Report on Corporate Governance as required under Listing Regulations forms part of the Annual Report.

DIRECTORS' REPORT (CONTD.)

A Certificate from M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations, also forms part of the Annual Report.

SHARE CAPITAL

During the year under review, the Company had issued and allotted 2,55,475 equity shares and subsequent to the year under review, 8,600 equity shares were also allotted to the eligible employees of the Company under various Employee Stock Option Schemes of the Company. The paid up equity share capital of the Company as on date of this report stands at ₹ 91,24,63,440/- comprising of 9,12,46,344 equity shares of ₹ 10/- each.

PUBLIC DEPOSITS

The Company being a Non-Deposit Accepting Non-Banking Finance Company has not accepted any deposits from the public during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI.

RBI GUIDELINES

As a Systemically Important Non-Deposit taking Non-Banking Finance Company, your Company always aims to operate in compliance with applicable RBI laws and regulations and employs its best efforts towards achieving the same.

NUMBER OF MEETINGS OF THE BOARD

The Board met 5 times during the financial year 2015-16 viz., on April 1, 2015, May 13, 2015, August 4, 2015, November 2, 2015 and February 10, 2016. The maximum interval between any two meetings did not exceed 120 days.

COMMITTEES OF THE BOARD

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

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility 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.

AUCTIONED DETAILS

The disclosures as required by Circular No. DNBS.CC.PD.No. 356 /03.10.01/2013-14 dated September 16, 2013 issued by RBI, regarding reporting of the Gold Auctioned during the financial year 2015-16 are provided at Note No. 39 of Notes to the Standalone Financial Statements.

CREDIT RATING

Short-term borrowing program: During the year under review, Credit Analysis & Research Ltd. ("CARE") reaffirmed the "A1+" ("A One Plus") rating for the short term borrowing program. The rating is the highest rating issued by CARE for short-term debt instruments and indicates strong capacity for timely payment of short term debt obligations and further indicates that the borrowing carries the lowest credit risk. During the year under review, the rating of short term borrowing program was enhanced by ₹ 5,000 million i.e. from ₹ 12,000 million to ₹ 17,000 million.

During the year, CARE and Brickwork Ratings India Private Limited (Brickwork) reaffirmed the long term rating of "AA+" (Double A Plus) of your Company. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Long-term Bank Loan Facilities: During the year, the Company's rating of "CARE AA+" ("Double A Plus") by CARE in respect of the bank loan facilities of the Company was reaffirmed for an amount of ₹ 82,450 million.

Secured Redeemable Non-Convertible Debentures (NCDs): During the year CARE reaffirmed the Company's rating of "CARE AA+" ("Double A Plus") for the Secured Redeemable NCDs for an aggregate amount of ₹ 28,500 million (enhanced from ₹ 13,000 million). The rating of "BWR AA+" ("BWR Double A Plus") for an aggregate amount of ₹ 9,000 million (rating of ₹ 5,500 million was withdrawn because of redemption of NCDs) was also reaffirmed by Brickwork.

Subordinated Non-Convertible Debentures (NCDs): During the year CARE reaffirmed the rating of "CARE AA+" ("Double A Plus") rating for the Unsecured Subordinated Debt program of the Company for an aggregate amount of ₹ 8,000 million (enhanced from ₹ 2,000 million). Brickwork also reaffirmed the rating to "BWR AA+" ("BWR Double A Plus") for the Unsecured

DIRECTORS' REPORT (CONTD.)

Subordinated Debt program of the Company for an aggregate amount of ₹ 8,000 million (enhanced from ₹ 2,000 million).

Perpetual Non-Convertible Debentures (NCDs): During the year CARE reaffirmed the "CARE AA" ("Double A") rating to the Perpetual Debt program of the Company for an aggregate amount of ₹ 3,000 million (enhanced from ₹ 2,000 million). Brickwork also reaffirmed the "BWR AA" ("Double A") rating to the Perpetual Debt program of the Company for an aggregate amount of ₹ 2,500 million (enhanced from ₹ 2,000 million).

DIRECTORS & KEY MANAGERIAL PERSONNEL

a. Appointment

Pursuant to approval of the Members of the Company at their Annual General Meeting held on July 20, 2015, Mr. V. Vaidyanathan was reappointed as Chairman and Managing Director of the Company (DIN 00082596) for a period of five years with effect from August 10, 2015 on terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and more particularly set out in the 'CMD Agreement 2015' entered into between the Company and Mr. V. Vaidyanathan.

Subsequent to the year under review, the Board of Directors at its Meeting held on April 4, 2016 appointed Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) as Additional Directors who shall act as Whole Time Directors and Key Managerial Personnels of the Company as per provisions of Companies Act, 2013 and both were designated as 'Executive Director' for a period of two years effective from April 4, 2016. The aforesaid appointment of Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) shall be subject to the approval of members in the ensuing Annual General Meeting of the Company.

The Company has received notices in writing under Section 160 of the Companies Act, 2013 from Mr. Apul Nayyar and Mr. Nihal Desai proposing their appointment as Directors. The Board recommends their appointment.

The details of the aforesaid Directors forms part of this Report as **Annexure 1**.

Based on the confirmations received, none of the Directors are disqualified for appointment under Section 164(2) of Companies Act, 2013.

b. Retire by Rotation

In accordance with Section 152 and other applicable provisions of Companies Act, 2013, Mr. Narendra Ostawal (DIN 06530414), being Non-Executive Director, retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Board recommends his appointment.

BOARD'S INDEPENDENCE

Definition of 'Independence' of Directors is in conformity with Section 149(6) of the Companies Act, 2013 and the requirements of Listing Regulations. 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. N. C. Singhal (DIN 00004916)
2. Mr. Hemang Raja (DIN 00040769)
3. Mr. M. S. Sundara Rajan (DIN 00169775)
4. Dr. (Mrs.) Brinda Jagirdar (DIN 06979864)
5. Mr. Dinesh Kanabar (DIN 00003252)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby stated that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

DIRECTORS' REPORT (CONTD.)

- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION AND EVALUATION

Pursuant to the provisions of the Companies Act, 2013 ("the Act") and Listing Regulations, Policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees had been formulated including criteria for determining qualifications, positive attributes, Independence of a Director and other matters as required under the said Act and Listing Regulations.

The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- Expertise;
- Objectivity and Independence;
- Guidance and support in context of life stage of the Company;
- Understanding of the Company's business;
- Understanding and commitment to duties and responsibilities;
- Willingness to devote the time needed for effective contribution to Company;
- Participation in discussions in effective and constructive manner;
- Responsiveness in approach;
- Ability to encourage and motivate the Management for continued performance and success.

The evaluation involves Self-Evaluation by the Board Member and subsequent assessment by the Board of Directors. A member of the Board will not participate in the discussion of his/her evaluation.

Accordingly, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors and also the necessary evaluation was carried out by Nomination and Remuneration Committee and Independent Director at their respective meetings held for the purpose.

CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements are provided in this Annual Report which have been prepared in accordance with relevant Accounting Standards issued by the Institute of Chartered Accountants of India.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188

During and subsequent to the year under review, the contracts or arrangements with related parties have been on arms length and in ordinary course of business and they were not material in nature. Accordingly, the particulars of the transactions as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013 are not required to be disclosed as they are not applicable.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure 2** to this Director's Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors at its meeting held on May 8, 2014 had constituted Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of Companies Act, 2013 read with rules formulated therein. During the year under review the Company pursuant to the recommendation of the CSR Committee had adopted a detailed policy on Corporate Social Responsibility and also discussed and identified the core areas in which the CSR activities was proposed to be carried out from time to time. Accordingly, the Company had carried out CSR activities/ programs on the recommendation of the CSR Committee and duly approved by the Board.

The Company chooses its CSR programs among many options in the CSR Committee and the Board Meeting(s) and does not get persuaded by any external influences other than those short listed in the best of spirit and which can add the social value in the pragmatic and idealistic sense.

The details of contents of CSR Policy of the Company and the details about the development of CSR Policy and initiatives taken by the Company on Corporate Social Responsibility during the financial year have been appended as **Annexure 3** to this Report.

DIRECTORS' REPORT (CONTD.)

STATUTORY AUDITORS AND THEIR REPORT

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, having ICAI Firm Registration No. 301003E/E300005 were appointed as Statutory Auditors of your Company at the Ninth Annual General Meeting (AGM) held on June 18, 2014 from the conclusion of the said AGM till conclusion of Twelfth Annual General Meeting. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors is required to be ratified by members at every Annual General Meeting. Accordingly, the appointment of M/s. S. R. Batliboi & Co. LLP, as Statutory Auditor of the Company is placed for ratification by the shareholders.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report for financial year 2015-16, has been appended as **Annexure 6** to this Report.

The Board of the Directors at their Meeting held on May 13, 2016 have reappointed M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2016-17.

SUBSIDIARIES

Your Directors are pleased to inform that the Hon'ble High Court of Judicature at Bombay, vide its order dated July 31, 2015, has approved the Scheme of Amalgamation of Capital First Investment Advisory Limited with Capital First Home Finance Limited (formerly Capital First Home Finance Private Limited) and the same has been effective pursuant to filing a certified copy of the said order with the Registrar of Companies on August 31, 2015.

During the year under review, pursuant to completion of regulatory formalities of process of conversion of Private Limited Company to Public Limited Company, the name of "Capital First Home Finance Private Limited" was changed to "Capital First Home Finance Limited" with effect from December 5, 2015.

During the year under review, the non-material wholly owned overseas subsidiary of the Company viz. Anchor Investment & Trading Private Limited incorporated under the laws of

Mauritius was dissolved as it was a non-operative Company. The dissolution was effective from February 19, 2016 vide General Notice No. 304 of 2016 of "The Mauritius Government Gazette" dated March 14, 2016.

With respect to comments of Secretarial Auditor for the year under review, the Company has filed a return with appropriate authority w.r.t. closure of its wholly owned subsidiary namely Anchor Investment & Trading Private Limited after statutory due date, due to delayed receipt of the publication of gazette of Mauritius from the said subsidiary wherein such effective date of dissolution was mentioned.

PARTICULARS OF EMPLOYEES, EMPLOYEES STOCK OPTION SCHEME AND EMPLOYEES STOCK PURCHASE SCHEME

The details in terms of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure 5**. The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 may be obtained by the members by writing to the Company Secretary of your Company.

During the year under review, the Company has granted employee stock options to eligible employees under various Employee Stock Option Schemes. The Company had issued and allotted 2,55,475 equity shares and subsequent to the year under review, 8,600 equity shares were allotted to the eligible employees of the Company under various Employee Stock Option Schemes of the Company.

Subsequent to the year under review, Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee at its Meeting held on May 13, 2016, approved the 'CFL Stock Option Scheme - 2016' subject to the approval of Members of the Company.

The details with respect to the Employee Stock Option Schemes/ Employee Stock Purchase Scheme are annexed and forms part of this Report as **Annexure 4**.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, EXPENDITURE ON RESEARCH AND DEVELOPMENT, FOREIGN EXCHANGE INFLOW/OUTFLOW, ETC.

The requirements of disclosure with regard to Conservation of Energy in terms of Section 134 of the Companies Act, 2013, read

DIRECTORS' REPORT (CONTD.)

with the Companies (Accounts) Rules, 2014, are not applicable to the Company since it doesn't own any manufacturing facility.

However, the Company makes all efforts towards conservation of energy, protection of environment and ensuring safety.

The details of the earnings and outgoing Foreign Exchange during the year under review are provided in Note No. 36 to the Standalone Financial Statements as at March 31, 2016. The Members are requested to refer to the said Note for details in this regard.

VIGIL MECHANISM

Your Company has established a 'Whistle Blower Policy and Vigil Mechanism' for Directors and employees 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 said policy has been uploaded on the website of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS 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.

RISK MANAGEMENT POLICY AND INTERNAL CONTROL

The Company has adopted a Risk Management Policy duly approved by the Board and also has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Risk Management Committee, Audit Committee

and the Board of Directors of the Company. The Company's internal control systems are commensurate with the nature of its business and the size and complexity.

The detailed note on Risk Management and Internal Controls forms part of Management Discussion and Analysis Report.

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

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 read with Rules thereunder, the Company had received one complaint of sexual harassment during the year under review. The same had been resolved after following due process of law.

ACKNOWLEDGEMENT

We are grateful to the Government of India, the Reserve Bank of India, the Securities and Exchange Board of India, the Stock Exchanges, Insurance Regulatory and Development Authority of India, National Housing Bank and other regulatory authorities for their valuable guidance and support and wish to express our sincere appreciation for their continued co-operation and assistance. We look forward to their continued support in future.

We wish to thank our bankers, investors, rating agencies, customers and all other business associates for their support and trust reposed in us.

Your Directors express their deep sense of appreciation for all the employees whose commitment, co-operation, active participation, dedication and professionalism has made the organization's growth possible.

Finally, the Directors thank you for your continued trust and support.

On behalf of the Board of Directors

V. Vaidyanathan

Chairman & Managing Director

DIN: 00082596

Place : Mumbai

Date : May 13, 2016

ANNEXURE 1 TO THE DIRECTORS' REPORT

BRIEF PROFILE OF DIRECTORS

I. MR. V. VAIDYANATHAN (DIN 00082596)

Mr. V. Vaidyanathan founded Capital First Limited by first acquiring an equity stake in an existing Non-Banking Financial Company (NBFC) and then securing an equity backing of ₹ 810 crore in 2012 from reputed PE Warburg Pincus resulting in buyout of other majority shareholders. As part of the process all key constituents of the company was changed as follows:

- The majority and minority shareholding was changed through buyout and Open Offer to public;
- Fresh capital of ₹ 100 Crores was infused into the company;
- The Board of Directors was reconstituted;
- The business of the company was changed from wholesale to retail lending;
- A new brand Capital First was created. Post the buyout, he holds shares and options totaling 13% of the equity of the company on a fully diluted basis through personal holdings and related entities.

He believes that financing India's 30 million MSMEs and India's emerging middle class, with a differentiated model, based on new technology platforms, offers a unique opportunity in India. As part of this belief, he converted the existing NBFC, which was into wholesale financing business (90% of book) in March 2010, into a retail finance institution (85% of book), and expanded retail operations to 222 locations across India within 5 years. During this period, he has grown the total loan book from ₹ 935 Crores to ₹ 14973 Crores, of which retail financing grew from ₹ 94 Crores to ₹ 12,700 Crores, has grown the capital (T1+T2) from ₹ 690 Crores to ₹ 2,363 Crores (Dec 2015), reduced the NPA from 5.36% to about 1%, got the long term credit rating upgraded thrice from A+ to AA+ and exited legacy businesses like forex, broking, wealth management and investment management. (₹ 100 Crores = ₹ 1.00 billion = USD 15 million @ 1 USD= ₹ 66.7)

He joined ICICI Limited in early 2000 when it was a Domestic Financial Institution (DFI) and the retail businesses he built helped the transition of ICICI from a DFI to a Universal Bank. He launched the Retail Banking Business for ICICI Limited in 2000, and grew ICICI Bank to 1400 Bank branches in 800 cities, 25 million customers, a vast CASA and retail deposit base, branch, internet and digital banking, and built a retail

loan book of over ₹ 1,35,000 Crores in Mortgages, Auto loans, Commercial Vehicles, Credit Cards and Personal Loans. He also built the ICICI Bank's SME business and managed the Rural Banking Business. These businesses helped the conversion of the institution to a universal bank renowned for retail banking.

He was appointed as MD and CEO of ICICI Personal Financial Services at 32, Executive Director on the Board of ICICI Bank at the age of 38 and became the MD and CEO of ICICI Prudential Life Insurance Co at 41. He was also the Chairman of ICICI Home Finance Co. Ltd., and served on the Board of ICICI Lombard General Insurance Company, CIBIL- India's first Credit Bureau, and SMERA- SIDBI's Credit Rating Agency. He started his career with Citibank India in 1990 and worked there till 2000 in retail banking.

During his career, he and his organization have received a large number of domestic and international awards including 'Outstanding Entrepreneur Award' in Asia Pacific Entrepreneurship Awards 2016, Greatest Corporate Leaders of India- 2014, "Best Retail bank in Asia 2001", "Excellence in Retail Banking Award" 2002, "Best Retail Bank in India 2003, 2004, and 2005" from the Asian Banker, "Most Innovative Bank" 2007, "Leaders under 40" from Business Today in 2009, and was nominated "Retail Banker of the Year" by EFMA Europe for 2008.

He is an alumnus of Birla Institute of Technology and Harvard Business School and is a regular contributor on Financial and Banking matters in India and international forums. He is a regular marathoner and has run 7 marathons and 15 half marathons. He lives in Mumbai with his family of father, wife and three children.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. V. Vaidyanathan, (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2016 are as follows:

| Sr. No. | Name of the Company | Committee positions held (excluding Capital First Limited) | |
|---------|------------------------------------|--|-------------------------------------|
| | | Audit Committee | Stakeholders Relationship Committee |
| 1. | Capital First Home Finance Limited | - | - |

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

Mr. Vaidyanathan holds 3,41,496 equity shares in Capital First Limited. In addition, JV and Associates LLP in which Mr. V. Vaidyanathan is partner holds 47,73,795 shares.

II. MR. N.C. SINGHAL (DIN 00004916)

Mr. N. C. Singhal, aged 79 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2010. Mr. Singhal is the Chairman of Nomination and Remuneration Committee and a Member of Audit Committee of the Board of Directors of the Company.

Mr. N. C. Singhal holds postgraduate qualifications in Economics, Statistics and Administration and was awarded the United Nations Development Programme Fellowship for advanced studies in the field of project formulation and evaluation, in Moscow and St. Petersburg. He received professional training in development banking at the World Bank, Washington D.C. and Kreditanstalt für Wiederaufbau, Frankfurt. He was the founder Chief Executive Officer, designated as the Vice-Chairman & Managing Director of The Shipping Credit & Investment Corporation of India Limited (since merged with the ICICI). Earlier, he was a senior executive and then a member of the Board of Directors of ICICI Limited. He was a Banking Expert to the Industrial Development Bank of Afghanistan, for the World Bank project and a Consultant and Management Specialist with the Asian Development Bank in Philippines, South Korea, Pakistan and Uzbekistan.

Mr. Singhal is a member of the Advisory Board of the International Maritime Bureau, London and was the Vice-Chairman of the Commission on Maritime Transport of the International Chamber of Commerce, Paris. He has been Non-Executive Chairman/ Director of several companies; including, Axis Bank Limited, Shipping Corporation of India Limited and Max New York Life Insurance Company Limited. He is currently Non-Executive Chairman/Director of several companies in the manufacturing and financial sector.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. N. C. Singhal, (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2016 are as follows:

| Sr. No. | Name of the Company | Committee positions held (excluding Capital First Limited) | |
|---------|--|--|-------------------------------------|
| | | Audit Committee | Stakeholders Relationship Committee |
| 1. | Deepak Fertilizers and Petrochemicals Corporation Limited | C | - |
| 2. | Max India Limited (formerly known as Taurus Ventures Limited) | C | - |
| 3. | Birla Sun Life Asset Management Company Limited | - | - |
| 4. | Shapoorji Pallonji Forbes Shipping Limited | - | - |
| 5. | Tolani Shipping Company Limited | C | - |
| 6. | Sun Pharma Laboratories Limited | M | - |
| 7. | Max Ventures And Industries Limited (formerly known as Capricorn Ventures Limited) | - | - |

C - Chairman of the Committee

M - Member of the Committee

Mr. N.C. Singhal does not hold any shares in the Company.

III. MR. VISHAL MAHADEVIA (DIN 01035771)

Mr. Vishal Mahadevia, aged 43 years, is a Non-Executive Director of the Company. He joined the Board of Directors of the Company in September, 2012. Mr. Mahadevia is the Member of Audit Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Vishal Mahadevia is Managing Director and co-head of Warburg Pincus India Private Limited. Previously, he was with Greenbriar Equity Group, a fund focused on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, Inc., a New York-based private equity fund, and as a consultant with McKinsey & Company. He is a Director of AU Financiers, Biba Apparels, Continental Warehousing, Ecom Express, Gangavaram Port, IMC Limited and Kalyan

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

Jewellers. Mr. Mahadevia received a B.S. in economics with a concentration in finance and a B.S. in electrical engineering from the University of Pennsylvania.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. Vishal Mahadevia (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2016 are as follows:

| Sr. No. | Name of the Company | Committee positions held (excluding Capital First Limited) | |
|---------|--|--|-------------------------------------|
| | | Audit Committee | Stakeholders Relationship Committee |
| 1. | Gangavaram Port Limited | M | - |
| 2. | IMC Limited | M | - |
| 3. | Continental Warehousing Corporation (Nhava Seva) Limited | - | - |
| 4. | AU Financiers (India) Limited | M | - |

M - Member of the Committee

Mr. Vishal Mahadevia does not hold any shares in the Company.

IV. MR. M. S. SUNDARA RAJAN (DIN 00169775)

Mr. M. S. Sundara Rajan, aged 66 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February, 2013. Mr. Sundara Rajan is the Member of Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. M. S. Sundara Rajan is a Post Graduate in Economics from University of Madras with specialization in Mathematical economics, National Income and Social Accounting. He is also a Certified Associate of Indian Institute of Bankers and Associate Member of Institute of Company Secretaries of India. He was Chairman and Managing Director (CMD) of Indian Bank and has total experience of over 40 years in the Banking Industry. He has also earlier worked with Union Bank of India for over 33 years. During his Stewardship as CMD of Indian Bank, the said Bank has won many accolades and awards. He has been ranked 45th in the Economic Times India Inc's most powerful CEOs list (2009) and also Ranked No. 2 among the CEOs of Nationalized Banks and No. 6 among the CEOs of Commercial banks.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. M. S. Sundara Rajan (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2016 are as follows:

| Sr. No. | Name of the Company | Committee positions held (excluding Capital First Limited) | |
|---------|--|--|-------------------------------------|
| | | Audit Committee | Stakeholders Relationship Committee |
| 1. | BGR Energy Systems Limited | - | - |
| 2. | Royal Sundaram Alliance Insurance Company Limited | M | - |
| 3. | The Clearing Corporation of India Limited | M | - |
| 4. | Sharda Cropchem Limited | C | - |
| 5. | Sundaram Trustee Company Limited | M | - |
| 6. | Stock Holding Corporation Of India Limited | M | - |
| 7. | Capital First Home Finance Limited | C | - |
| 8. | GVR Infra Projects Ltd. | M | - |
| 9. | Continental Warehousing Corporation (NHAVA SEVA) Limited | C | - |

C - Chairman of the Committee

M - Member of the Committee

Mr. Sundara Rajan does not hold any shares in the Company.

V. MR. HEMANG RAJA (DIN 00040769)

Mr. Hemang Raja, aged 57 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February, 2013. Mr. Hemang Raja is the Chairman of Corporate Social Responsibility Committee and Member of Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Mr. Hemang Raja is an MBA from Abeline Christian University, Texas, with a major emphasis on finance. He has

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also done an Advanced Management Program (AMP) from Oxford University, UK. He has a vast experience of over thirty five years in financial services encompassing Private Equity and Fund Management business with Credit Suisse as MD and Head - India apart from fund based businesses such as Project Finance and Corporate Banking, together with Treasury management and Structured products with IL&FS. Mr. Raja has also been the head of Capital Market activities in the Institutional and Retail Segments when he started and became the Managing Director and CEO of the then newly formed initiative by IL&FS, namely IL&FS Investsmart Ltd.

His last assignment was in the area of Private Equity and Fund Management business with Credit Suisse and Asia Growth Capital Advisers in India as MD and Head - India. Over the course of his career he has cultivated and managed over a hundred strong Corporate Relationships and has been involved in the creation of a retail customer base of more than two hundred thousand, in IL&FS and IL&FS Investsmart Ltd. He has served on the executive committee of the board of the National Stock Exchange of India Limited also served as a member of the Corporate Governance Committee of the BSE Limited.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. Hemang Raja (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2016 are as follows:

| Sr. No. | Name of the Company | Committee positions held (excluding Capital First Limited) | |
|---------|----------------------------------|--|-------------------------------------|
| | | Audit Committee | Stakeholders Relationship Committee |
| 1. | Maini Precision Products Limited | C | - |

C - Chairman of the Committee

Mr. Hemang Raja does not hold any shares in the Company.

VI. DR. (MRS.) BRINDA JAGIRDAR (DIN 06979864)

Dr. (Mrs.) Brinda Jagirdar, aged 63 years, is a Non-Executive Independent Director of the Company. She joined the Board of Directors of the Company in September, 2014. Dr. (Mrs.) Brinda Jagirdar is the Chairperson of Stakeholders Relationship Committee and Member of Corporate Social

Responsibility Committee of the Board of Directors of the Company.

Dr. (Mrs.) Brinda Jagirdar is an independent consulting economist with specialization in areas relating to the Indian economy and financial intermediation. She is an Independent Director and member of the Directors' Forum of the FICCI Centre for Corporate Governance. She is member of the Research Advisory Committee of the Indian Institute of Banking and Finance, member of the Governing Council of Treasury Elite and visiting faculty, National Institute of Bank Management, Pune. She retired as General Manager and Chief Economist, State Bank of India, based at its Corporate Office in Mumbai.

As part of the Bank's senior Management team, Dr. Jagirdar's work at SBI involved tracking developments in the Indian and global economy and analysing implications for policy, participating in the Bank's Asset Liability Committee and Central Management Committee meetings, conducting research studies on relevant issues including financial inclusion, macroeconomic developments, banking sector reforms.

Dr. (Mrs.) Brinda Jagirdar was associated with the Raghuram Rajan Committee on Financial Sector Reforms in India, was a member of the Planning Commission's Sub Group on Household Sector Savings for the 12th Five Year Plan and member of the Ministry of Finance Group on Deepening India's Household Financial Savings.

She was member of Banking, Finance & Economics Committee of the Bombay Chamber of Commerce, member of the Monetary Policy Group of Indian Banks' Association and editorial committee member of the journal of the Indian Banks' Association.

She has a brilliant academic record, with a Ph.D. in Economics from the Department of Economics, University of Mumbai, M.S. in Economics from the University of California at Davis, USA, M.A. in Economics from Gokhale Institute of Politics and Economics, Pune and BA in Economics from Fergusson College, Pune. She has attended an Executive Programme at the Kennedy School of Government, Harvard University, USA and a leadership programme at IIM Lucknow.

She has participated and presented papers at several seminars and conferences in India and abroad. She is

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

regularly invited to make presentations and speak on topics relating to the economy and banking. She is frequently invited to be a panelist on TV business channels and contributes columns in business newspapers and journals.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Dr. (Mrs.) Brinda Jagirdar (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2016 are as follows:

| Sr. No. | Name of the Company | Committee positions held (excluding Capital First Limited) | |
|---------|------------------------------------|--|-------------------------------------|
| | | Audit Committee | Stakeholders Relationship Committee |
| 1. | Rane Engine Valve Limited | - | - |
| 2. | Capital First Home Finance Limited | M | - |

M - Member of the Committee

Dr. (Mrs.) Brinda Jagirdar does not hold any shares in the Company.

VII. MR. DINESH KANABAR (DIN 00003252)

Mr. Dinesh Kanabar, aged 57 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2015. Mr. Kanabar is the Chairman of Audit Committee of the Board of Directors of the Company.

Mr. Dinesh Kanabar is the CEO of Dhruva Advisors LLP. He is a Fellow Member of the Institute of Chartered Accountants of India.

Mr. Dinesh Kanabar has over the decades, been recognized by his peer group as amongst the top tax advisors in India. His ability to relate the business strategies of clients to the tax and regulatory environment has been recognized as unique and has played a critical role in evolving solutions for clients.

Prior to founding Dhruva Advisors, he held a series of leadership positions across several large professional service organizations in India. Most recently, he was the Deputy CEO of KPMG India where he played a key role in developing and implementing the firm's overall strategy. He also served as Chairman of KPMG's tax practice.

Before joining KPMG, he served as the Deputy CEO of RSM & Co., a leading tax boutique in India and subsequently led the tax and regulatory practice of PricewaterhouseCoopers (PwC) upon the merger of RSM & Co with PwC.

He is a member of the National Committee of FICCI and the Chairman of its Taxation Committee. He has worked with the Government on several policy committees, including tax reforms. He was a member of the Rangachary Committee which dealt with tax reforms in the IT / ITES sector and evolved Safe Harbour Rules.

He has worked on some of the largest and most complicated M&A transactions, internal reorganizations, tax litigation, Competent Authority proceedings, Advance Pricing Agreements, etc. The list of Corporates to whom he has rendered services include some of the largest MNCs as well as Indian business houses.

Mr. Dinesh Kanabar does not hold any Directorship and/or Membership/ Chairmanship of Committees of the Board in any Public Limited Company except in Capital First Limited.

Mr. Dinesh Kanabar does not hold any shares in the Company.

VIII. MR. NARENDRA OSTAWAL (DIN 06530414)

Mr. Narendra Ostawal, aged 38 years, is a Non-Executive Director of the Company. He joined the Board of Directors of the Company in January, 2015.

Mr. Narendra Ostawal is the Managing Director of Warburg Pincus India Private Limited and is based in Mumbai. He joined Warburg Pincus in 2007 and since then has been involved in the firm's investment advisory activities in India. Prior to joining Warburg Pincus, Mr. Ostawal was Associate with 3i, India and McKinsey & Company. Mr. Ostawal holds a Chartered Accountancy degree from The Institute of Chartered Accountants of India and an M.B.A. from Indian Institute of Management, Bangalore.

Mr. Narendra Ostawal does not hold any Directorship and/or Membership/ Chairmanship of Committees of the Board in any Public Limited Company except in Capital First Limited.

Mr. Narendra Ostawal does not hold any shares in the Company.

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IX. MR. APUL NAYYAR (DIN 01738973)

Mr. Apul Nayyar, aged 43 years, is a Whole Time Director and Key Managerial Personnel of the Company as per provisions of Companies Act, 2013 designated as 'Executive Director'. He joined the Board of Directors of the Company in April, 2016.

Mr. Apul has extended the frontiers of the Company to rich diversified businesses in Retail and SME business through large & distributed distribution networks across both physical & digital canvass. He has worked extensively on building the same by leveraging technology & decision science. Apart from other retail products, he has also led Company's foray into affordable housing segment and is a designated director in its housing finance subsidiary.

He has more than 18 years of experience in the Financial Services Industry. Previously, he has worked in leadership positions across companies like India Infoline (IIFL), Merrill Lynch and Citigroup. His expertise in development of business models led to the setup of Lending businesses for some of the above organizations.

Mr. Apul Nayyar is a qualified Chartered Accountant. Mr. Nayyar has successfully concluded "Global Program for Management Development"(GPMD) from Ross School of Business Michigan, USA.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. Apul Nayyar (except Private Companies, Non-Profit Companies and Foreign Companies) as on March 31, 2016 are as follows:

| Sr. No. | Name of the Company | Committee positions held (excluding Capital First Limited) | |
|---------|------------------------------------|--|-------------------------------------|
| | | Audit Committee | Stakeholders Relationship Committee |
| 1. | Capital First Home Finance Limited | M | - |

M - Member of the Committee

Mr. Apul Nayyar holds 75,000 equity shares in the Company as on March 31, 2016.

X. MR. NIHAL DESAI (DIN 03288923)

Mr. Nihal Desai, aged 48 years, is a Whole Time Director and Key Managerial Personnel of the Company as per provisions of Companies Act, 2013 designated as 'Executive Director'. He joined the Board of Directors of the Company in April, 2016.

He is responsible for Risk, IT and Operations at Capital First Limited.

He has more than 22 years of work experience in the Financial Services domain including 16 years with ICICI Bank Ltd. in Senior Management positions. He has also worked with Serco India as Managing Director and developed new markets for its core and new BPO business.

Mr. Nihal Desai is B.E. in Computer Science and Engineering from Karnataka University, Dharwad and also done M.B.A in Finance from M.S. University of Baroda, Gujarat.

Mr. Nihal Desai does not hold any Directorship and/or Membership/ Chairmanship of Committees of the Board in any Public Limited Company except in Capital First Limited.

Mr. Nihal Desai holds 32,000 equity shares in the Company as on March 31, 2016.

On behalf of the Board of Directors

V. Vaidyanathan

Chairman & Managing Director

DIN: 00082596

Place : Mumbai

Date : May 13, 2016

ANNEXURE 2 TO THE DIRECTORS' REPORT

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | |
|---|--|
| CIN | L29120MH2005PLC156795 |
| Registration Date | October 18, 2005 |
| Name of the Company | CAPITAL FIRST LIMITED |
| Category / Sub-Category of the Company | Public Company Limited by shares |
| Address of the Registered office and contact details | 15th Floor, Tower - 2, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone, Mumbai - 400 013 Tel No.: +91 22 40423400 Fax: +91 22 40423401 E-mail ID: secretarial@capfirst.com |
| Whether listed company | Yes |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 Tel No.: +91 22 25946970 Fax: +91 22 25946969 E-mail ID: rnt.helpdesk@linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as follows:

| Sr. No. | Name and Description of main products/services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Other Credit Granting | 64920 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of The Company | CIN/GLN | Holding/ subsidiary / Associate | % of shares Held | Applicable Section |
|---------|---|-----------------------|---------------------------------|------------------|--------------------|
| 1. | Cloverdell Investment Ltd C/o Warburg Pincus Asia Ltd, 8th Floor, Newton Tower, Sir William Newton Street, Port-Louis, Mauritius | NA | Holding Company | 63.83% | 2 (46) |
| 2. | Capital First Home Finance Limited 15 th Floor, Tower – 2, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone, Mumbai – 400 013 | U65192MH2010PLC211307 | Subsidiary | 100% | 2 (87) |

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

| Sr. No. | Name and address of The Company | CIN/GLN | Holding/ subsidiary / Associate | % of shares Held | Applicable Section |
|---------|---|-----------------------|---------------------------------|------------------|--------------------|
| 3. | Capital First Securities Limited Technopolis Knowledge Park, A-Wing, 4 th Floor, 401-407, Mahakali Caves Road, Chakala, Andheri East, Mumbai - 400 093 | U66010MH2007PLC169687 | Subsidiary | 100% | 2 (87) |
| 4. | Capital First Commodities Limited Technopolis Knowledge Park, A-Wing, 4 th Floor, 401-407, Mahakali Caves Road, Chakala, Andheri (E), Mumbai - 400 093 | U65990MH2008PLC181572 | Subsidiary | 100% | 2 (87) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(a) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|----------|-----------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1):- | - | - | - | - | - | - | - | - | - |
| (2) Foreign | | | | | | | | | |
| a) NRIs Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | 58237645 | - | 58237645 | 64.01 | 58237645 | - | 58237645 | 63.83 | (0.18) |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| Foreign Portfolio Investor | 1247957 | - | 1247957 | 1.37 | 1247957 | - | 1247957 | 1.37 | 0.00 |
| Sub-total (A) (2): | 59485602 | - | 59485602 | 65.38 | 59485602 | - | 59485602 | 65.20 | (0.18) |
| Total Public Shareholding (A) = (A)(1)+(A)(2) | 59485602 | - | 59485602 | 65.38 | 59485602 | - | 59485602 | 65.20 | (0.18) |

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|------------|-----------------|-------------------|---|------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 5416383 | - | 5416383 | 5.95 | 6179732 | - | 6179732 | 6.77 | 0.82 |
| b) Banks/FI | 141102 | - | 141102 | 0.16 | 131393 | - | 131393 | 0.14 | (0.01) |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 3912296 | - | 3912296 | 4.30 | 2731757 | - | 2731757 | 2.99 | (1.31) |
| g) FIs | 7013302 | - | 7013302 | 7.71 | 6641397 | - | 6641397 | 7.28 | (0.43) |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1): | 16483083 | - | 16483083 | 18.12 | 15684279 | - | 15684279 | 17.19 | (0.93) |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 6452864 | - | 6452864 | 7.09 | 6081743 | - | 6081743 | 6.67 | (0.43) |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 5709240 | 125 | 5709365 | 6.28 | 6149622 | 175 | 6149797 | 6.74 | 0.47 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1576305 | - | 1576305 | 1.73 | 2069043 | - | 2069043 | 2.27 | 0.54 |
| c) Others (specify) | | | | | | | | | |
| - Qualified Foreign Investors | - | - | - | - | - | - | - | - | - |
| - Non-Resident (Repat) | 883704 | - | 883704 | 0.97 | 909149 | - | 909149 | 1.00 | 0.03 |
| - Non-Resident (Non Repat) | 120473 | - | 120473 | 0.13 | 82864 | - | 82864 | 0.09 | (0.04) |
| - Clearing Member | 269809 | - | 269809 | 0.30 | 361468 | - | 361468 | 0.40 | 0.10 |
| - Trust | 1064 | - | 1064 | 0.00 | 64906 | - | 64906 | 0.07 | 0.07 |
| - Hindu Undivided Family | - | - | - | - | 348893 | - | 348893 | 0.38 | 0.38 |
| Sub-total (B)(2): | 15013459 | 125 | 15013584 | 16.50 | 16067688 | 175 | 16067863 | 17.61 | 1.11 |
| Total Public Shareholding (B) = (B)(1)+(B)(2) | 31496542 | 125 | 31496667 | 34.62 | 31751967 | 175 | 31752142 | 34.80 | 0.18 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| GRAND TOTAL (A+B+C) | 90982144 | 125 | 90982269 | 100.00 | 91237569 | 175 | 91237744 | 100.00 | - |

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

(b) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---------|---------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | No. of Shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | % change in shareholding during the year |
| 1. | Cloverdell Investment Ltd | 58237645 | 64.01 | - | 58237645 | 63.83 | - | (0.18) |
| 2. | Dayside Investment Ltd | 1247957 | 1.37 | - | 1247957 | 1.37 | - | 0.00 |
| | Total | 59485602 | 65.38 | - | 59485602 | 65.20 | - | (0.18) |

(c) Change in Promoters' Shareholding

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 59485602 | 65.38 | 59485602 | 65.38 |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc): | No change during the year | | | |
| | At the End of the year | 59485602 | 65.20 | 59485602 | 65.20 |

(d) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sr. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2015 to 31.03.2016) | |
|---------|---|--|----------------------------------|-----------|------------------------------------|------------------------------|--|----------------------------------|
| | | No. of Shares at beginning (01.04.2015)/end of the year (31.03.2016) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1. | JV and Associates LLP | 4773795 | 5.25 | 01-Apr-15 | | Nil Movement during the year | | |
| | | 4773795 | 5.23 | 31-Mar-16 | | | | |
| 2. | Birla Sun Life Trustee Company Private Limited (various sub accounts) | 3317000 | 3.65 | 01-Apr-15 | | | | |
| | | | | 10-Apr-15 | 4200 | Purchase | 3321200 | 3.65 |
| | | | | 17-Apr-15 | 28500 | Purchase | 3349700 | 3.68 |
| | | | | 24-Apr-15 | 60000 | Purchase | 3409700 | 3.75 |
| | | | | 01-May-15 | 99000 | Purchase | 3508700 | 3.86 |

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

| Sr. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2015 to 31.03.2016) | |
|---------|--|--|----------------------------------|-----------|------------------------------------|----------|--|----------------------------------|
| | | No. of Shares at beginning (01.04.2015)/end of the year (31.03.2016) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | | | | 22-May-15 | -387 | Sale | 3508313 | 3.85 |
| | | | | 26-Jun-15 | 24740 | Purchase | 3533053 | 3.88 |
| | | | | 10-Jul-15 | 43347 | Purchase | 3576400 | 3.93 |
| | | | | 24-Jul-15 | 46000 | Purchase | 3622400 | 3.98 |
| | | | | 07-Aug-15 | 70000 | Purchase | 3692400 | 4.05 |
| | | | | 14-Aug-15 | 87842 | Purchase | 3780242 | 4.15 |
| | | | | 21-Aug-15 | 99681 | Purchase | 3879923 | 4.26 |
| | | | | 28-Aug-15 | 54428 | Purchase | 3934351 | 4.32 |
| | | | | 04-Sep-15 | 110801 | Purchase | 4045152 | 4.44 |
| | | | | 11-Sep-15 | 43524 | Purchase | 4088676 | 4.49 |
| | | | | 18-Sep-15 | 35110 | Purchase | 4123786 | 4.52 |
| | | | | 25-Sep-15 | 77511 | Purchase | 4201297 | 4.61 |
| | | | | 09-Oct-15 | 76442 | Purchase | 4277739 | 4.69 |
| | | | | 16-Oct-15 | 52614 | Purchase | 4330353 | 4.75 |
| | | | | 23-Oct-15 | 85714 | Purchase | 4416067 | 4.84 |
| | | | | 30-Oct-15 | 22500 | Purchase | 4438567 | 4.87 |
| | | | | 06-Nov-15 | 10800 | Purchase | 4449367 | 4.88 |
| | | | | 18-Dec-15 | 738 | Purchase | 4450105 | 4.88 |
| | | | | 05-Feb-16 | 50000 | Purchase | 4500105 | 4.93 |
| | | | | 19-Feb-16 | 5154 | Purchase | 4505259 | 4.94 |
| | | | | 25-Mar-16 | -477 | Sale | 4504782 | 4.94 |
| | | 4504782 | 4.94 | 31-Mar-16 | | | | |
| 3. | HDFC Standard Life Insurance Company Limited | 3891668 | 4.28 | 01-Apr-15 | | | | |
| | | | | 17-Apr-15 | 50641 | Purchase | 3942309 | 4.33 |
| | | | | 24-Apr-15 | -6431 | Sale | 3935878 | 4.32 |
| | | | | 01-May-15 | -98079 | Sale | 3837799 | 4.22 |
| | | | | 08-May-15 | -128736 | Sale | 3709063 | 4.08 |
| | | | | 15-May-15 | -168960 | Sale | 3540103 | 3.89 |
| | | | | 22-May-15 | -5973 | Sale | 3534130 | 3.88 |
| | | | | 05-Jun-15 | -64238 | Sale | 3469892 | 3.81 |
| | | | | 19-Jun-15 | -811 | Sale | 3469081 | 3.81 |
| | | | | 26-Jun-15 | -799 | Sale | 3468282 | 3.81 |
| | | | | 03-Jul-15 | -31610 | Sale | 3436672 | 3.77 |
| | | | | 10-Jul-15 | -2552 | Sale | 3434120 | 3.77 |
| | | | | 24-Jul-15 | -15000 | Sale | 3419120 | 3.75 |
| | | | | 31-Jul-15 | -27000 | Sale | 3392120 | 3.72 |
| | | | | 07-Aug-15 | -9500 | Sale | 3382620 | 3.71 |
| | | | | 04-Sep-15 | -12969 | Sale | 3369651 | 3.70 |
| | | | | 11-Sep-15 | -30996 | Sale | 3338655 | 3.66 |
| | | | | 18-Sep-15 | -205135 | Sale | 3133520 | 3.44 |

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

| Sr. No. | Name | Shareholding | | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2015 to 31.03.2016) | |
|---------|---|--|----------------------------------|-----------|-----------------------------------|----------|--|----------------------------------|
| | | No. of Shares at beginning (01.04.2015)/end of the year (31.03.2016) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | | | | 25-Sep-15 | -61630 | Sale | 3071890 | 3.37 |
| | | | | 30-Sep-15 | -52224 | Sale | 3019666 | 3.31 |
| | | | | 16-Oct-15 | -20000 | Sale | 2999666 | 3.29 |
| | | | | 23-Oct-15 | -7865 | Sale | 2991801 | 3.28 |
| | | | | 30-Oct-15 | -24756 | Sale | 2967045 | 3.25 |
| | | | | 25-Dec-15 | -28674 | Sale | 2938371 | 3.22 |
| | | | | 31-Dec-15 | -45844 | Sale | 2892527 | 3.17 |
| | | | | 01-Jan-16 | -42824 | Sale | 2849703 | 3.12 |
| | | | | 08-Jan-16 | -262932 | Sale | 2586771 | 2.84 |
| | | | | 15-Jan-16 | -28201 | Sale | 2558570 | 2.81 |
| | | | | 05-Feb-16 | 24361 | Purchase | 2582931 | 2.83 |
| | | | | 12-Feb-16 | -13474 | Sale | 2569457 | 2.82 |
| | | | | 04-Mar-16 | 2000 | Purchase | 2571457 | 2.82 |
| | | | | 11-Mar-16 | 9310 | Purchase | 2580767 | 2.83 |
| | | | | 18-Mar-16 | 20033 | Purchase | 2600800 | 2.85 |
| | | | | 25-Mar-16 | 24329 | Purchase | 2625129 | 2.88 |
| | | | | 31-Mar-16 | 86000 | Purchase | 2711129 | 2.97 |
| | | 2711129 | 2.97 | 31-Mar-16 | | | | |
| 4. | Swiss Finance Corporation (Mauritius) Limited | 1977900 | 2.17 | 01-Apr-15 | | | | |
| | | | | 04-Dec-15 | -182323 | Sale | 1795577 | 1.97 |
| | | | | 11-Dec-15 | -71886 | Sale | 1723691 | 1.89 |
| | | | | 18-Dec-15 | -25672 | Sale | 1698019 | 1.86 |
| | | | | 31-Dec-15 | -54515 | Sale | 1643504 | 1.80 |
| | | | | 08-Jan-16 | -69525 | Sale | 1573979 | 1.73 |
| | | | | 29-Jan-16 | -40000 | Sale | 1533979 | 1.68 |
| | | | | 05-Feb-16 | -51169 | Sale | 1482810 | 1.63 |
| | | | | 26-Feb-16 | -39098 | Sale | 1443712 | 1.58 |
| | | | | 04-Mar-16 | -66932 | Sale | 1376780 | 1.51 |
| | | | | 11-Mar-16 | -29883 | Sale | 1346897 | 1.48 |
| | | | | 25-Mar-16 | -15000 | Sale | 1331897 | 1.46 |
| | | | | 31-Mar-16 | -45000 | Sale | 1286897 | 1.41 |
| | | 1286897 | 1.41 | 31-Mar-16 | | | | |

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

| Sr. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2015 to 31.03.2016) | |
|---------|--|--|----------------------------------|-----------|------------------------------------|------------------------------|--|----------------------------------|
| | | No. of Shares at beginning (01.04.2015)/end of the year (31.03.2016) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 5. | Goldman Sachs India Fund Limited | 1568031 | 1.72 | 01-Apr-15 | | | | |
| | | | | 05-Jun-15 | 69344 | Purchase | 1637375 | 1.80 |
| | | | | 26-Jun-15 | 40197 | Purchase | 1677572 | 1.84 |
| | | | | 31-Jul-15 | 88298 | Purchase | 1765870 | 1.94 |
| | | 1765870 | 1.94 | 31-Mar-16 | | | | |
| 6. | DSP Blackrock Micro Cap Fund | 1357846 | 1.49 | 01-Apr-15 | | | | |
| | | | | 24-Jul-15 | -47396 | Sale | 1310450 | 1.44 |
| | | | | 31-Jul-15 | -156450 | Sale | 1154000 | 1.27 |
| | | | | 07-Aug-15 | -122064 | Sale | 1031936 | 1.13 |
| | | | | 04-Sep-15 | 91000 | Purchase | 1122936 | 1.23 |
| | | | | 11-Sep-15 | 25914 | Purchase | 1148850 | 1.26 |
| | | | | 18-Sep-15 | 226155 | Purchase | 1375005 | 1.51 |
| | | | | 18-Dec-15 | 162909 | Purchase | 1537914 | 1.69 |
| | | | | 15-Jan-16 | 74074 | Purchase | 1611988 | 1.77 |
| | | | | 22-Jan-16 | 19409 | Purchase | 1631397 | 1.79 |
| | | 1631397 | 1.79 | 31-Mar-16 | | | | |
| 7. | Government Pension Fund Global | 1347741 | 1.48 | 01-Apr-15 | | Nil Movement during the year | | |
| | | 1347741 | 1.48 | 31-Mar-16 | | | | |
| 8. | Alok Oberoi | 564000 | 0.62 | 01-Apr-15 | | | | |
| | | | | 17-Apr-15 | -32076 | Sale | 531924 | 0.58 |
| | | 531924 | 0.58 | 31-Mar-16 | | | | |
| 9. | National Westminster Bank Plc As Trustee Of The Jupiter India Fund | 446172 | 0.49 | 01-Apr-15 | | | | |
| | | | | 12-Feb-16 | 25600 | Purchase | 471772 | 0.52 |
| | | | | 19-Feb-16 | 39131 | Purchase | 510903 | 0.56 |
| | | | | 26-Feb-16 | 10673 | Purchase | 521576 | 0.57 |
| | | 521576 | 0.57 | 31-Mar-16 | | | | |

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

| Sr. No. | Name | Shareholding | | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2015 to 31.03.2016) | |
|---------|---|--|----------------------------------|-----------|-----------------------------------|----------|--|----------------------------------|
| | | No. of Shares at beginning (01.04.2015)/end of the year (31.03.2016) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 10. | Firststrand Bank Limited A/C Ashburton India Equity Opportunities Limited | 240000 | 0.26 | 01-Apr-15 | | | | |
| | | | | 05-Jun-15 | 32086 | Purchase | 272086 | 0.30 |
| | | | | 17-Jul-15 | 49914 | Purchase | 322000 | 0.35 |
| | | | | 31-Jul-15 | 48000 | Purchase | 370000 | 0.41 |
| | | | | 09-Oct-15 | 66000 | Purchase | 436000 | 0.48 |
| | | | | 20-Nov-15 | 36000 | Purchase | 472000 | 0.52 |
| | | 472000 | 0.52 | 31-Mar-16 | | | | |

(e) Shareholding of Directors and Key Managerial Personnel

| Sr. No. | Name | Shareholding | | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2015 to 31.03.2016) | |
|---------|---|--|----------------------------------|-----------|-----------------------------------|---------------------------------------|--|----------------------------------|
| | | No. of Shares at beginning (01.04.2015)/end of the year (31.03.2016) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1. | * V. Vaidyanathan Chairman and Managing Director | 341496 | 0.38 | 01-Apr-15 | | Nil Movement during the year | | |
| | | | | | | | | |
| | | 341496 | 0.37 | 31-Mar-16 | | | | |
| 2. | Pankaj Sanklecha Chief Financial Officer and Head - Corporate Centre | 78500 | 0.09 | 01-Apr-15 | | ESOS Allotment | | |
| | | | | 10-Apr-15 | 5000 | | 83500 | 0.09 |
| | | | | 08-Sep-15 | 7500 | | 91000 | 0.10 |
| | | | | 06-Oct-15 | 2500 | | 93500 | 0.10 |
| | | | | 05-Feb-16 | 5000 | | 98500 | 0.11 |
| | | 98500 | 0.11 | 31-Mar-16 | | | | |
| 3. | Satish Gaikwad Head - Legal, Compliance and Company Secretary | - | - | 01-Apr-15 | | ESOS Allotment | | |
| | | | | 24-Jun-15 | 1000 | | 1000 | 0.00 |
| | | 1000 | 0.00 | 31-Mar-15 | | | | |

* In addition, JV and Associates LLP, in which Mr. V. Vaidyanathan is a partner, holds 4,773,795 equity shares.

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

V. INDEBTEDNESS

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

(₹ in Million)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 74,708 | 7,150 | - | 81,858 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 184 | 109 | - | 293 |
| Total (i + ii + iii) | 74,892 | 7,259 | - | 82,151 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 173,827 | 40,212 | - | 214,039 |
| Reduction | 145,925 | 34,100 | - | 180,025 |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 102,610 | 13,262 | - | 115,872 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 627 | 216 | - | 843 |
| Total (i + ii + iii) | 103,237 | 13,478 | - | 116,714 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNELS

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER

| Sr. No. | Particulars of Remuneration Paid during FY 2015-16 | Name of Managing Director |
|---------|---|----------------------------|
| | | Mr. V. Vaidyanathan |
| 1. | Gross salary | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | * ₹ 7,12,05,479 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | NA |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | NA |
| 2. | Stock Option granted during the year | Nil |
| 3. | Sweat Equity | NA |
| 4. | Commission - as % of profit - others, specify... | NA |
| 5. | Others, please specify | NA |
| | Total | ₹ 7,12,05,479 |
| | Ceiling as per the Act | ₹ 12,89,79,036 |

*In the above table remuneration includes salary, leave encashment, perk and bonus but does not include provident fund.

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

B. REMUNERATION TO OTHER DIRECTORS

| Sr. No. | Particulars of Remuneration Paid during FY 2015-16 | Name of Directors | | | | | Total Amount |
|-----------|--|--------------------|---------------------|--------------------|-------------------|-------------------|--------------------|
| | | N. C. Singhal | M. S. Sundara Rajan | Hemang Raja | Brinda Jagirdar | Dinesh Kanabar | |
| 1. | Independent Directors | | | | | | |
| | Fee for attending board/ committee meetings | ₹ 5,20,000 | ₹ 2,40,000 | ₹ 2,60,000 | ₹ 2,20,000 | ₹ 2,00,000 | ₹ 14,40,000 |
| | Commission Paid during FY 2015-16 | ₹ 15,00,000 | ₹ 15,00,000 | ₹ 15,00,000 | ₹ 7,50,000 | ₹ 3,75,000 | ₹ 56,25,000 |
| | Others, please specify | - | - | - | - | - | - |
| | Total (1) | ₹ 20,20,000 | ₹ 17,40,000 | ₹ 17,60,000 | ₹ 9,70,000 | ₹ 5,75,000 | ₹ 70,65,000 |

| Sr. No. | Particulars of Remuneration Paid during FY 2015-16 | Name of Directors | | Total Amount |
|---------|---|-------------------|------------------|-----------------------|
| | | Vishal Mahadevia | Narendra Ostawal | |
| | Fee for attending board / committee meetings | Not Applicable | | Not Applicable |
| | Commission | Not Applicable | | |
| | Others, please specify | | | |
| | Total (2) | | | - |
| | Total (B)=(1+2) | | | ₹ 70,65,000 |
| | Overall Ceiling as per the Act for Non-Executive Directors | | | ₹ 2,57,95,807 |
| | Overall Ceiling as per the Act for all Directors | | | ₹ 28,37,53,879 |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL(S) OTHER THAN MD/ MANAGER/ WTD

| Sr. No. | Particulars of Remuneration Paid during FY 2015-16 | Key Managerial Personnel(s) | | |
|---------|---|-----------------------------|-------------------------|----------------------|
| | | Company Secretary | Chief Financial Officer | Total |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | ₹ 53,06,968 | ₹ 1,99,54,056 | ₹ 2,52,61,024 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | *₹ 2,06,825 | *₹ 40,84,500 | ₹ 42,91,325 |
| | (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | NA | NA | NA |
| 2. | Stock Option granted during FY 2015-16 | 15,000 options | Nil | 15,000 options |
| 3. | Sweat Equity | NA | NA | NA |
| 4. | Commission - as % of profit - others, specify... | NA | NA | NA |
| 5. | Others, please specify | NA | NA | NA |
| | Total | ₹ 55,13,793 | ₹ 2,40,38,556 | ₹ 2,95,52,349 |

* Includes Perquisites relating to value of stock options exercised.

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/ Compounding fees imposed | Authority (RD/ NCLT/COURT) | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|----------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |

On behalf of the Board of Directors

Place : Mumbai
Date : May 13, 2016

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

ANNEXURE 3 TO THE DIRECTORS' REPORT

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

| | | |
|----|--|---|
| 1. | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs | Kindly refer the Corporate Social Responsibility policy as stated herein below at the Company's website. The Web Link is http://www.capitalfirst.com/pdfs/corporate-social-responsibility-policy.pdf |
| 2. | The Composition of the CSR Committee | 1. Mr. Hemang Raja - Chairman 2. Dr. (Mrs.) Brinda Jagirdar - Member 3. Mr. Vishal Mahadevia - Member 4. Mr. V. Vaidyanathan - Member |
| 3. | Average net profit of the company for last three financial years | ₹ 1,13,65,08,585/- |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in Item No. 3 above) | ₹ 2,27,30,172/- |
| 5. | Details of CSR spent during the financial year: a) Total amount to be spent for the financial year b) Amount Unspent, if any | ₹ 2,27,30,172/- ₹ 1,06,60,325/- |

c) Manner in which the amount spent during the financial year are as given below:

| Sr. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) specify the state and district here projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overhead | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---------|--|--|--|---|--|--|---|
| 1. | BALM Scholarship | Education | Chennai | ₹ 17,89,000 | Direct expense : ₹ 15,10,850 Overhead : ₹ 54,109 | ₹ 15,64,959 | Implementing agency: BALM |
| 2. | Capital First Ltd. Woman of Substance | Skill/ Vocational training | Delhi | ₹ 10,00,000 | Direct expense : ₹ 10,15,000 Overhead : ₹ 37,705 | ₹ 10,52,705 | Implementing agency: Etasha Society |
| 3. | Om Creations Trust | Skill/ Vocational training | Maharashtra | ₹ 20,00,000 | Direct expense : ₹ 12,24,000 Overhead : NIL | ₹ 12,24,000 | Implementing agency: Om Creations Trust |
| 4. | Janaagraha | Education : Awareness Campaign | Maharashtra | ₹ 10,23,400 | Direct expense : ₹ 10,23,413 Overhead : NIL | ₹ 10,23,413 | Implementing agency: Janaagraha |
| 5. | Book Distribution to Tribal Students | Education | Maharashtra | ₹ 19,72,000 | Direct expense : ₹ 20,72,950 Overhead : ₹ 1,00,796 | ₹ 21,73,746 | Direct: Capital First Limited |
| 6. | Capital First - EduBridge Career Academy | Education/ Vocational training | Maharashtra | ₹ 50,00,000 | Direct expense : ₹ 50,10,000 Overhead : ₹ 21,024 | ₹ 50,31,024 | Implementing agency: EduBridge Learning Pvt. Ltd. |

ANNEXURE 3 TO THE DIRECTORS' REPORT (CONTD.)

Details of implementing agency:

Certain Direct Donations have been given after considering the proposal by CSR Committee and approval of the Board.

The Banyan Academy of Leadership in Mental Health (BALM) is a sister organisation of The Banyan founded in 2007.

ETASHA society provides vocational training, placement, employability skills training and career guidance to the youth from disadvantaged sections of the society. ETASHA's community mobilisation team works tirelessly to engage with the local community. ETASHA's program-awareness stalls from which information, including leaflets, is disseminated are a common feature in the area and posters and banners are placed in strategic locations.

Om Creations Trust has students from the SPJ Sadhana School with Specialized Education in the Arts and Crafts, Hospitality and Catering skills this enables them to earn a living and also lead a more meaningful life.

EduBridge is a skill development and vocational training organization started by a group of IIM alumni and professors in October 2009 with Registered Office in Kolkata and Head Office in Mumbai. It has been setup with the vision of fulfilling the skill gap that exists currently between semi-urban/economically backward youth and the skill requirements of the high-performing companies/government organizations.

Janaagraha Centre for Citizenship and Democracy is a not-for-profit organisation, committed to improving the quality of life in India's cities and towns.

6. In case the Company has failed to spend two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

The CSR Committee of the Board of Directors had approved the CSR Policy and also identified the broad areas of CSR activities which it proposed to carry out viz. Education, Health and Women Empowerment. During the year under review, the Company made serious deliberations and chose the CSR programs which would be undertaken on a long term and continuous basis. Such programs will benefit communities where the Company operates or likely to operate and create goodwill for the Company.

Towards the implementation of aforesaid programs the Company made efforts to identify appropriate NGOs and implementing agencies to incur the CSR expenditure in its identified CSR activities for which considerable amount of time was invested by the Company in F.Y. 2015-16. Accordingly, the Company incurred CSR expenditures in the identified CSR Activities as outlined in the Report and the said Projects/Programs were implemented successfully. The Company also initiated preliminary ground work for certain activities which it shall able to implement in the F.Y. 2016-17. Accordingly, the Company has laid down a concrete foundation for the CSR Activities which shall help in achieving the Company's overall CSR objectives in F.Y. 2016-17.

We are positive that our CSR activities can deliver the maximum impact to society. The CSR activities implemented during the year is provided in the table provided above. During the F.Y. 2015-16, the Company implemented various CSR programs and spent ₹ 1.20 crore as per requirement of Companies Act, 2013. Basis the experiences gained in the first year of such activities the Company proposed to expand the work in the aforesaid areas with same energy and commitment from Company's Employees.

The Company is deeply conscious to the cause of Corporate Social Responsibility and shall strive to achieve our CSR Objectives in the F.Y. 2016-17.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company. The Company is confident that it will achieve its CSR expenditure in F.Y. 2016-17.

For **Capital First Limited**

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

Hemang Raja
Chairman of Corporate Social Responsibility Committee
DIN: 00040769

Place : Mumbai
Date : May 13, 2016

ANNEXURE 4 TO THE DIRECTORS' REPORT

DISCLOSURES AS REQUIRED PURSUANT TO ESOS/ESPS

(I) CFL EMPLOYEES' SHARE PURCHASE SCHEME(S)

The Company has two Employees' Share Purchase Schemes viz. CFL Employees Share Purchase Scheme – 2007 (CFL ESPS-2007) and CFL Employees Share Purchase Scheme – 2008 (CFL ESPS - 2008). The disclosures below are in respect of the year ended March 31, 2016:

| | |
|---|---|
| Number of Equity Shares issued during the year | During the year, no equity shares were allotted to any employee under the CFL ESPS – 2007 and 2008. |
| Price at which Equity Shares were issued during the year | N.A. |
| Employee-wise details of Equity Shares issued during the year to: | |
| i) Directors and Senior Managerial employees | Nil |
| ii) any other employee who is issued Equity Shares in any one year amounting to 5% or more of Equity Shares issued during that year | Nil |
| iii) identified employees who are issued Equity Shares, during any one year equal to or exceeding 1% of the issued capital of our Company at the time of issuance | Nil |
| Diluted EPS pursuant to issuance of Equity Shares under ESPS during the year | N.A. |
| Consideration received against the issuance of Equity Shares | Nil |

(II) CFL EMPLOYEES STOCK OPTIONS SCHEME(S) (ESOS)

The Stock Options granted to the employees currently operate under six schemes viz. CFL Employees Stock Option Scheme - 2007 (CFL ESOS – 2007), CFL Employees Stock Option Scheme – 2008 (CFL ESOS – 2008), CFL Employees Stock Option Scheme – 2009 (CFL ESOS – 2009), CFL Employees Stock Option Scheme – 2011 (CFL ESOS – 2011), CFL Employees Stock Option Scheme – 2012 (CFL ESOS – 2012) and CMD Employees Stock Option Scheme – 2014 (CMD ESOS – 2014) (collectively referred as 'Schemes'). The said schemes are in compliance with the SEBI (Share Based Employee Benefits) regulations, 2014 as amended from time to time (SEBI Regulations). The details and disclosures as required under SEBI Regulations are provided on the website of the Company and web-link for the same is <http://www.capitalfirst.com/pdfs/CFL-AR-Discloser.pdf>

Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time are provided in notes to financial statements.

Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time are provided in notes to financial statements.

Various details including option movement during the year under various ESOS Schemes are as follows:

| | |
|--------------------------------|--|
| Date of Shareholders' approval | CFL ESOS – 2007 : September 25, 2007 CFL ESOS – 2008 : August 14, 2008 CFL ESOS – 2009 : August 04, 2009 CFL ESOS – 2011 : March 16, 2011 CFL ESOS – 2012 : July 05, 2012 CMD ESOS – 2014 : June 18, 2014 |
|--------------------------------|--|

ANNEXURE 4 TO THE DIRECTORS' REPORT (CONTD.)

| | |
|--|---|
| Total number of options approved under ESOS | CFL ESOS – 2007 : 10,00,000 CFL ESOS – 2008 : 13,35,000 CFL ESOS – 2009 : 3,50,000 CFL ESOS – 2011 : 15,00,000 CFL ESOS – 2012 : 25,00,000 CMD ESOS – 2014 : 65,00,000 |
| Vesting requirements | For the purpose of the vesting the person should be an employee on the date of vesting as per the respective ESOS Schemes. The Vesting conditions will be such as are specified in the Vesting schedule set for each option holder and the conditions subject to which Vesting shall take place may be outlined in the Grant Letter |
| Maximum term of Options Granted | With respect to CFL ESOS 2007, 2008, 2009, 2011, 2012, the options granted shall be capable of being exercised in 5 years from date of vesting or ten years from the Grant Date whichever is later. With respect to CMD ESOS 2014, the Vested Options shall be exercisable on the completion of the 5th anniversary from the Effective Grant Date but prior to the expiry of the 10th anniversary from the Effective Grant Date. |
| Sources of shares (primary, secondary or combination) | The Schemes are implemented and administered directly by the Company by way of issue of equivalent Primary shares against exercise of Options. |
| Method used to account for ESOS - Intrinsic or fair value | Intrinsic value method is used to account for ESOS. |
| Number of Options outstanding at the beginning of the period | Please refer notes to financial statements. |
| Options Granted during the year | CFL ESOS – 2008 : 25,000 CFL ESOS – 2009 : 22,125 CFL ESOS – 2011 : 175,875 CFL ESOS – 2012 : 676,000 |
| The pricing formula | As per the Schemes approved pursuant to the SEBI Regulations |
| Options Vested | CFL ESOS – 2007 : 3,44,000 CFL ESOS – 2008 : 70,250 CFL ESOS – 2009 : 3,00,000 CFL ESOS – 2011 : 7,63,619 CFL ESOS – 2012 : 7,49,125 CMD ESOS – 2014 : 16,25,000 |

ANNEXURE 4 TO THE DIRECTORS' REPORT (CONTD.)

| | |
|---|--|
| Options Exercised | CFL ESOS – 2008 : 47,750 CFL ESOS – 2011 : 43,475 CFL ESOS – 2012 : 1,64,250 |
| The total number of shares arising as a result of exercise of option | 2,55,475 Equity Shares |
| Options lapsed/ cancelled/ forfeited | CFL ESOS – 2008 : 39,000 CFL ESOS – 2011 : 10,000 CFL ESOS – 2012 : 87,500 |
| Number of Options outstanding at the end of the year | Please refer notes to financial statements. |
| Variation of terms of options | N.A. |
| Money realized by exercise of options | ₹ 4,51,98,615/- |
| Total Number of options in force | CFL ESOS – 2007 : 344,000 CFL ESOS – 2008 : 376,000 CFL ESOS – 2009 : 322,125 CFL ESOS – 2011 : 1,174,275 CFL ESOS – 2012 : 2,045,750 CMD ESOS – 2014 : 65,00,000 |
| Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to - (i) senior managerial personnel; (ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and (iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. | Refer Note 1 |
| Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS-20) ('Earnings Per Share') | Diluted EPS calculated in accordance with AS-20 is ₹ 17.33 (Consolidated) per share and ₹ 16.36 (Standalone) per share for the FY 2015-16. |
| Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed. | Had the Company followed the fair value method for accounting the Stock Options, compensation expense would have been higher by ₹ 3790.25 Lakhs with consequent lower Consolidated profits. On account of the same the diluted EPS of the Company (Consolidated) would have been less by ₹ 3.96 per share. |

ANNEXURE 4 TO THE DIRECTORS' REPORT (CONTD.)

Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.

| |
|---------------------------------|
| Weighted Average Exercise Price |
| CFL ESOS – 2007 : ₹ 257.35 |
| CFL ESOS – 2008 : ₹ 186.24 |
| CFL ESOS – 2009 : ₹ 250.85 |
| CFL ESOS – 2011 : ₹ 187.99 |
| CFL ESOS – 2012 : ₹ 252.36 |
| CMD ESOS – 2014 : ₹ 207.00 |
| Weighted Average Fair Value |
| CFL ESOS – 2007 : ₹ 146.37 |
| CFL ESOS – 2008 : ₹ 100.94 |
| CFL ESOS – 2009 : ₹ 152.91 |
| CFL ESOS – 2011 : ₹ 101.30 |
| CFL ESOS – 2012 : ₹ 131.04 |
| CMD ESOS – 2014 : ₹ 117.24 |

The Securities and Exchange Board of India ('SEBI') has prescribed two methods to account for stock grants; namely (i) the intrinsic value method; (ii) the fair value method. The Company adopts the intrinsic value method to account for the stock options it grants to the employees. The Company also calculates the fair value of options at the time of grant, using Black-Scholes pricing model with the following assumptions:

| | |
|---|--|
| i) risk-free interest rate | CFL ESOS – 2007 : NA CFL ESOS – 2008 : 7.46% - 7.86% CFL ESOS – 2009 : 7.46% - 7.86% CFL ESOS – 2011 : 7.46% - 7.86% CFL ESOS – 2012 : 7.46% - 7.86% CMD ESOS – 2014 : N.A |
| ii) expected life | CFL ESOS – 2007 : 4.47 years CFL ESOS – 2008 : 10.00 years CFL ESOS – 2009 : 5.06 years CFL ESOS – 2011 : 7.74 years CFL ESOS – 2012 : 8.76 years CMD ESOS – 2014 : 9.09 years |
| iii) expected volatility* | CFL ESOS – 2007 : NA CFL ESOS – 2008 : 44.89% - 50.56% CFL ESOS – 2009 : 44.89% - 50.56% CFL ESOS – 2011 : 44.89% - 50.56% CFL ESOS – 2012 : 44.89% - 50.56% CMD ESOS – 2014 : NA |
| iv) expected dividends | CFL ESOS – 2007 : NA CFL ESOS – 2008 : 0.51% - 0.59% CFL ESOS – 2009 : 0.51% - 0.59% CFL ESOS – 2011 : 0.51% - 0.59% CFL ESOS – 2012 : 0.51% - 0.59% CMD ESOS – 2014 : NA |
| v) the price of the underlying shares in market at the time of option grant | Same as that of Grant Price |

* The Company calculates expected volatility of the stock over the most recent period which commensurate with the expected life of the option being valued.

ANNEXURE 4 TO THE DIRECTORS' REPORT (CONTD.)

Note 1: Details of the options granted under ESOS to the Directors and Senior Managerial personnel of Capital First Limited during the financial year 2015-16 and its subsidiaries are as under:

| Sr. No. | Particulars | Position | Number of options granted during FY 2015-16 | Exercise price (₹) |
|---------|---|---|---|--------------------|
| a. | Directors and Senior Managerial personnel | | | |
| | Mr. V. Vaidyanathan | Chairman and Managing Director | - | - |
| | Mr. Apul Nayyar | Executive Director | - | - |
| | Mr. Nihal Desai | Executive Director | 150,000 | 390.05 |
| | Mr. Pankaj Sanklecha | Chief Financial Officer & Head - Corporate Centre | - | |
| | Mr. Adrian Andrade | Head - Human Resources & Administration | - | |
| b. | Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year | None | | |
| c. | Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | None | | |

On behalf of the Board of Directors

Place : Mumbai
Date : May 13, 2016

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

ANNEXURE 5 TO THE DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES:

- a) The ratio of the remuneration of each Director to the median employee's remuneration for the financial year and such other details and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year as prescribed is as given below:

| Name of each Director/ KMP | Ratio of Remuneration of each Director/ to median Remuneration of Employees | % Increase in Remuneration in the FY 2015-16 |
|--|---|--|
| Mr V. Vaidyanathan, <i>Chairman & Managing Director</i> | 135.4:1 | *24.3 |
| Mr. N. C. Singhal, <i>Non-Executive Independent Director</i> | 3.8:1 | 8.6 |
| @ Mr. Vishal Mahadevia, <i>Non-Executive Director</i> | N.A. | N.A. |
| Mr. Hemang Raja, <i>Non-Executive Independent Director</i> | 3.3:1 | -9.3 |
| Mr. M. S. Sundara Rajan, <i>Non-Executive Independent Director</i> | 3.3:1 | -4.4 |
| ** Dr (Mrs.) Brinda Jagirdar, <i>Non-Executive Independent Director</i> | 1.8:1 | 592.9 |
| ** Mr. Dinesh Kanabar, <i>Non-Executive Independent Director</i> | 1.1:1 | 1337.5 |
| @ Mr. Narendra Ostawal, <i>Non-Executive Director</i> | N.A. | N.A. |
| # Mr. Pankaj Sanklecha, <i>Chief Financial Officer & Head - Corporate Centre</i> | N.A. | -2.6 |
| Mr. Satish Gaikwad, <i>Head - Legal, Compliance & Company Secretary</i> | N.A. | 57.6 |

Percentage increase reflects remuneration paid in FY 2014-15 and FY 2015-16.

* Performance bonus has been excluded since it is not comparable with previous year as he had voluntarily forgone bonus for FY 2012-13 and FY 2013-14, it may also be noted that for last two years i.e. FY 2013-14 and FY 2014-15, there was no increment in his remuneration.

** Dr. (Mrs.) Brinda Jagirdar and Mr. Dinesh Kanabar, Directors were appointed on September 24, 2014 and January 6, 2015 and their remuneration for the FY 2015-16 includes commission paid on pro-rata basis for the FY 2014-15.

Mr. Pankaj Sanklecha's figures are in negative due to Perquisite Value (ESOP) which was lower in FY 2015-16 compared to FY 2014-15.

@ Not paid any remuneration.

N.A. : Not applicable

- b) The percentage increase in the median remuneration of employees in the financial year was 8.29%.
- c) The Company has 1412 permanent Employees on the rolls of Company as on March 31, 2016.
- d) The explanation on the relationship between average increase in remuneration and company performance, on standalone basis: The Profit Before tax for FY 2015-16 was higher by 47.92% at ₹ 2386.14 million compared to ₹ 1613.19 million in FY 2014-15. The Profit After tax for FY 2015-16 was higher by 40.07% at ₹ 1569.11 million compared to ₹ 1120.20 million in FY 2014-15. The average increase in median remuneration was in line with the performance of the Company.
- e) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

| Name | Designation | Remuneration (as of March 2016) (in ₹) | % Increase in Remuneration | % Increase in PAT | |
|----------------------|---|--|----------------------------|-------------------|--------|
| | | | | (₹ in million) | in PAT |
| Standalone | | | | | |
| Mr. V. Vaidyanathan | Chairman & Managing Director | *7,12,05,479 | @24.3 | 1569.11 | 40.07 |
| Mr. Pankaj Sanklecha | Chief Financial Officer & Head - Corporate Centre | **2,40,38,556 | # -2.6 | 1569.11 | 40.07 |
| Mr. Satish Gaikwad | Head - Legal, Compliance & Company Secretary | **55,13,793 | 57.6 | 1569.11 | 40.07 |

* In the above table remuneration includes salary, leave encashment, perk and bonus but does not include Provident Fund. % has been arrived by comparing remuneration paid in FY 2015-16 vs FY 2014-15.

** Remuneration includes perquisites relating to value of stock options.

@ Performance bonus has been excluded since it is not comparable with previous year as he had voluntarily forgone bonus for FY 2012-13 and FY 2013-14, it may also be noted that for last two years i.e. FY 2013-14 and FY 2014-15, there was no increment in his remuneration.

Mr. Pankaj Sanklecha's figures are in negative due to Perquisite value (ESOP) which was lower in FY 2015-16 compared to FY 2014-15.

ANNEXURE 5 TO THE DIRECTORS' REPORT (CONTD.)

- f) Variations in the market capitalisation 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:

Capital First was founded in FY 2012-13 by way of management buyout with equity backing from Warburg Pincus of USD 150 mn (₹ 8.10 bn) and as part of the transaction, the majority and minority shareholding was changed through buyout of share of majority holders and buyout of shares of minority shareholders through open offer. As part of this process a new entity and brand name 'Capital First' was created, the Board of Directors was reconstituted and new business lines were launched.

Since the founding of the new entity in the name of Capital First in FY 2012-13, there was an increase of 258% from the closing price of ₹ 120.55 per equity share on March 31, 2012 to ₹ 431.55 per equity share as of March 31 2016 and the Market capitalization has increased by 404% from ₹ 781.15 crore as on March 31, 2012 to ₹ 39,373.6 million as on March 31, 2016.

As per requirements of Companies Act, 2013, it is also informed that the public offer price of earlier entity at the time of IPO was ₹ 765 per share which were listed in January 2008 and there was decrease in share price by 84.24% from IPO date till the closing share price of the Company at National Stock Exchange of India Limited (NSE) as on March 31, 2012 being ₹ 120.55/- per equity share of face value of ₹ 10/- each.

The Market Capitalization of the Company as on March 31, 2016 was ₹ 39,373.6 million as compared to ₹ 36,338.3 million as on March 31, 2015. The Price Earning Ratio of the Company was 25.06 as at March 31, 2016 and was 29.63 as at March 31, 2015.

- g) Average percentage increase made in the salaries of employees other than the managerial personnel in the FY 2015-16 as compared to FY 2014-15 was 11.10%. The increase in the managerial remuneration for the same financial year was 24.3% and it is informed that during FY 2013-14 and FY 2014-15, there was no increment in managerial remuneration. The average increases every year is an outcome of Company's market competitiveness, our reward philosophy and benchmarking results.
- h) The key parameters for any variable component of remuneration availed by the Directors:
Non-Executive Independent Directors, have not been paid any remuneration except Sitting Fees and Commission. Mr. Vishal Mahadevia and Mr. Narendra Ostawal, Non-Executive Directors are not paid any remuneration. Mr. V. Vaidyanathan's variable component of remuneration is paid in the form of Bonus, on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- i) 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: N.A.
- j) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

On behalf of the Board of Directors

Place : Mumbai
Date : May 13, 2016

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

ANNEXURE 6 TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Capital First Limited
15th Floor, Tower -2,
Indiabulls Finance Centre,
Senapati Bapat Marg, Elphinstone,
Mumbai – 400 013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Capital First Limited** (hereinafter called the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 ('**Audit Period**') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (**The Company has not availed External Commercial Borrowings during the Audit Period**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014;
 - (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;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**).

ANNEXURE 6 TO THE DIRECTORS' REPORT

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit Period**).
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**w.e.f. 01/12/2015**)
- (vi) Reserve Bank of India Act, 1934 to the extent of provisions applicable to Non-Banking Financial Companies and Regulations made there under.

We 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 Agreements entered into by the Company with Stock Exchanges. (till 30/11/2015)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that subsequent to the year under review, the Company has filed a delayed return with the appropriate authority with respect to closure of its non material wholly owned subsidiary namely Anchor Investment & Trading Private Limited.

We further report that

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

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period:

- (a) the Company has issued and allotted 20,300 Non convertible Debentures on private placement basis having face value of ₹ 10,00,000/- each
- (b) The Company has obtained the approval of Members at Annual General Meeting of the Company held on 20th July, 2015 under Section 180 (1) (c) of the Companies Act, 2013 for giving authority to Board for Borrowing on behalf of the Company for an amount not exceeding ₹ 15,000/- Crore.

For Makarand M. Joshi & Co
Company Secretaries,

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place : Mumbai
Date : May 13, 2016

REPORT ON CORPORATE GOVERNANCE

(The Report on Corporate Governance forms part of the Directors' Report for the year ended March 31, 2016)

PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company firmly believes in good corporate governance and endeavors to implement the Code of Corporate Governance in its true spirit. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures, and enhance shareholder value without compromising in any way on compliance with the laws and regulations. The Company believes that good governance brings about sustained corporate growth and long-term benefits for stakeholders.

The Corporate Governance philosophy of the Company is driven by the following fundamental principles which ensure:

- conduct of the affairs of the Company in an ethical manner;
- transparency in all dealings;
- highest level of responsibility and accountability in dealing with various stakeholders of the Company;
- compliance with applicable statutes and regulations; and
- timely dissemination of all unpublished price sensitive information and matters of interest to stakeholders through proper channel.

The stipulations mandated by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations"), which *inter alia* lists down various corporate governance related practices and requirements, which listed companies are required to adopt and follow have been fully complied with by your Company. This Report outlines the governance practices followed by the Company in compliance with the said requirements of the Listing Regulations.

BOARD OF DIRECTORS ("Board"):

The Board of Directors includes the Executive, Non-Executive and Independent Directors with a majority of Independent Directors so as to ensure proper governance and management.

The Corporate Governance principles of the Company have been formulated to ensure that the Board remains informed, independent and participates actively in the affairs of the Company. The Company also strives to enhance stakeholders' value by taking measures to continuously improve Corporate Governance standards.

The Directors at Capital First Limited ('Capital First') possess the highest personal and professional ethics, integrity and values and are committed to represent the long-term interest of the stakeholders. The Company's business is led by

Mr. V. Vaidyanathan, Chairman and Managing Director under the overall supervision of the Board.

The Company's Corporate Governance framework is based on having a composition wherein a majority of Directors are Independent Board Members. Further, the constitution of Board Committees meet all statutory requirements of various regulatory authorities including the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA), and committees are chaired by Independent Directors, wherever required by law. Committees have been suitably constituted for significant and material matters and also have a blend of Executive Management Members to assist the Committees. The Board plays an effective supervisory role through the above governance framework.

Composition of the Board

During the year under review, the Board of Directors of the Company had an optimum combination of Professional and Independent Directors with excellent knowledge and experience in various fields relating to the business activities of the company.

As at March 31, 2016, the Board of Directors of the Company consisted of, five Independent Directors, two Non-Executive Director and one Executive Director.

Subsequent to FY 2015-16, Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) were appointed as Additional Directors who acts as Whole Time Directors and Key Managerial Personnels of the Company as per the provisions of Companies Act, 2013 and were designated as 'Executive Director' of the Company w.e.f. April 4, 2016.

None of the Directors hold directorship in more than Ten Public Limited Companies or act as an Independent Director in more than Seven Listed Companies, none of the Directors acts as a member of more than Ten Committees or Chairman of more than Five Committees as on March 31, 2016 across all Public Limited Companies in which they are Directors.

None of the Non-Executive Directors held any equity shares or convertible instruments of the Company during the financial year ended March 31, 2016. None of the Directors had any relationships inter-se.

During the financial year 2015-16, five Meetings of the Board of Directors were held on following days:

April 01, 2015, May 13, 2015, August 04, 2015, November 02, 2015 and February 10, 2016 with the time gap between any two consecutive Meetings being not more than one hundred and twenty days at any point in time.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

The details of the number of Board and General Meeting(s) attended by each Director during the year ended March 31, 2016 and Directorship and/ or Membership/ Chairmanship of the Committees of Board (except Private Companies, Non-Profit Companies and Foreign Companies) held by each of them as on March 31, 2016, are given below:

| # Name of the Director | Category | Attendance Particulars | | | No. of outside Directorships | No. of committee positions held (including in company) | |
|----------------------------|--------------------------------------|--|---|-----------------------|------------------------------|--|--------|
| | | No. of Board Meetings held during tenure of the Director | No. Board Meetings attended by the Director | Attended the last AGM | | Chairman | Member |
| Mr. V. Vaidyanathan | Chairman & Managing Director | 05 | 05 | Yes | 01 | - | 01 |
| Mr. N. C. Singhal | Non-Executive & Independent Director | 05 | 05 | Yes | 07 | 03 | 06 |
| Mr. Vishal Mahadevia | Non-Executive Director | 05 | 05 | No | 04 | - | 04 |
| Mr. Hemang Raja | Non-Executive & Independent Director | 05 | 05 | Yes | 01 | 02 | 02 |
| Mr. M. S. Sundara Rajan | Non-Executive & Independent Director | 05 | 05 | Yes | 09 | 03 | 09 |
| Dr. (Mrs.) Brinda Jagirdar | Non-Executive & Independent Director | 05 | 05 | Yes | 02 | 01 | 02 |
| Mr. Narendra Ostawal | Non-Executive Director | 05 | 05 | Yes | - | - | - |
| Mr. Dinesh Kanabar | Non-Executive & Independent Director | 05 | 05 | Yes | - | 01 | 01 |

Mr. Apul Nayyar has been appointed as an Additional Director and designated as Executive Director w.e.f. April 04, 2016.

Mr. Nihal Desai has been appointed as an Additional Director and designated as Executive Director w.e.f. April 04, 2016.

@ The Chairman of the Committee is also counted as member of the Committee. For the purpose of computation of Committee membership, only membership of Audit Committee and Stakeholders Relationship Committee are considered.

COMMITTEES OF THE BOARD OF DIRECTORS:

Under the aegis of the Board of Directors, several committees have been constituted which have been delegated powers for different functional areas. The Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee have been constituted pursuant to and in accordance with the provisions of SEBI Listing Regulations, rules and regulations prescribed by Reserve Bank of India read with requirements of the Companies Act, 2013 and other applicable laws.

The details of Committees of Board of Director required as per Companies Act, 2013 and Listing Regulations are given below:

AUDIT COMMITTEE

Terms of Reference:

The terms of reference of the Audit Committee are in compliance with the provisions of Companies Act, 2013 and Listing Regulations as amended from time to time.

In addition to the matters provided in Listing Regulations and requirements of Section 177 of the Companies Act, 2013 and Reserve Bank of India, the Committee reviews the reports of the Internal Auditors, periodically meets the Statutory Auditors of the Company and discusses their findings, observations, suggestions, scope of audit etc. and also reviews internal control systems and accounting policies followed by the Company. The Committee also reviews the financial statements with the management, before their submission to the Board.

The terms of reference of the Audit Committee of the Board of Directors of the Company, *inter-alia* includes:

1. Overseeing the Company's financial reporting process and reviewing with the management, the financial statements before submission to the Board for approval;
2. Recommending to the Board the appointment, re-appointment and replacement of the Statutory Auditor and fixing their fees;
3. Reviewing the internal audit function of the Company; and

REPORT ON CORPORATE GOVERNANCE (CONTD.)

4. Such other matters as specified under Listing Regulations and requirements of Section 177 of the Companies Act, 2013 and Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

Composition and Attendance of Meeting:

The Audit Committee comprises of following four Members and three of them are Independent Directors:

- Mr. Dinesh Kanabar - Chairman
- Mr. N. C. Singhal - Member
- Mr. Vishal Mahadevia - Member
- Mr. M. S. Sundara Rajan - Member

Mr. Satish Gaikwad, Head - Legal, Compliance and Company Secretary, acts as a Secretary to the Committee.

All the Members of the Committee have vast experience and knowledge of finance, accounts and corporate laws with the Chairman of the Committee being an eminent Chartered Accountant, who has finance, accounting and taxation related expertise.

The quorum for the Meeting of the Audit Committee is as per applicable laws.

During the year under review, the Committee met four times, i.e. May 13, 2015, August 04, 2015, November 02, 2015 and February 10, 2016. The details of the attendance of Directors at Audit Committee meetings during the financial year are as under:

| Name | Number of Audit Committee Meeting(s) Attended |
|-------------------------|---|
| Mr. Dinesh Kanabar | 04 |
| Mr. N. C. Singhal | 04 |
| Mr. Vishal Mahadevia | 04 |
| Mr. M. S. Sundara Rajan | 04 |

The minutes of the Audit Committee Meetings forms part of the documents placed before the Meetings of the Board. In addition, the Chairman of the Audit Committee appraises the Board Members about the significant discussions held at Audit Committee Meetings.

NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of Companies Act, 2013 and Listing Regulations as amended from time to time, and it broadly includes the following:

- Identifying and selection of candidates for appointment

as Directors/ Independent Director based on certain laid down criteria;

- Performing all such functions as are required to be performed by the Committee with regard to ESPs/ ESOPs under the Regulations issued by Securities and Exchange Board of India from time to time; and
- Such other matters as specified under Listing Regulations and requirements of Section 178 of the Companies Act, 2013 and Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

Composition and Attendance at Meetings:

The Nomination and Remuneration Committee comprises of following four Members out of which three Members are Independent Directors:

- Mr. N. C. Singhal - Chairman
- Mr. Hemang Raja - Member
- Mr. M. S. Sundara Rajan - Member
- Mr. Vishal Mahadevia - Member

Mr. Satish Gaikwad, Head - Legal, Compliance and Company Secretary, acts as a Secretary to the Committee.

During the year under review, the Committee met two times, i.e. on April 01, 2015 and May 13, 2015. The details of the attendance of Directors at meeting(s) of the Committee held during the financial year are as under:

| Name | Number of Nomination and Remuneration Committee Meeting(s) Attended |
|-------------------------|---|
| Mr. N. C. Singhal | 02 |
| Mr. Vishal Mahadevia | 02 |
| Mr. Hemang Raja | 02 |
| Mr. M. S. Sundara Rajan | 02 |

The minutes of the Meeting of Nomination and Remuneration Committee forms part of the documents placed before the Meetings of the Board.

A process of evaluation was followed by the Board of Directors for its own performance and that of its Committees and individual Directors and also the necessary evaluation was carried out by Nomination and Remuneration Committee and Independent Director at their respective meetings held for the purpose.

MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Regulations, a separate

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Meeting of Independent Directors was held during the year to review the performance of Non-Independent Directors and the Board as whole, and the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties. The meeting was conducted to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Terms of Reference:

The terms of reference of the Stakeholders Relationship Committee are in compliance with the provisions of Companies Act, 2013 and Listing Regulations as amended from time to time, which *inter alia* includes carrying out such functions for redressal of grievances of shareholders, debenture holders and other security holders, including but not limited to, transfer of shares, non-receipt of annual report, non-receipt of dividend and any other grievance that a shareholder or investor of the Company may have against the Company. The Committee also oversees and approves Transfer/Transmission/Dematerialisation of shares, issue of Duplicate/Consolidated/Split Share Certificate(s) etc.

The Company has appointed M/s. Link Intime India Private Limited as its Registrar and Share Transfer Agent (RTA). The Stakeholders Relationship Committee recommends measures for overall improvement in the quality of investor services.

Composition:

The Stakeholders Relationship Committee comprises of the following three Members and two of them are Independent Directors:

- Dr. (Mrs.) Brinda Jagirdar - Chairperson
- Mr. Hemang Raja - Member
- Mr. V. Vaidyanathan - Member

Mr. Satish Gaikwad, Head - Legal, Compliance and Company Secretary, acts as a Secretary to the Committee and is also the Compliance Officer of the Company under Listing Regulations. As the Compliance Officer he is responsible for overseeing the redressal of the investors' grievances.

During the year under review, the Committee met four times, i.e. on May 13, 2015, August 04, 2015, November 02, 2015 and February 10, 2016. The details of the attendance of Directors at

meeting(s) of the Committee held during the financial year are as under:

| Name | Number of Stakeholders Relationship Committee Meeting(s) Attended |
|----------------------------|---|
| Dr. (Mrs.) Brinda Jagirdar | 04 |
| Mr. Hemang Raja | 04 |
| Mr. V. Vaidyanathan | 04 |

The minutes of the Stakeholders Relationship Committee Meetings forms part of documents placed before the Meetings of the Board of Directors.

The equity shares of the Company are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). As on March 31, 2016, the Company has 1,18,479 shareholders.

At the beginning of the year, there were no complaints/ correspondences which were pending. During the year under review, the Company and M/s. Link Intime India Private Limited, the Registrar and Share Transfer Agent, received 13 complaints/ correspondence/ grievances. All the complaints/ correspondence/ grievances were resolved/ replied during the year and none are pending as on March 31, 2016.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Terms of Reference:

The terms of reference of Corporate Social Responsibility Committee (CSR) broadly comprises of following responsibility:

- To indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on CSR Activities, monitor the CSR Policy of the Company from time to time, institute a transparent monitoring mechanism for implementation of CSR Projects or Programmes or activities undertaken by the Company.
- To perform any other function or duty as stipulated by the Companies Act, 2013 or under any applicable laws or as may be delegated by the Board of Directors of the Company from time to time.

Composition:

The Corporate Social Responsibility Committee comprises of the following four Members and two of them are Independent Directors:

1. Mr. Hemang Raja - Chairman
2. Dr. (Mrs.) Brinda Jagirdar - Member
3. Mr. Vishal Mahadevia - Member
4. Mr. V. Vaidyanathan - Member

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Mr. Satish Gaikwad, Head - Legal, Compliance and Company Secretary acts as a Secretary to the Committee.

During the year under review, the Committee met once, i.e. on December 15, 2015.

The details of the attendance of Directors at meeting of the Committee held during the financial year are as under:

| Name | Number of Corporate Social Responsibility Committee Meeting(s) Attended |
|----------------------------|---|
| Mr. Hemang Raja | 01 |
| Dr. (Mrs.) Brinda Jagirdar | 01 |
| Mr. Vishal Mahadevia | 01 |
| Mr. V. Vaidyanathan | 01 |

The minutes of the Corporate Social Responsibility Committee Meetings forms part of documents placed before the Meetings of the Board of Directors.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION POLICY

Pursuant to the requirement of Companies Act, 2013 read with Rules, provision of Listing Regulations and Circular/ Notification/ Directions issued by Reserve Bank of India from time to time, the Board of Directors on the recommendation of Nomination and Remuneration Committee had adopted Nomination and Remuneration Policy of Directors, Key Managerial Personnel, Senior management and other employees. The said Policy also includes criteria for making payments to Non-Executive Directors.

The detailed Policy is available on the website of the Company. The web link is <http://www.capitalfirst.com//pdfs/nomination-and-remuneration-policy.pdf>

There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.

Details of Equity Shares and Stock Options held and remuneration of Directors for the year ended March 31, 2016: (Amt. in ₹)

| Name of the Director | Equity Shares held (Nos.) | Stock Options Held (Nos.) | Sitting Fees | Gross Remuneration | Gross Commission for FY 2014-15 paid during FY 2015-16 | Gross Commission for FY 2015-16 payable during FY 2016-17 |
|----------------------------|---------------------------|---------------------------|--------------|--------------------|--|---|
| Mr. V. Vaidyanathan | *51,15,291 | 74,91,000 | - | ^7,12,05,479 | - | - |
| Mr. N. C. Singhal | - | - | 5,20,000 | N.A. | 15,00,000 | 17,50,000 |
| Mr. Vishal Mahadevia | - | - | N.A. | N.A. | N.A. | N.A. |
| Mr. Hemang Raja | - | - | 2,60,000 | N.A. | 15,00,000 | 17,50,000 |
| Mr. M. S. Sundara Rajan | - | - | 2,40,000 | N.A. | 15,00,000 | 17,50,000 |
| Dr. (Mrs.) Brinda Jagirdar | - | - | 2,20,000 | N.A. | 7,50,000 | 17,50,000 |
| Mr. Dinesh Kanabar | - | - | 2,00,000 | N.A. | 3,75,000 | 17,50,000 |
| Mr. Narendra Ostawal | - | - | N.A. | N.A. | N.A. | N.A. |

Includes 47,73,795 equity shares held by JV and Associates LLP, in which Mr. V. Vaidyanathan is a partner.

^ Gross Remuneration of Mr. V. Vaidyanathan includes salary, leave encashment, perk and bonus but does not include Provident Fund.

N.A.: Not Applicable.

CODE OF CONDUCT

The Company has adopted the Code of Ethics and Business Conduct for Directors and Senior Management (Code). The Code has been circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website i.e. www.capitalfirst.com. The Board of Directors and Senior Management have affirmed their compliance with the Code and a declaration signed by the Chairman & Managing Director of the Company forms part of the Annual Report.

SUBSIDIARY COMPANY

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings.

Copies of the Minutes of the Audit Committee and Board Meetings of Subsidiary Companies are individually given to all the Directors and are tabled at the subsequent Board Meetings. The Company does not have any Material Subsidiary Company(ies).

The Company had formulated a policy for determining 'Material Subsidiary' and the same has been put on the Company's website i.e. www.capitalfirst.com and the web link is <http://www.capitalfirst.com/pdf/Policy-on-Determination-of%20Material-Subsidiary.pdf>

WHISTLE BLOWER POLICY AND VIGIL MECHANISM

As per the provisions of Section 177 of Companies Act, 2013 every listed company or such class or classes of companies, as may be prescribed shall establish a vigil mechanism for the

REPORT ON CORPORATE GOVERNANCE (CONTD.)

directors and employees to report their genuine concerns in such manner as may be prescribed. We affirm that no employee/ personnel of the Company were denied access to the Chairman of the Audit Committee.

Accordingly, this Company has in place the Whistle Blower Policy pursuant to the requirements prescribed by the Companies Act, 2013 and the Listing Regulations and the same has been put on the Company's website and the web link is <http://www.capitalfirst.com/pdfs/whistle-blower-policy-and-vigil-mechanism.pdf>

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has familiarized its 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, etc.

The details of the said familiarization programme is provided on the website of the Company and the web link is <http://www.capitalfirst.com/pdfs/familiarization-programme-for-independent-director.pdf>.

GENERAL BODY MEETINGS

Details of General Meetings

During last three years, Eighth, Ninth and Tenth Annual General Meetings of the equity shareholders of the Company were held. The details of the said Meetings and the Special Resolutions passed thereat are as follows:

| General Meeting | Date, Time and Venue | Special Resolutions passed |
|-------------------------------|---|---|
| Eighth Annual General Meeting | August 22, 2013, at 3:00 p.m. at the Mini Theatre, 3 rd Floor, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai – 400 025 | a) Approved the revision in remuneration payable to Mr. V. Vaidyanathan, Chairman and Managing Director of the Company. b) Approved raising of funds / resources in Indian Rupees or equivalent thereof in any foreign currency upto ₹ 300 crore through various domestic / international options, including QIP/ ECBs with conversion into shares/ FCCBs/ ADRs/ GDRs/ FPO/ OCPS/ CCPS etc., pursuant to Section 81(1A) of the Companies Act, 1956. c) Approved Modification of 'Exercise Period' in all Employee Stock Option Schemes viz. CFL ESOS-2007, CFL ESOS-2008, CFL ESOS-2009, CFL ESOS-2011 and CFL ESOS-2012 (Collectively "ESOS Schemes") applicable to employees of the company & its subsidiaries to 5 years from the Date of Vesting or ten years from the Grant Date, whichever is later. |
| Ninth Annual General Meeting | June 18, 2014, at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 | a) Alteration in Articles of Association. b) Approval of CMD Stock Options Scheme 2014. c) Approval to grant, offer and issue options equal to or exceeding 1% of the issued capital to Mr. V. Vaidyanathan under CMD Stock Options Scheme 2014. |
| Tenth Annual General Meeting | July 20, 2015 at 3.00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 | a) Reclassification of Authorised Share Capital of the Company. b) Approval for revision in remuneration payable to Mr. V. Vaidyanathan, Chairman and Managing Director (DIN 00082596) from April 01, 2015 to August 09, 2015. c) Approval for re-appointment of Mr. V. Vaidyanathan, Chairman and Managing Director (DIN 00082596) for a period of five years with effect from August 10, 2015. d) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013. e) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis. |

REPORT ON CORPORATE GOVERNANCE (CONTD.)

POSTAL BALLOT

There was no postal ballot held during the financial year 2015-16.

DISCLOSURES

i) Related Party Transactions

The Company has no material significant related party transactions that may have a potential conflict with the interest of the Company. The details of transactions between the Company and the related parties are given under Notes to the Financial Statement for the year ended March 31, 2016. The Board has approved a policy for related party transactions which has been uploaded on the Company's website and the web link is <http://www.capitalfirst.com/pdfs/Policy-on-Related-Party-Transactions.pdf>.

ii) No Penalty or Strictures

There has been no instance of non-compliance by the Company on any matter relating to the capital markets and accordingly no penalties have been levied or strictures have been passed by the Securities and Exchange Board of India or Stock Exchange(s) or any other statutory authority during last 3 years.

iii) The Company has complied with all the mandatory requirements of Corporate Governance as on March 31, 2016 and are in compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement entered with the Stock Exchanges or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable.

iv) The extent of compliance in respect of non-mandatory requirements is as follows:

1. The Board:

Requirement of reimbursement of expenses for Non-Executive Chairman is not applicable in the case of the Company.

2. Shareholders' Rights:

The quarterly and half yearly financial results are published in the newspapers and are also posted on

the Company's website, the same are not being sent to each household of shareholders.

3. Modified opinion(s) in Audit Report:

There are no modified audit opinion(s) in the financial statements for the financial year 2015-16.

4. Separate post of Chairman and Chief Executive Officer:

The Company has a Chairman and Managing Director and as permitted by the Companies Act, Articles of Association of the Company, adequately captures for keeping the same as combined position. Further, the Company has a majority of Independent Directors, with excellent track record and background and all Board Committees are chaired by the Independent Directors. The Company maintains high degree of Corporate Governance.

5. Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.

MEANS OF COMMUNICATION

Quarterly/ annual audited financial results are regularly submitted to all the Stock Exchanges where the shares of the Company are listed in accordance with the Listing Regulations and are widely published in a prominent English newspaper "The Free Press Journal" and in a regional language newspaper "Navshakti, Mumbai". The quarterly/annual results are also displayed on the Company's website www.capitalfirst.com soon after their declaration. All official press releases, presentations to analysts and institutional investors and other general information about the Company are also available on the Company's website.

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:

- Day, Date and Time : Tuesday, July 05, 2016; 3:00 p.m.
- Venue : Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

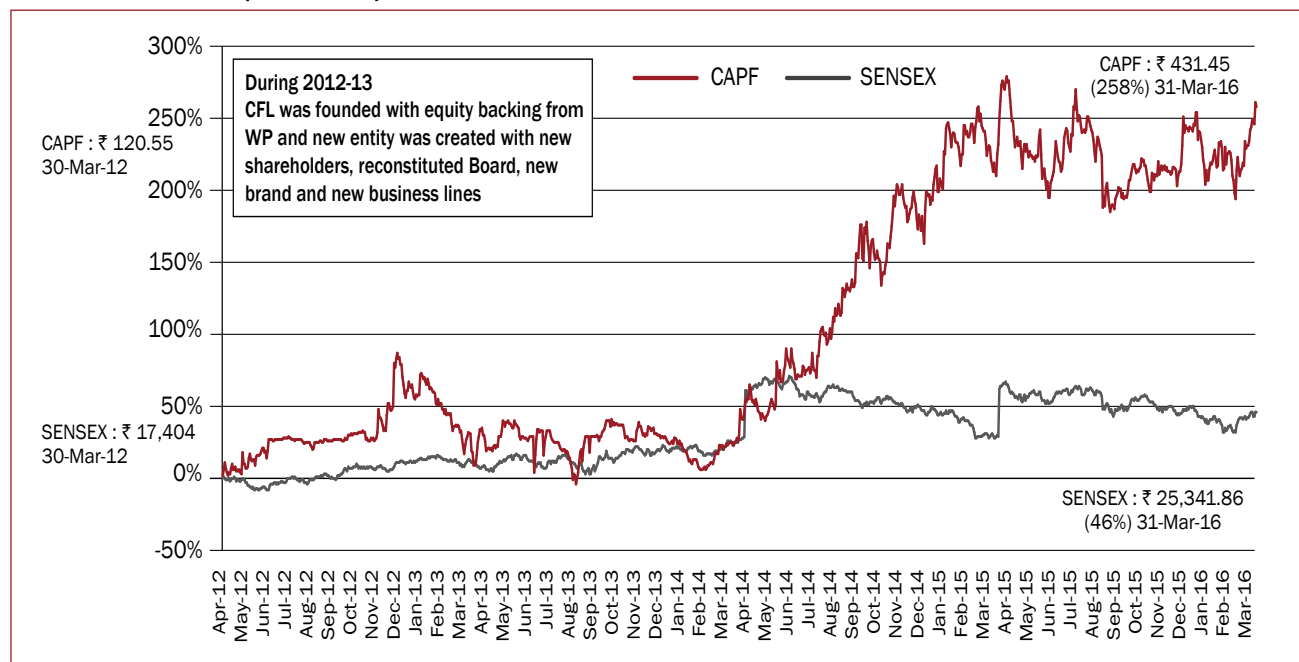
2. Tentative Financial : The financial year of the Company is from April 01 to March 31 of the following year.
- First Quarter Results: First week of August, 2016
 - Second Quarter Results : Second week of November, 2016
 - Third Quarter Results : First week of February, 2017
 - Fourth Quarter Results : Third week of May, 2017
3. Dates of Book Closure : June 29, 2016
4. Dividend Payment Date : On or after July 06, 2016
5. Listing on Stock Exchanges : **BSE Limited (BSE)**
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001
National Stock Exchange of India Limited (NSE)
Exchange Plaza, 5th Floor,
Plot No. C/1, G-Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051
6. Listing Fees : Listing fees of both the Stock Exchanges for the year 2015-16 have been paid.
7. Stock Code
BSE : 532938
NSE : CAPF
International Securities Identification Number (ISIN) : INE688I01017

8. Market Price Data during the financial year ended March 31, 2016:

| Month | BSE | | NSE | |
|-----------------|--------|--------|--------|--------|
| | High | Low | High | Low |
| April, 2015 | 464.80 | 386.00 | 464.10 | 386.00 |
| May, 2015 | 412.95 | 378.00 | 413.90 | 378.60 |
| June, 2015 | 418.50 | 350.00 | 418.65 | 348.00 |
| July, 2015 | 449.95 | 382.00 | 450.00 | 381.90 |
| August, 2015 | 441.00 | 320.95 | 442.00 | 321.00 |
| September, 2015 | 373.00 | 336.40 | 373.55 | 336.00 |
| October, 2015 | 394.25 | 355.50 | 394.95 | 355.60 |
| November, 2015 | 388.90 | 353.25 | 388.90 | 352.30 |
| December, 2015 | 425.30 | 364.00 | 426.80 | 364.00 |
| January, 2016 | 437.05 | 362.00 | 438.00 | 365.00 |
| February, 2016 | 416.00 | 348.00 | 408.95 | 346.20 |
| March, 2016 | 446.00 | 358.00 | 446.75 | 355.10 |

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Performance of share price in comparison with BSE SENSEX:



9. Distribution of Shareholdings as at March 31, 2016:

| Sr. No. | Category (No. of Shares) | | Shareholders | | Share Amount | |
|---------|--------------------------|----------|-----------------|---------------|---------------------|---------------|
| | ₹ | ₹ | Number | % to Total | In ₹ | % to Total |
| | (1) | | (2) | (3) | (4) | (5) |
| 1 | Upto - | 5,000 | 1,15,995 | 97.90 | 3,40,93,860 | 3.74 |
| 2 | 5,001 - | 10,000 | 1,209 | 1.02 | 95,02,640 | 1.04 |
| 3 | 10,001 - | 20,000 | 613 | 0.52 | 90,56,950 | 0.99 |
| 4 | 20,001 - | 30,000 | 192 | 0.16 | 49,06,540 | 0.54 |
| 5 | 30,001 - | 40,000 | 86 | 0.07 | 30,49,540 | 0.33 |
| 6 | 40,001 - | 50,000 | 69 | 0.06 | 32,97,970 | 0.36 |
| 7 | 50,001 - | 1,00,000 | 160 | 0.14 | 1,18,19,190 | 1.30 |
| 8 | 1,00,001 and above | | 155 | 0.13 | 83,66,50,750 | 91.70 |
| | Total | | 1,18,479 | 100.00 | 91,23,77,440 | 100.00 |

10. Categories of Shareholdings as on March 31, 2016:

| Category | No. of Shares | % |
|--|--------------------|---------------|
| Promoter and Promoter Group | 5,94,85,602 | 65.20 |
| Mutual Funds | 61,79,732 | 6.77 |
| Banks, Financial Institutions, Insurance Companies | 28,63,150 | 3.14 |
| Foreign Institutional Investors | 41,73,421 | 4.57 |
| Bodies Corporate | 60,81,743 | 6.67 |
| Individuals | 82,18,840 | 9.01 |
| Non-Resident Individuals | 9,92,013 | 1.09 |
| Others* | 32,43,243 | 3.55 |
| Total | 9,12,37,744 | 100.00 |

* Includes Foreign Portfolio Investors, Clearing members, Hindu Undivided Family and Trusts

REPORT ON CORPORATE GOVERNANCE (CONTD.)

11. Registrar and Share Transfer Agents : Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West), Mumbai - 400 078.
Tel. No.: +91 22 2594 6970; Fax No.: +91 22 2594 6969
E-mail : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in
- TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
Nr. Famous Studio, 20,
Dr. E. Moses Road, Mahalaxmi,
Mumbai – 400011
Tel: +91-22-6656 8484
Extn.: 416
Fax: +91-22-6656 8494
Contact Person:
Ms. Shehnaz Billimoria
E-mail : csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com
12. Dematerialisation of shares and liquidity : Equity shares of the Company are under compulsory Demat trading. As on March 31, 2016, a total of 9,12,37,569 equity shares aggregating to 99.99% of the total issued, subscribed and paid-up equity share capital of the Company, are in dematerialised form.
13. Outstanding GDRs / ADRs / Warrants or any Convertible instruments : Nil
14. Commodity price risk or foreign exchange risk and hedging activities : During the year under review, the Company has managed the foreign exchange risk on a fully hedged basis.
15. Plant Locations : Not Applicable
16. Address for correspondence : Mr. Satish Gaikwad
Head – Legal, Compliance & Company Secretary
Capital First Limited
Indiabulls Finance Centre, 15th Floor, Tower-2,
Senapati Bapat Marg, Elphinstone (West), Mumbai – 400 013.
Tel. No.: +91 22 4042 3400
Fax No.: +91 22 4042 3401
Website: www.capitalfirst.com
E-mail: secretarial@capfirst.com
CIN: L29120MH2005PLC156795

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Registrar and Share Transfer Agent
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai - 400 078.
Tel. No.: +91 22 2594 6970
Fax No.: +91 22 2594 6969
E-mail : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

17. Debenture Trustees

: IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400 001.
Tel. No.: +91 22 4080 7000
Fax No.: +91 22 6631 1776
E-mail: kunal.antani@idbitrustee.com
Website: <http://www.idbitrustee.co.in>

GDA Trusteeship Limited
Office No. 83 - 87, 8th Floor, B Wing,
Mittal Tower, Nariman Point,
Mumbai - 400021.
Tel. No.: +91 22 4922 0555
Fax No.: +91 22 4922 0505
Contact Person: Umesh Salvi
Email: umesh.salvi@gdatrustee.com
Website: www.gdatrustee.com

18. Designated E-mail ID

: secretarial@capfirst.com

19. Share Transfer System

: Applications for transfers, transmission and transposition are received by the Company at its Registered Office or at the office(s) of its Registrars and Share Transfer Agent. As the shares of the Company are in dematerialised form, the transfers are duly processed by NSDL/ CDSL in electronic form through the respective depository participants. Shares which are in physical form are processed by the Registrars and Share Transfer Agent on a regular basis and the certificates are dispatched directly to the investors.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

20. Pursuant to the requirements of the Circular dated April 24, 2009, issued by the Securities and Exchange Board of India (“SEBI”) and in accordance with the Listing Regulations, the details are given below:-

| Particulars | Aggregate number of shareholders | Outstanding shares in Unclaimed suspense account |
|---|----------------------------------|--|
| Outstanding shares in the suspense account at the beginning of the year | 366 | 2928 |
| Number of shareholders who approached for transfer of shares during the year | # 1 | 8 |
| Number of shareholders to whom shares were transferred from suspense account during the year. | # 2 | 16 |
| Outstanding shares in the suspense account at the end of the year | 364 | 2912 |

One shareholder had approached during FY 2014-15 for transfer of shares and the same were transferred from unclaimed suspense account during the FY 2015-16.

The Company has opened a separate demat suspense account and has credited the said unclaimed shares in compliance with requirements of the SEBI Circular and as per Listing Regulations. All the corporate benefits in terms of securities, accruing on these unclaimed shares shall be credited to such account. Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

On behalf of the Board of Directors

Place : Mumbai
Date : May 13, 2016

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

CODE OF CONDUCT - DECLARATION

In accordance with Regulation 34(3) and Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I confirm that the Members of the Board of Directors and the Senior Management personnel of Capital First Limited have affirmed compliance with the Company's Code of Conduct for the financial year 2015-16.

For Capital First Limited

Place : Mumbai
Date : May 13, 2016

V. Vaidyanathan
Chairman & Managing Director
DIN 00082596

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
Capital First Limited

We have examined the compliance of conditions of corporate governance by Capital First Limited (“the Company”), for the year ended on March 31, 2016, as stipulated in Clause 49 of Listing Agreement and Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement and Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**For Makarand M. Joshi & Co.,
Practising Company Secretaries,**

Makarand Joshi
Partner
FCS No.: 5533
CP No.: 3662

Place : Mumbai
Date : May 13, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Capital First Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Capital First Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

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 purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 43 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 13, 2016

ANNEXURE TO AUDITOR'S REPORT

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Capital First Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the year 2013-14 in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

| Name of Statute | Nature of Dues | Amount in ₹ | Period to which amount relates | Forum where dispute is pending | Remarks if any |
|----------------------|----------------|-------------|--------------------------------|--------------------------------|--|
| Income Tax Act, 1961 | Income Tax | 31,26,311 | AY 2008-09 | Income Tax Tribunal | The Company has paid due amount as an advance tax/TDS for the matter under dispute |
| Income Tax Act, 1961 | Income Tax | 1,60,54,957 | AY 2009-10 | Income Tax Tribunal | The Company has paid due amount as an advance tax/TDS for the matter under dispute |
| Income Tax Act, 1961 | Income Tax | 1,11,72,227 | AY 2010-11 | Income Tax Tribunal | The Company has paid due amount as an advance tax/TDS for the matter under dispute |

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

| Name of Statute | Nature of Dues | Amount in ₹ | Period to which amount relates | Forum where dispute is pending | Remarks if any |
|----------------------|----------------|-------------|--------------------------------|--------------------------------------|--|
| Income Tax Act, 1961 | Income Tax | 10,95,136 | AY 2013-14 | Commissioner of Income-tax (Appeals) | The Company has paid due amount as an advance tax/TDS for the matter under dispute |

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.
Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act , 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 13, 2016

ANNEXURE TO AUDITOR'S REPORT

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF CAPITAL FIRST LIMITED

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

To the Members of Capital First Limited

We have audited the internal financial controls over financial reporting of Capital First Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 13, 2016

BALANCE SHEET AS AT MARCH 31, 2016

₹ in Lakhs

| Particulars | Note No. | As at March 31, 2016 | As at March 31, 2015 |
|---|----------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 9,123.77 | 9,098.23 |
| Reserves and Surplus | 4 | 156,836.00 | 144,826.94 |
| | | 165,959.77 | 153,925.17 |
| Share Application Money Pending Allotment | 3 | 14.96 | - |
| Non-Current Liabilities | | | |
| Long-term borrowings | 5 | 709,421.12 | 451,970.07 |
| Other Long-term liabilities | 6 | 5,793.73 | 4,486.19 |
| Long-term provisions | 7 | 11,222.73 | 8,685.17 |
| | | 726,437.58 | 465,141.43 |
| Current Liabilities | | | |
| Short-term borrowings | 8 | 155,244.11 | 139,048.79 |
| Trade payables | 9 | 12,218.06 | 8,059.48 |
| Other current liabilities | 10 | 332,918.83 | 258,679.16 |
| Short-term provisions | 11 | 10,452.42 | 9,701.43 |
| | | 510,833.42 | 415,488.86 |
| TOTAL | | 1,403,245.73 | 1,034,555.46 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | 12 | | |
| - Tangible assets | | 1,942.92 | 1,384.59 |
| - Intangible assets | | 981.08 | 524.50 |
| | | 2,924.00 | 1,909.09 |
| Non - current investments | 13 | 22,232.05 | 17,968.37 |
| Deferred tax assets (Net) | 14 | 5,435.90 | 4,246.92 |
| Long-term loans and advances | 15 | 813,096.43 | 629,637.76 |
| Other non-current assets | 16 | 15,574.28 | 27,672.54 |
| | | 859,262.66 | 681,434.68 |
| Current Assets | | | |
| Current Investments | 17 | 3,183.99 | 2,906.63 |
| Trade receivables | 18 | 2,667.69 | 1,007.81 |
| Cash and Bank Balances | 19 | 103,470.13 | 101,941.54 |
| Short-term loans and advances | 20 | 404,571.04 | 231,147.40 |
| Other current assets | 21 | 30,090.22 | 16,117.40 |
| | | 543,983.07 | 353,120.78 |
| TOTAL | | 1,403,245.73 | 1,034,555.46 |
| Summary of significant accounting policies | 2.1 | | |
| The accompanying notes are an integral part of the Financial Statements | | | |

As per our report of even date

For S.R. BATLIBOI & CO. LLPICAI Firm Registration No. 301003E/E300005
Chartered Accountants**per Viren H. Mehta**Partner
Membership No. 048749
Place : Mumbai
Date : May 13, 2016For and on behalf of the Board of Directors of
Capital First Limited**V. Vaidyanathan**Chairman & Managing Director
DIN No. 00082596**N. C. Singhal**Director
DIN No. 00004916**Pankaj Sanklecha**Chief Financial Officer &
Head-Corporate CentrePlace : Mumbai
Date : May 13, 2016**Satish Gaikwad**Head Legal, Compliance &
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | Note No. | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|----------|--------------------------------------|--------------------------------------|
| Revenue from operations | 22 | 184,499.09 | 141,063.40 |
| Other Income | 23 | 284.97 | 1,529.79 |
| Total Revenue | | 184,784.06 | 142,593.19 |
| Expenses | | | |
| Employee benefits expense | 24 | 17,554.90 | 13,448.57 |
| Finance costs | 25 | 87,594.37 | 78,296.20 |
| Depreciation and Amortization expense | 26 | 995.53 | 995.65 |
| Other expenses | 27 | 54,777.89 | 33,720.85 |
| Total Expenses | | 160,922.69 | 126,461.27 |
| Profit before tax | | 23,861.37 | 16,131.92 |
| Tax expense: | | | |
| - Current tax | | 9,567.07 | 7,892.80 |
| - Deferred tax credit | | (1,188.98) | (2,540.29) |
| - Tax for earlier years (Refer Note No. 42) | | (207.78) | (422.62) |
| | | 8,170.31 | 4,929.89 |
| Profit after tax for the year | | 15,691.06 | 11,202.03 |
| Earning per equity share: | | | |
| - Basic (₹) | 28 | 17.22 | 13.48 |
| - Diluted (₹) | | 16.36 | 12.85 |
| Summary of significant accounting policies | 2.1 | | |
| The accompanying notes are an integral part of the Financial Statements | | | |

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta

Partner
Membership No. 048749
Place : Mumbai
Date : May 13, 2016

For and on behalf of the Board of Directors of
Capital First Limited

V. Vaidyanathan
Chairman & Managing Director
DIN No. 00082596

N. C. Singhal
Director
DIN No. 00004916

Pankaj Sanklecha
Chief Financial Officer &
Head-Corporate Centre

Place : Mumbai
Date : May 13, 2016

Satish Gaikwad
Head Legal, Compliance &
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Tax | 23,861.37 | 16,131.92 |
| Adjustments for : | | |
| Depreciation/amortisation | 995.53 | 995.65 |
| Excess provision written back | - | (3.97) |
| Provision for doubtful loans and advances | 2,097.22 | 3,208.46 |
| Provision for diminution in value of investments | 30.09 | 153.50 |
| Provision for standard assets | (43.27) | 819.50 |
| Bad loans and trade receivables written off | 21,387.35 | 6,257.87 |
| Provision for employee benefits | 122.84 | 101.41 |
| Profit on sale of investments (net) | (183.91) | (1,287.74) |
| Dividend income | (38.93) | - |
| Loss on sale of fixed assets | 34.30 | 171.78 |
| | 24,401.22 | 10,416.46 |
| Operating Profit Before Working Capital Changes | 48,262.59 | 26,548.38 |
| Adjustment for changes in working capital: | | |
| (Increase)/Decrease in Trade Receivables | (1,659.89) | (112.48) |
| (Increase)/Decrease in Loans and Advances | (377,489.20) | (163,353.53) |
| (Increase)/Decrease in Other Assets | (9,018.48) | (3,434.70) |
| (Decrease)/Increase in Trade payables and other liabilities | 15,645.88 | 8,567.46 |
| Cash used in operations | (324,259.10) | (131,784.87) |
| Direct taxes paid (net of refund) | (8,123.80) | (5,765.48) |
| Net Cash used in from Operating Activities | (332,382.90) | (137,550.35) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets including intangible assets and Capital Work-in-progress | (2,850.05) | (502.78) |
| Sale proceeds from fixed assets | 8.92 | 80.94 |
| Purchase of investments | (189,092.93) | (660,293.08) |
| Sale proceeds from investments | 184,705.70 | 693,152.22 |
| Dividend Income | 38.93 | - |
| Net Cash (used)/generated from Investing Activities | (7,189.43) | 32,437.30 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of Equity Share Capital | 25.54 | 828.83 |
| Proceeds from Securities Premium on issue of Equity Share Capital | 426.43 | 30,140.25 |
| Proceeds from Share Application Money Pending Allotment | 14.96 | - |
| Payment of securities issue expenses | (1,472.71) | (643.18) |
| Payment of dividend | (2,002.35) | (1,654.12) |
| Payment of dividend tax | (407.63) | - |
| Proceeds from long-term borrowings | 564,000.00 | 157,500.00 |
| Repayment of long-term borrowings | (242,822.55) | (167,756.02) |
| Proceeds from short-term borrowings | 339,800.00 | 1,417,862.23 |
| Repayment of short-term borrowings | (323,604.68) | (1,428,185.58) |
| Net Cash generated from Financing Activities | 333,957.01 | 8,092.41 |
| Net decrease in Cash and Cash Equivalents during the year | (5,615.32) | (97,020.64) |
| Cash and Cash equivalents at beginning of the year | 99,941.53 | 196,962.17 |
| Cash and Cash equivalents at the end of the year | 94,326.21 | 99,941.53 |

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

| | ₹ in Lakhs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| Cash and Cash equivalents comprises of : | | |
| Cash in Hand | 1,119.09 | 926.30 |
| Cheques on hand | 26.03 | 19.59 |
| Balance with Banks: | | |
| - in unpaid dividend accounts (Refer Note 3 below) | 20.76 | 17.34 |
| - in current accounts | 93,160.33 | 69,449.44 |
| - in deposit accounts having original maturity less than three months | - | 29,528.86 |
| Total | 94,326.21 | 99,941.53 |

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 'Cash Flow Statements' notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.
- Cash and cash equivalents in the balance sheet comprises of Cash in hand and Cash at bank.
- The balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta

Partner
Membership No. 048749

Place : Mumbai

Date : May 13, 2016

For and on behalf of the Board of Directors of
Capital First Limited

V. Vaidyanathan

Chairman & Managing Director
DIN No. 00082596

Pankaj Sanklecha

Chief Financial Officer &
Head-Corporate Centre

Place : Mumbai

Date : May 13, 2016

N. C. Singhal

Director
DIN No. 00004916

Satish Gaikwad

Head Legal, Compliance &
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. CORPORATE INFORMATION

Capital First Limited (the 'Company' or 'CFL') is a public Company domiciled in India and incorporated on October 18, 2005 under the provisions of the Companies Act, 2013. The Company has received a Certificate of Registration from the Reserve Bank of India ('RBI') on April 10, 2006 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared to comply in all material respects with the Accounting Standards ('AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India (IGAAP) and as per the guidelines issued by Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulation'). The financial statements have been prepared on an accrual basis and under the historical cost convention. The notified Accounting Standards (AS) are followed by the Company insofar as they are not inconsistent with the NBFC Regulation.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Change in Accounting Policy

Accounting for debenture issue expenses

During the year, the Company had changed its policy related to debenture issue expenses. The debenture issue expenses aggregating to ₹ 1,472.71 lakhs (net of tax) were charged against Securities Premium Account as per Section 52 of the Companies Act, 2013 which were hitherto amortised and charged to the Statement of Profit and Loss Account. Consequent to the change in such policy, profit for the year ended March 31, 2016 is higher by ₹ 238.09 lakhs.

Classification of Non performing assets ('NPA')

RBI vide its notification no DNBR. 011/CGM (CDS)-2015 dated March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending March 31, 2016. This has resulted in increase in gross non-performing assets by ₹ 1,766.75 lakhs. However, there is no significant impact of this change on provision for the quarter ended March 31, 2016.

(b) Current/Non Current classification of assets and liabilities

As required by Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Since in case of non-banking financial Company normal operating cycle is not readily determinable, the operating cycle has been considered as 12 months.

(c) Use of estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles ("IGAAP") requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(d) Change in estimates

Provisioning on retail Mortgage Loans

During the year, the Company had changed its estimates related to provisioning for mortgage loans. Consequent to the change in such estimates, provision and write off for the year ended March 31, 2016 is higher by ₹ 1,338.68 lakhs.

Provisioning on unsecured micro credit loans

During the year, the Company has changed its estimates related to provisioning for unsecured micro credit loans. Consequent to the change in such estimates, provision and write off for the year ended March 31, 2016 is higher by ₹ 515.47 lakhs

(e) Tangible assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(g) Depreciation on Tangible asset/Amortisation of Intangible asset

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

| Particulars | Useful lives estimated by the Management (Same as specified in Schedule II of Companies Act, 2013) |
|-------------------------|---|
| Computers and Printers | 3 years |
| Servers | 6 years |
| Office Equipment | 5 years |
| Furnitures & Fixtures | 10 years |
| Electrical Installation | 10 years |
| Air Conditioners | 5 years |
| Leasehold Improvements | 5 years |
| Intangible assets | 5 years |

(h) Loans

Loans are stated at the amount advanced, as reduced by the amounts received up to the balance sheet date and loans assigned.

(i) Leases

Operating Lease

Where the Company is lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the tenure of the lease.

(j) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted at the pre tax discount rate reflecting current market assessment of time value of money and risks specific to asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(k) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Quoted Current investments are carried in the financial statements at fair value determined on an individual investment basis. Unquoted investments in units of mutual funds are stated at net asset value. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(l) Commercial Papers

Commercial paper is recognised at redemption value net of unamortized finance charges. The difference between redemption value and issue value is amortised on a time basis and is disclosed separately under finance charges.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(m) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange Differences

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

(n) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income

Interest income from retail loans is accounted based on applying Internal Rate of Return ('IRR') and from other loans is accounted based on applying interest rate implicit in the contract. In case of non-performing assets interest income is recognised on receipt basis as per NBFC prudential norms.

Interest income on all other assets is recognised on time proportion basis.

Income on discounted instruments

Income on discounted instruments is recognised over the tenor of the instrument on straight line basis.

Fee income

Fee income on loans is recognised as income over the tenor of the loan agreements on internal rate of return ('IRR') basis. The unamortized balance is being disclosed as part of current liabilities. For the agreements foreclosed / transferred through assignment, balance of processing fees is recognised as income at the time of such foreclosure / transfer through assignment.

Subvention income

Subvention income on loans is recognised as income over the tenor of the loan agreements. The unamortized balance is being disclosed as part of current liabilities. For the agreements foreclosed / transferred through assignment, balance of subvention income is recognised as income at the time of such foreclosure / transfer through assignment.

Commission and brokerage income

Commission and brokerage income earned for the services rendered are recognised as and when they are due.

Income from Assignment of loans and receivables

Income from assignment of loans and receivables is amortised over the tenure of loans in accordance with the RBI circular "Revisions to the Guidelines on Securitisation Transactions" dated August 21, 2012.

Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of non-performing assets wherein interest income is recognised on receipt basis as per NBFC prudential norms.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized on receipt basis in accordance with the NBFC Regulation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Profit/ Loss on sale of investments

Profit/loss earned on sale of investments is recognised on trade date basis. Profit or loss on sale of investments is determined on the basis of the weighted average cost method.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(o) Securities issue expenses

Security issue expenses related to issuance of equity and debt are debited against securities premium account in accordance with the provisions of Section 52 of the Companies Act, 2013.

(p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

Leave encashment

Earned leave during the financial year and remaining unutilized will be encashed at the year end based on basic salary. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(q) Borrowing costs

Borrowing costs consists of interest and other ancillary cost that an entity incurs in connection with borrowing of funds. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the tenor of borrowings.

(r) Loan origination cost

Loan origination costs such as credit verification, agreement stamping, direct selling agents commission and valuation charges are recognised as expense over the contractual tenor of the loan agreements. Full month's amortization is done in the month in which loans are disbursed. For the agreements foreclosed or transferred through assignment, the unamortised portion of the loan acquisition costs is recognised as charge to the Statement of Profit and Loss at the time of such foreclosure/transfer through assignment.

(s) Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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 tax assets and deferred tax related to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(t) Provisioning/Write-off on assets

Provisioning/Write-off on overdue assets

The provisioning/write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

The Company accounts for provision for doubtful assets after taking into account the time lag between an accounts becoming overdue, its recognition as such and realisation of available security. The Company classifies non-performing assets which are overdue for five months or more.

Provision on standard assets

Provision on standard assets has been made @ 0.30% in accordance with the Reserve Bank of India ('RBI') guidelines.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(u) Employee Stock Option Scheme ('ESOS')

Employees (including senior executives) of the Company also receives remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

(v) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(w) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(x) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(y) Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months and short-term highly liquid investments with an original maturity of three months or less.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| 3. Share Capital | | |
| Authorised: | | |
| 113,000,000 (Previous Year: 103,000,000) Equity shares of ₹ 10/- each | 11,300.00 | 10,300.00 |
| Nil (Previous Year: 10,000,000) Compulsorily Convertible Preference shares ('CCPS') of ₹ 10/- each | - | 1,000.00 |
| | 11,300.00 | 11,300.00 |
| Issued, subscribed and fully paid up: | | |
| 91,237,744 (Previous Year: 90,982,269) Equity shares of ₹ 10/- each | 9,123.77 | 9,098.23 |
| | 9,123.77 | 9,098.23 |

- a. Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the reporting period:

| | As at March 31, 2016 | | As at March 31, 2015 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Number | ₹ in Lakhs | Number | ₹ in Lakhs |
| At the beginning of the reporting year | 90,982,269 | 9,098.23 | 82,631,469 | 8,263.15 |
| Issued during the year | | | | |
| - Under employees stock option scheme | 255,475 | 25.54 | 658,500 | 65.85 |
| Issued during the year (Refer Note No. 40) | - | - | 7,692,300 | 769.23 |
| At the close of the reporting year | 91,237,744 | 9,123.77 | 90,982,269 | 9,098.23 |

- b. Terms/Rights attached to Equity Shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any is proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- c. Shares held by the holding company and the subsidiary of the ultimate holding company:

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|------------|----------------------|------------|
| | Number | ₹ in Lakhs | Number | ₹ in Lakhs |
| Equity shares of ₹ 10/- each | | | | |
| Cloverdell Investment Ltd - Holding Company | 58,237,645 | 5,823.76 | 58,237,645 | 5,823.76 |
| Dayside Investment Ltd | 1,247,957 | 124.80 | 1,247,957 | 124.80 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- d. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---------------------------|----------------------|--------|----------------------|--------|
| | Number | % | Number | % |
| Cloverdell Investment Ltd | 58,237,645 | 63.83% | 58,237,645 | 64.01% |
| JV & Associates LLP | 4,773,795 | 5.23% | 4,773,795 | 5.25% |

| | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| e. Securities convertible into equity shares | NIL | NIL |
| f. Shares reserved for issue under Employee Stock Option Scheme (Refer Note No. 31) | 10,762,150 | 10,255,125 |
| g. Aggregate number of shares issued for a consideration other than cash during the period of five years immediately preceding the reporting date | NIL | NIL |

- h. **Share Application Money Pending Allotment**

Share application money pending allotment represents money received from employees pursuant to exercise of stock options. The shares were allotted on April 12, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| 4. Reserves and Surplus | | |
| Capital Reserve | | |
| Balance as per last Balance Sheet | 5,925.00 | 5,925.00 |
| Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934 | | |
| Balance as per last Balance Sheet | 8,613.90 | 6,373.50 |
| Add: Transferred from Statement of Profit and Loss | 3,138.21 | 2,240.40 |
| | 11,752.11 | 8,613.90 |
| Securities Premium Account | | |
| Balance as per last Balance Sheet | 110,286.54 | 80,712.16 |
| Add: Received during the year | 426.43 | 30,217.56 |
| Less: Securities issue expenses (net of tax) (Refer Note No. 2.1(a)) | (1,472.71) | (643.18) |
| | 109,240.26 | 110,286.54 |
| General Reserve | | |
| Balance as per last Balance Sheet | 2,658.15 | 1,537.95 |
| Add: Transferred from Statement of Profit and Loss | 1,569.11 | 1,120.20 |
| | 4,227.26 | 2,658.15 |
| Surplus in the Statement of Profit and Loss | | |
| Balance as per last Balance Sheet | 17,343.35 | 12,162.64 |
| Less: Accelerated Depreciation as per the Companies Act, 2013 | - | (67.14) |
| Less: Loss in recovery of advances granted to Employee Welfare Trusts (Refer Note No. 41) | - | (183.59) |
| Add: Profit for the year | 15,691.06 | 11,202.02 |
| Less: Appropriations: | | |
| Transfer to statutory reserve under Section 45-IC of the RBI Act, 1934 | (3,138.21) | (2,240.40) |
| Proposed dividend (Amount per share ₹ 2.40 (Previous year ₹ 2.20)) | (2,189.91) | (2,002.35) |
| Dividend tax thereon | (445.81) | (407.63) |
| Transfer to general reserve | (1,569.11) | (1,120.20) |
| | 25,691.37 | 17,343.35 |
| | 156,836.00 | 144,826.94 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | Non-Current Portion | | Current Maturities* | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2016 | As at March 31, 2015 |
| 5. Long-Term Borrowings | | | | |
| Secured | | | | |
| Redeemable Non-Convertible Debentures | 121,000.00 | 20,000.00 | 65,000.00 | 37,430.00 |
| Term Loans | | | | |
| - from Banks | 442,421.12 | 365,472.12 | 204,051.00 | 187,894.59 |
| - from Others | 42,500.00 | - | 7,500.00 | - |
| Unsecured | | | | |
| Redeemable Non-Convertible Perpetual Debentures | 25,000.00 | 19,000.00 | - | - |
| Redeemable Non-Convertible Debentures (Subordinated debt) | 51,000.00 | 20,000.00 | - | - |
| Term Loans | - | - | - | - |
| - from Banks (Subordinate debt) | 27,500.00 | 27,497.95 | - | - |
| - from Banks (Other) | - | - | 17,500.00 | 5,000.00 |
| | 709,421.12 | 451,970.07 | 294,051.00 | 230,324.59 |

* Amount disclosed under the head 'Other current liabilities' (Refer Note No. 10)

a. Security details for Secured Redeemable Non-Convertible Debentures

1. Debentures of ₹ 151,000.00 lakhs (Previous Year: ₹ 57,430.00 lakhs) are secured by first *pari-passu* charge on the fixed asset owned by the Company and first exclusive charge on the standard receivables of retail and corporate loan assets and other current assets of the Company.
2. Debentures of ₹ 35,000.00 lakhs (Previous year: Nil) are secured by first *pari-passu* charge on the fixed asset owned by the Company and first *pari-passu* charge by way of hypothecation, over standard, present and future receivables.

b. Particulars of Secured Redeemable Non-Convertible Debentures

₹ in Lakhs

| Particulars | Face Value (in ₹) | Quantity | Date of Redemption | As at March 31, 2016 | As at March 31, 2015 |
|-----------------------------|----------------------|----------|-----------------------|-------------------------|-------------------------|
| 8.73% CAPFIRSTNCD Series 10 | 1,000,000 | 3,500 | May 28, 2021 | 35,000.00 | - |
| 9.20% CAPFIRSTNCD Series 9 | 1,000,000 | 500 | January 29, 2021 | 5,000.00 | - |
| 9.20% CAPFIRSTNCD Series 8 | 1,000,000 | 2,100 | January 22, 2021 | 21,000.00 | - |
| 9.10% CAPFIRSTNCD Series 7 | 1,000,000 | 3,000 | January 4, 2019 | 30,000.00 | - |
| 9.25% CAPFIRSTNCD Series 6 | 1,000,000 | 500 | December 22, 2020 | 5,000.00 | - |
| 9.25% CAPFIRSTNCD Series 6 | 1,000,000 | 350 | December 21, 2018 | 3,500.00 | - |
| 9.20% CAPFIRSTNCD Series 5 | 1,000,000 | 150 | October 23, 2020 | 1,500.00 | - |
| 9.40% CAPFIRSTNCD Series 4 | 1,000,000 | 3,000 | December 27, 2016 | 30,000.00 | - |
| 9.40% CAPFIRSTNCD Series 3 | 1,000,000 | 3,500 | December 23, 2016 | 35,000.00 | - |
| 10.00% CAPFIRSTNCD Series 2 | 1,000,000 | 1,000 | March 20, 2018 | 10,000.00 | 10,000.00 |
| 10.00% CAPFIRSTNCD Series 1 | 1,000,000 | 1,000 | February 15, 2018 | 10,000.00 | 10,000.00 |
| 11.25%,Tranche 2 | 1,000,000 | 1,250 | December 1, 2015 | - | 12,500.00 |
| 11.25%,Tranche 1 | 1,000,000 | 1,250 | October 1, 2015 | - | 12,500.00 |
| 10.25%,Tranche 2-A * | 1,000,000 | 60 | August 31, 2015 | - | 600.00 |
| 11.00%,Tranche 2-B3 | 1,000,000 | 4 | August 31, 2015 | - | 40.00 |
| 10.25%,Tranche 1-A * | 1,000,000 | 751 | August 16, 2015 | - | 7,510.00 |
| 11.00%,Tranche 1-B3 | 1,000,000 | 428 | August 16, 2015 | - | 4,280.00 |
| | | | | 186,000.00 | 57,430.00 |

* These Debentures have tenure of 5 years subject to call/put option with the lender/investor to be exercised only after 3 years from the date of issue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

5. Long-Term Borrowings (Contd.)

c. Security details for Secured Term loans

1. Term loans of ₹ 2,000.00 lakhs (Previous Year: ₹ 4,000.00 lakhs) is secured by way of first exclusive charge on receivables of priority sector lending of the Company.
2. Term loans of ₹ 647,222.12 lakhs (Previous year: ₹ 505,622.58 lakhs) is secured by way of first *pari passu* charge on receivables of retail, wholesale credit and current assets of the Company.
3. Term loans of ₹ 47,250.00 lakhs (Previous Year: ₹ 43,744.13 lakhs) is secured by way of first exclusive charge on receivables of the Company.

d. Particulars of Unsecured Redeemable Non Convertible Perpetual Debentures

| Particulars | Issue Date | Coupon | Quantity | ₹ in Lakhs | |
|-------------------------|--------------------|--------|----------|-------------------------|-------------------------|
| | | | | As at March 31, 2016 | As at March 31, 2015 |
| CAPFIRSTPEPNCD Series 1 | March 8, 2013 | 11.00% | 1,000 | 10,000.00 | 10,000.00 |
| CAPFIRSTPEPNCD Series 2 | March 14, 2013 | 11.00% | 250 | 2,500.00 | 2,500.00 |
| CAPFIRSTPEPNCD Series 3 | May 24, 2013 | 10.65% | 150 | 1,500.00 | 1,500.00 |
| CAPFIRSTPEPNCD Series 4 | September 23, 2014 | 10.50% | 500 | 5,000.00 | 5,000.00 |
| CAPFIRSTPEPNCD Series 5 | March 1, 2016 | 10.50% | 600 | 6,000.00 | - |
| | | | | 25,000.00 | 19,000.00 |

| Particulars | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| Funds raised through perpetual debentures | 6,000.00 | 5,000.00 |
| Amount outstanding as at the end of the year | 25,000.00 | 19,000.00 |
| Percentage of Perpetual Debt Instrument to Total Tier I Capital | 13.55% | 11.31% |
| Financial year in which interest on Perpetual Debt Instrument is not paid on account of Lock-in-clause | NA | NA |

These Debentures have a 'Call Option' which may be exercised by the Company only after the instrument has run for a period of ten years from the date of allotment. Further, call option shall be exercised by the Company only with the prior approval of Reserve Bank of India (RBI) and as per RBI guidelines. It also have a coupon rate step-up option of 100 bps, which shall be exercised only once during the whole life of the instrument, in conjunction with the Call Option, after the lapse of 10 years from the date of allotment of issue. The coupon rate will be higher by 100 bps for subsequent years if Call Option is not exercised by the Company. The claim of the investors shall be *pari passu* among themselves and with other subordinated indebtedness of the Company, superior to the claims of investors in equity shares and subordinate to the claims of all other unsecured creditors and depositors of the Company, as regards repayment of principal and interest by the Issuer.

e. Particulars of Unsecured Redeemable Non-Convertible Debentures (Subordinated debt)

| Particulars | Face Value (in ₹) | Quantity | Date of Redemption | ₹ in Lakhs | |
|-------------------------------|----------------------|----------|-----------------------|-------------------------|-------------------------|
| | | | | As at March 31, 2016 | As at March 31, 2015 |
| 10.30% CAPFIRSTUNNCD Series 1 | 1,000,000 | 1,000 | February 28, 2023 | 10,000.00 | 10,000.00 |
| 10.30% CAPFIRSTUNNCD Series 2 | 1,000,000 | 500 | February 28, 2023 | 5,000.00 | 5,000.00 |
| 9.50% CAPFIRSTUNNCD Series 3 | 1,000,000 | 500 | May 17, 2028 | 5,000.00 | 5,000.00 |
| 9.40% CAPFIRSTUNNCD Series 4 | 1,000,000 | 500 | September 29, 2025 | 5,000.00 | - |
| 9.25% CAPFIRSTUNNCD Series 5 | 1,000,000 | 750 | October 30, 2025 | 7,500.00 | - |
| 9.25% CAPFIRSTUNNCD Series 6 | 1,000,000 | 250 | November 20, 2025 | 2,500.00 | - |
| 9.25% CAPFIRSTUNNCD Series 7 | 1,000,000 | 250 | December 15, 2025 | 2,500.00 | - |
| 9.25% CAPFIRSTUNNCD Series 8 | 1,000,000 | 350 | December 29, 2025 | 3,500.00 | - |
| 9.35% CAPFIRSTUNNCD Series 9 | 1,000,000 | 1,000 | February 4, 2026 | 10,000.00 | - |
| | | | | 51,000.00 | 20,000.00 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

5. Long-Term Borrowings (Contd.)

f. Terms of repayment:

Term loans - Secured

As at March 31, 2016

₹ in Lakhs

| Tenor | Rate of interest | Repayment Details | Non-Current portion | Current Maturities |
|---------------------|------------------|-------------------------------------|---------------------|--------------------|
| More than 60 Months | 9.45% | Quarterly Instalments | 42,500.00 | 7,500.00 |
| 48-60 months | 9.60% to 9.75% | Semi-Annual & Quarterly instalments | 183,125.00 | 21,875.00 |
| 36-48 months | 9.65% to 9.75% | Quarterly Instalments | 67,656.25 | 24,375.00 |
| 24-36 months | 9.30% to 9.75% | Quarterly Instalments | 133,452.00 | 64,926.00 |
| 12-24 months | 9.45% to 9.75% | Quarterly & structured instalments | 58,187.87 | 64,875.00 |
| Upto 12 months | 9.55% to 9.75% | Semi-Annual & Quarterly Instalments | - | 28,000.00 |
| Grand Total | | | 484,921.12 | 211,551.00 |

As at March 31, 2015

| Tenor | Rate of interest | Repayment Details | Non-Current portion | Current Maturities |
|--------------------|------------------|-------------------------------------|---------------------|--------------------|
| 48-60 months | 10.25% to 10.30% | Quarterly Instalments | 92,031.25 | 5,460.76 |
| 36-48 months | 10.20% to 10.30% | Quarterly Instalments | 126,878.00 | 48,733.26 |
| 24-36 months | 10.20% to 10.30% | Quarterly Instalments | 118,562.87 | 62,873.11 |
| 12-24 months | 10.25% to 10.30% | Semi-Annual & Quarterly instalments | 28,000.00 | 37,494.13 |
| Upto 12 months | 10.25% | Quarterly Instalments | - | 33,333.33 |
| Grand Total | | | 365,472.12 | 187,894.59 |

Term Loan from Bank - Unsecured

As at March 31, 2016

₹ in Lakhs

| Tenor | Rate of interest | Repayment Details | Non-Current portion | Current Maturities |
|--------------------|------------------|-------------------|---------------------|--------------------|
| 36-48 months | 9.75% | Bullet | 7,500.00 | - |
| 24-36 months | 11.20% | Bullet | 20,000.00 | - |
| Upto 12 months | 9.30% to 9.80% | Bullet | - | 17,500.00 |
| Grand Total | | | 27,500.00 | 17,500.00 |

As at March 31, 2015

| Tenor | Rate of interest | Repayment Details | Non-Current portion | Current Maturities |
|--------------------|------------------|-------------------|---------------------|--------------------|
| 48-60 months | 10.35% | Bullet | 7,499.87 | - |
| 36-48 months | 11.75% | Bullet | 19,998.08 | - |
| Upto 12 months | 10.00% | Bullet | - | 5,000.00 |
| Grand Total | | | 27,497.95 | 5,000.00 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| | | ₹ in Lakhs | |
|--|-------------------------|-------------------------|--|
| Particulars | As at March 31, 2016 | As at March 31, 2015 | |
| 6. Other Long-Term Liabilities | | | |
| Unamortised processing fees/ subvention income (Refer Note No. 37 (c)) | 5,793.73 | 4,486.19 | |
| | 5,793.73 | 4,486.19 | |
| 7. Long-Term Provisions | | | |
| For standard assets | 2,405.02 | 1,978.35 | |
| For doubtful loans | 4,272.66 | 2,459.94 | |
| For doubtful advances | 186.86 | 55.64 | |
| For foreclosure/credit loss on assignment | 3,989.33 | 3,925.36 | |
| Provision for employee benefits | - | - | |
| - Gratuity (Refer Note No. 30) | 368.86 | 265.88 | |
| | 11,222.73 | 8,685.17 | |
| 8. Short-Term Borrowings | | | |
| Secured | | | |
| Loans repayable on demand | | | |
| - from banks * | 143,627.23 | 136,284.79 | |
| Unsecured | | | |
| Commercial papers | 8,372.88 | - | |
| Inter Corporate Deposits from related parties ** | 3,244.00 | 2,764.00 | |
| | 155,244.11 | 139,048.79 | |

*** Additional Information:**

- Cash credit (including Working Capital Demand Loan) of ₹ 104,092.01 lakhs (Previous Year: ₹ 96,597.32 lakhs) is secured by way of first *pari passu* charge on receivables of retail, wholesale credit and current assets of the Company.
- Cash Credit of ₹ 39,535.22 lakhs (Previous Year: ₹ 39,687.47 lakhs) is secured by way of first exclusive charge on receivables of the Company.

**** Details of Unsecured Inter Corporate Deposits from related parties**

During the year, the Company has raised ₹ 3,244.00 lakhs at the rate of 9.75% (Previous Year ₹ 2,764.00 lakhs at the rate of 10.25%) by way of Inter Corporate deposits, which is repayable on February 23, 2017 (Previous Year February 23, 2016) i.e. 1 year from the date of its disbursement. By mutual consent, same can also be repaid prior to its scheduled repayment date without the levy of any prepayment penalty or charges.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| 9. Trade Payables | | |
| To Micro, Small and Medium Enterprises * | - | - |
| Others | 12,218.06 | 8,059.48 |
| | 12,218.06 | 8,059.48 |
| * Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 | | |
| There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2016. The information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 (Act) has been determined to the extent such parties have been identified by the Company. | | |
| 10. Other Current Liabilities | | |
| Current maturities of Long-term borrowings (Refer Note No. 5) | 294,051.00 | 230,324.59 |
| Interest accrued and due on borrowings | 844.73 | 441.11 |
| Interest accrued but not due on borrowings | 7,583.88 | 2,487.55 |
| Income received in advance | 268.19 | 115.60 |
| Overdrawn book balance | - | 3,763.49 |
| Unamortised processing fees/subvention income (Refer Note No. 37(c)) | 17,164.77 | 9,043.06 |
| Unclaimed dividends | 20.76 | 17.34 |
| Other liabilities (includes statutory liabilities and payables under assignment activity) | 12,985.50 | 12,486.42 |
| | 332,918.83 | 258,679.16 |
| 11. Short-Term Provisions | | |
| Proposed dividend | 2,189.91 | 2,002.35 |
| Dividend tax thereon | 445.81 | 407.63 |
| Provision for employee benefits | | |
| - Gratuity (Refer Note No. 30) | 40.98 | 39.54 |
| - Leave encashment and availment | 77.58 | 59.16 |
| For standard assets | 1,236.41 | 1,706.34 |
| For doubtful loans | 2,137.12 | 2,000.27 |
| For doubtful advances | 32.43 | 35.00 |
| For doubtful debts | 348.58 | 329.57 |
| For foreclosure/credit loss on assignment | 938.04 | 1,335.54 |
| For taxation | 3,005.56 | 1,786.03 |
| | 10,452.42 | 9,701.43 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

12. Fixed Assets

| Particulars | GROSS BLOCK (AT COST) | | | | DEPRECIATION/AMORTIZATION | | | NET BLOCK | |
|------------------------------|-----------------------|---------------------------|----------------------------|----------------------|---------------------------|---------------|---------------|----------------------|----------------------|
| | As at April 1, 2015 | Additions during the year | Deductions during the year | As at March 31, 2016 | As at April 1, 2015 | For the year | Deductions | As at March 31, 2016 | As at March 31, 2015 |
| | | | | | | year | | | |
| Tangible Assets | | | | | | | | | |
| Own assets | | | | | | | | | |
| Land * | 6.25 | - | - | 6.25 | - | - | - | 6.25 | 6.25 |
| Computers and Printers | 1,856.98 | 356.08 | 13.14 | 2,199.92 | 1,301.24 | 282.59 | 8.51 | 1,575.32 | 555.74 |
| Office Equipment | 636.05 | 194.39 | 45.21 | 785.23 | 367.14 | 176.04 | 37.74 | 505.44 | 268.91 |
| Furniture & Fixtures | 407.40 | 280.34 | 45.07 | 642.67 | 165.05 | 101.11 | 28.49 | 237.67 | 242.35 |
| Electrical Installation | 199.05 | 116.06 | 5.69 | 309.42 | 42.41 | 30.94 | 2.54 | 70.81 | 156.64 |
| Air Conditioners | 18.62 | 89.70 | 4.39 | 103.93 | 15.57 | 12.15 | 3.37 | 24.35 | 3.05 |
| Leasehold Improvements | 502.99 | 289.79 | 80.77 | 712.01 | 351.34 | 123.76 | 72.18 | 402.92 | 151.65 |
| | 3,627.34 | 1,326.36 | 194.27 | 4,759.43 | 2,242.75 | 726.59 | 152.83 | 2,816.51 | 1,384.59 |
| Intangible assets | | | | | | | | | |
| Domain Names and Trade Names | 16.31 | - | - | 16.31 | 16.10 | 0.07 | - | 16.17 | 0.21 |
| Data Processing Software | 1,200.46 | 727.30 | 1.82 | 1,925.94 | 676.17 | 268.87 | 0.04 | 945.00 | 524.29 |
| | 1,216.77 | 727.30 | 1.82 | 1,942.25 | 692.27 | 268.94 | 0.04 | 961.17 | 524.50 |
| | 4,844.11 | 2,053.66 | 196.09 | 6,701.68 | 2,935.02 | 995.53 | 152.87 | 3,777.68 | 1,909.09 |

*Mortgaged as security against Secured Non Convertible Debentures.

Previous Year

| Particulars | GROSS BLOCK (AT COST) | | | | DEPRECIATION/AMORTIZATION | | | NET BLOCK | |
|------------------------------|-----------------------|---------------------------|----------------------------|----------------------|---------------------------|---------------------------|---------------|----------------------|----------------------|
| | As at April 1, 2014 | Additions during the year | Deductions during the year | As at March 31, 2015 | As at April 1, 2014 | For the year (Refer Note) | Deductions | As at March 31, 2015 | As at March 31, 2014 |
| | | | | | | year | | | |
| Tangible Assets | | | | | | | | | |
| Own assets | | | | | | | | | |
| Land * | 6.25 | - | - | 6.25 | - | - | - | 6.25 | 6.25 |
| Computers and Printers | 1,810.24 | 107.19 | 60.45 | 1,856.98 | 854.25 | 495.49 | 48.50 | 1,301.24 | 955.99 |
| Office Equipment | 663.17 | 78.01 | 105.13 | 636.05 | 189.30 | 226.81 | 48.97 | 367.14 | 473.86 |
| Furniture & Fixtures | 448.21 | 72.53 | 113.34 | 407.40 | 137.02 | 65.96 | 37.93 | 165.05 | 311.19 |
| Electrical Installation | 206.04 | 23.20 | 30.19 | 199.05 | 22.70 | 24.82 | 5.11 | 42.41 | 183.34 |
| Air Conditioners | 25.64 | - | 7.02 | 18.62 | 12.73 | 7.25 | 4.41 | 15.57 | 12.91 |
| Leasehold Improvements | 668.49 | 46.52 | 212.02 | 502.99 | 371.96 | 109.88 | 130.50 | 351.34 | 296.53 |
| | 3,828.04 | 327.45 | 528.15 | 3,627.34 | 1,587.96 | 930.21 | 275.42 | 2,242.75 | 2,240.07 |
| Intangible assets | | | | | | | | | |
| Domain Names and Trade Names | 16.31 | - | - | 16.31 | 16.03 | 0.07 | - | 16.10 | 0.21 |
| Data Processing Software | 1,025.11 | 175.35 | - | 1,200.46 | 509.07 | 167.10 | - | 676.17 | 516.04 |
| | 1,041.42 | 175.35 | - | 1,216.77 | 525.10 | 167.17 | - | 692.27 | 516.32 |
| | 4,869.46 | 502.80 | 528.15 | 4,844.11 | 2,113.06 | 1,097.38 | 275.42 | 2,935.02 | 1,909.09 |
| | | | | | | | | | 2,756.39 |

*Mortgaged as security against Secured Non-Convertible Debentures.

Note: Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. As per the transitional provision, the Company has adjusted ₹ 101.71 lakhs in the opening balance of Surplus in Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Name of the Company | Quantity | As at March 31, 2016 | Quantity | As at March 31, 2015 |
|--|------------|-------------------------|------------|-------------------------|
| 13. Non-Current Investments | | | | |
| Trade Investments: (Valued at Cost unless otherwise stated) | | | | |
| Investments in Equity Instruments (Unquoted): | | | | |
| Investments in Subsidiaries: | | | | |
| In fully paid up equity shares of ₹ 10 each | | | | |
| Capital First Investment Advisory Limited # | - | - | 6,005,903 | 1,194.05 |
| Capital First Securities Limited | 55,355,600 | 7,852.23 | 55,355,600 | 7,852.23 |
| Capital First Home Finance Limited # | 66,304,515 | 4,821.55 | 36,275,000 | 3,627.50 |
| Anchor Investment and Trading Private Limited @ | - | - | 16,987 | 7.75 |
| | | 12,673.78 | | 12,681.53 |
| # Capital First Investment Advisory Limited has merged with Capital First Home Finance Limited during the year. | | | | |
| @ Anchor Investment and Trading Private Limited ('AITPL'), wholly owned subsidiary of the Company has ceased to exist pursuant to voluntary liquidation filed by the AITPL. AITPL has been wound up wef February 19, 2016 and its name has been struck off from the Registrar of Companies (RoC), Mauritius. | | | | |
| Investments in Preference shares (Unquoted): | | | | |
| Investments in Subsidiaries: | | | | |
| In fully paid-up preference shares of ₹ 100 each | | | | |
| 13% Cumulative Non-convertible Preference Shares of Capital First Securities Limited | 1,200,000 | 1,200.00 | 1,200,000 | 1,200.00 |
| | | 1,200.00 | | 1,200.00 |
| Investments in Debentures (Quoted): | | | | |
| 14.95% Equitas Finance Limited SR13 | 400 | 4,000.00 | 400 | 4,000.00 |
| 14.00% MAS Financial services Limited LOA | 400 | 4,000.00 | - | - |
| 15.85% Satin Creditcare Network Limited SR-F BR | 250 | 2,500.00 | - | - |
| 16.25% Grama Vidiyal Microfinance Limited SR-F | 200 | 1,500.00 | - | - |
| 15.85% Suryoday Micro Finance Limited SR-F-011 | 150 | 2,000.00 | - | - |
| 16.00% Keystone Realtors Private Limited SR-C | - | - | 2 | 1,428.57 |
| 16.00% Rustomjee Constructions Private Limited SR-A | - | - | 6 | 4,500.00 |
| | | 14,000.00 | | 9,928.57 |
| Investments in Other Instruments (Unquoted): | | | | |
| Alternate Investment Fund | | | | |
| Strugence Small and Medium Real Estate Fund | 200 | 200.00 | - | - |
| | | 200.00 | | - |
| Less: Provision for diminution in value of investments** | | (5,841.73) | | (5,841.73) |
| | | 22,232.05 | | 17,968.37 |
| Additional Information: | | | | |
| Aggregate value of quoted investments: | | 14,000.00 | | 9,928.57 |
| Aggregate value of unquoted investments: | | 14,073.78 | | 13,881.53 |
| Aggregate provision for diminution in value of investments: | | 5,841.73 | | 5,841.73 |

** Diminution is against the investments in Capital First Securities Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 14. Deferred Tax Assets (Net) | | |
| Deferred tax asset: | | |
| On account of depreciation on fixed assets | 421.52 | 377.21 |
| On other disallowances under Income Tax Act, 1961: | | |
| Retirement Benefit | 141.84 | 105.70 |
| Provision for diminution in value of investments - | 63.54 | 53.12 |
| Provision for doubtful debts | 120.63 | 114.06 |
| Provision for doubtful retail loans and advances | 2,294.19 | 1,543.59 |
| Unamortised Processing fees | 7,945.48 | 4,682.20 |
| Provision for standard assets | 1,260.23 | 1,306.57 |
| Expenses allowed on payment basis | 599.52 | 167.16 |
| | 12,846.95 | 8,349.61 |
| Deferred tax liability: | | |
| Unamortised loan origination cost | 6,680.26 | 3,216.00 |
| Unamortised borrowing costs | 730.79 | 886.69 |
| | 7,411.05 | 4,102.69 |
| Net Deferred tax assets | 5,435.90 | 4,246.92 |
| 15. Long-Term Loans and Advances | | |
| <i>Secured, considered good</i> | | |
| Loans and advances relating to financing activity | 604,131.88 | 543,112.44 |
| <i>Secured, considered doubtful</i> | | |
| Loans and advances relating to financing activity | 14,789.04 | 11,218.22 |
| <i>Unsecured, considered good</i> | | |
| Capital advances | 1,074.89 | 278.50 |
| Security Deposits | 718.81 | 631.57 |
| Loans and advances relating to financing activity | 182,853.43 | 65,349.49 |
| Receivables under loans assigned | 628.88 | 1,301.25 |
| Advances recoverable in cash or in kind or for value to be received | 413.93 | 68.84 |
| Advance taxes (net of provision for tax) | 7,129.51 | 7,145.47 |
| | 192,819.45 | 74,775.12 |
| <i>Unsecured, considered doubtful</i> | | |
| Loans and advances relating to financing activity | 989.13 | 266.02 |
| Receivables under loans assigned | 329.20 | 249.33 |
| Advances recoverable in cash or in kind or for value to be received | 37.73 | 16.63 |
| | 813,096.43 | 629,637.76 |
| 16. Other Non-Current Assets | | |
| Interest accrued but not due | - | 1,647.48 |
| Unamortised loan origination cost (Refer note no. 37(a)) | 8,424.77 | 7,281.29 |
| Unamortised borrowing costs (Refer note no. 37(b)) | 1,174.40 | 1,771.91 |
| Balances with banks | | |
| - in deposit accounts exceeding twelve months maturity * (Refer note no. 19) | 5,975.11 | 16,971.86 |
| | 15,574.28 | 27,672.54 |

* includes under lien ₹ 5,971.68 lakhs (Previous year ₹ 15,200.00 lakhs) relating to assignment, ₹ Nil (Previous year ₹ 1,768.68 lakhs) relating to term loans and ₹ 3.43 lakhs (Previous Year : ₹ 3.17 lakhs) placed with VAT authorities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| ₹ in Lakhs | | | | |
|--|------------|-------------------------|-----------|-------------------------|
| Name of the Company | Quantity | As at March 31, 2016 | Quantity | As at March 31, 2015 |
| 17. Current Investments | | | | |
| Investments in Equity Instruments (Quoted):(Valued at Cost or Market Value whichever is less) | | | | |
| Tata Coffee Limited (fully paid-up equity shares of ₹ 1/- each) | 2,994,960 | 2,866.93 | 2,994,960 | 2,866.93 |
| Entertainment Network (India) Limited (fully paid up equity shares of ₹ 10/- each) | - | - | 40,000 | 193.20 |
| | | 2,866.93 | | 3,060.13 |
| Less: Provision for diminution in value of equity investments | | (183.59) | | (153.50) |
| | | 2,683.34 | | 2,906.63 |
| Investments in Mutual funds: (At Net Asset Value) | | | | |
| SBI Premier Liquid Fund-Direct Plan-Growth | 21,027.428 | 500.65 | | - |
| | | 500.65 | | - |
| | | 3,183.99 | | 2,906.63 |
| Additional Information: | | | | |
| Aggregate value of quoted investments | | 2,866.93 | | 3,060.13 |
| Aggregate value of unquoted investments | | 500.65 | | - |
| Market value of quoted investments | | 2,683.34 | | 2,906.63 |

| ₹ in Lakhs | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2016 | As at March 31, 2015 |
| 18. Trade Receivables | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| - Unsecured, considered doubtful | 348.58 | 329.57 |
| | 348.58 | 329.57 |
| Other debts | | |
| - Unsecured, considered good | 2,319.11 | 678.24 |
| | 2,667.69 | 1,007.81 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 19. Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Cash on hand * | 1,119.09 | 926.30 |
| Cheques on hand | 26.03 | 19.59 |
| Balances with Banks | | |
| - in unclaimed dividend accounts | 20.76 | 17.34 |
| - in current accounts | 93,160.33 | 69,449.45 |
| - in deposit accounts having original maturity less than three months | - | 29,528.86 |
| | 94,326.21 | 99,941.54 |
| Other Bank Balances | | |
| Deposit with original maturity for more than three months but less than twelve months# | 9,143.92 | 2,000.00 |
| | 103,470.13 | 101,941.54 |
| Amount disclosed under non-current assets (Refer Note No. 16) | 5,975.11 | 16,971.86 |
| *Includes Cash in transit amounting to ₹ 303.14 lakhs (Previous year ₹ 318.08 lakhs). | | |
| # Includes ₹ 7,236.02 lakhs (Previous year: ₹ 2,000.00 lakhs) relating to assignment and ₹ 1,907.90 lakhs (Previous year: Nil) relating to term loans. | | |
| 20. Short-Term Loans and Advances | | |
| <i>Secured, considered good</i> | | |
| Loans and advances relating to financing activity * | 282,564.65 | 177,047.45 |
| <i>Secured, considered doubtful</i> | | |
| Loans and advances relating to financing activity * | 3,662.71 | 1,883.69 |
| <i>Unsecured, considered good</i> | | |
| Loans and advances relating to financing activity * | 114,003.68 | 48,565.84 |
| Receivables under loans assigned | 389.57 | 1,136.27 |
| Advances recoverable in cash or in kind or for value to be received | 2,000.80 | 1,771.46 |
| Security deposits | 285.36 | 130.96 |
| <i>Unsecured, considered doubtful</i> | | |
| Loans and advances relating to financing activity * | 1,614.03 | 580.91 |
| Advances recoverable in cash or in kind or for value to be received | 11.49 | - |
| Security Deposits | 6.19 | - |
| Receivables under loans assigned | 32.56 | 30.82 |
| | 404,571.04 | 231,147.40 |
| *Includes current maturities of long-term loans and advances and overdue loan and advances. | | |
| 21. Other Current Assets | | |
| Interest accrued and due | 735.16 | 567.71 |
| Interest accrued but not due | 16,102.55 | 11,863.20 |
| Unamortised loan origination cost (Refer Note No. 37(a)) | 10,877.88 | 2,011.35 |
| Unamortised borrowing costs (Refer Note No. 37(b)) | 937.21 | 790.17 |
| Unbilled Subvention Income | 1,437.42 | 884.97 |
| | 30,090.22 | 16,117.40 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| 22. Revenue from Operations | | |
| Interest income | 166,990.84 | 127,591.53 |
| Other financial services | | |
| Fee income | 16,759.47 | 11,205.66 |
| Income from assignment of loans | 532.32 | 1,976.92 |
| Commission and brokerage income | 216.46 | 289.29 |
| | 184,499.09 | 141,063.40 |
| 23. Other Income | | |
| Dividend Income | 38.93 | - |
| Profit on sale of investments (net) | 183.91 | 1,287.74 |
| Interest on Income Tax Refund | 62.13 | 238.08 |
| Excess provision written back | - | 3.97 |
| | 284.97 | 1,529.79 |
| 24. Employee Benefits Expense | | |
| Salaries and wages | 16,515.10 | 12,633.43 |
| Contribution to provident and other funds | 537.58 | 455.11 |
| Staff welfare expenses | 502.22 | 360.03 |
| | 17,554.90 | 13,448.57 |
| 25. Finance costs | | |
| Interest expense | 80,740.03 | 73,482.95 |
| Other borrowing costs | 6,854.34 | 4,813.25 |
| | 87,594.37 | 78,296.20 |
| 26. Depreciation and Amortisation expense | | |
| Depreciation | 726.58 | 828.83 |
| Amortisation of intangible assets | 268.95 | 166.82 |
| | 995.53 | 995.65 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| 27. Other Expenses | | |
| Rent | 1,367.69 | 1,462.81 |
| Repairs others | 955.20 | 808.77 |
| Insurance | 67.51 | 57.69 |
| Rates and taxes | 222.51 | 85.30 |
| Auditors Remuneration (Refer Note (i) below) | | |
| - as auditor | 79.00 | 67.00 |
| - Tax audit fees | 2.00 | 2.00 |
| - for Certification | 6.25 | 2.75 |
| - for reimbursement of expenses | 4.57 | 3.09 |
| Commission and brokerage | 220.13 | 356.56 |
| Travelling expenses | 1,252.98 | 960.96 |
| Communication expenses | 1,114.89 | 845.49 |
| Printing and stationery | 278.97 | 326.87 |
| Recruitment expenses | 353.77 | 133.96 |
| Membership and subscription | 90.72 | 70.92 |
| Advertisement and publicity expenses | 1,333.83 | 854.38 |
| Electricity charges | 299.37 | 275.29 |
| Amortised loan origination cost | 12,240.19 | 10,019.40 |
| Provision and Write offs: | | |
| Provision for doubtful loans and advances | 2,097.22 | 3,208.46 |
| Provision for diminution in investments | 30.09 | 153.50 |
| Provision for standard assets | (43.27) | 819.50 |
| Bad loans and trade receivables written off (net of recovery) | 21,387.35 | 6,257.87 |
| | 23,471.39 | 10,439.33 |
| Loss on sale of fixed asset (including write off) (net) | 34.30 | 171.78 |
| Donations (Refer Note (ii) below) | 119.87 | 84.00 |
| Legal and professional charges | 4,109.37 | 2,856.58 |
| CMS Charges | 907.77 | 735.88 |
| Directors sitting fees | 14.40 | 15.40 |
| Collection expenses | 5,753.09 | 2,575.62 |
| Remuneration to non-whole time directors | - | - |
| - Commission | 87.50 | 67.50 |
| Miscellaneous expenses | 390.62 | 441.52 |
| | 54,777.89 | 33,720.85 |

Notes: (i) Amount of ₹ Nil lakhs (Previous Year: ₹ 55.93 lakhs) paid to auditors in connection with the QIP issue was debited in securities premium account as per Section 52 of the Companies Act, 2013.

(ii) During the year, the Company has contributed ₹ 117.27 lakhs (Previous Year: ₹ 75.00 lakhs) towards Corporate Social Responsibility ('CSR') expenditure being revenue in nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| 28. Earnings Per Equity Share ('EPS') | | |
| Basic EPS | | |
| Profit for the year after tax expense | 15,691.06 | 11,202.03 |
| Weighted average number of equity shares | 91,130,294 | 83,116,482 |
| Nominal value per equity share | 10.00 | 10.00 |
| Earning per equity share - Basic | 17.22 | 13.48 |
| Diluted EPS | | |
| Net Profit considered for basic EPS calculation | 15,691.06 | 11,202.03 |
| Weighted average number of equity shares | 91,130,294 | 83,116,482 |
| Add: Weighted number of equity shares under options | 4,783,291 | 4,055,002 |
| Weighted average number of diluted equity shares | 95,913,585 | 87,171,484 |
| Nominal value per equity share | 10.00 | 10.00 |
| Earning per equity share - Diluted | 16.36 | 12.85 |

29. Contingent Liabilities**a. Contingent Liabilities not provided for in respect of:**

₹ in Lakhs

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Corporate guarantee given by Company to banks | 902.90 | 902.90 |
| Income-tax matters under dispute* | 314.49 | 303.53 |

* Future cash outflows are determinable only on receipt of judgements/decisions pending with various forums/authorities.

b. Capital commitments:

₹ in Lakhs

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 2,980.61 | 340.95 |
| Commitments relating to loans sanctioned but undrawn | 16,993.84 | 9,461.06 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

30. Post-employment Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service. Gratuity expense has been included in 'Contribution to provident fund and other funds' under Personnel expenses.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the respective plans.

A. Change in Present Value of Obligation

₹ in Lakhs

| Particulars | Gratuity (Unfunded) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Present Value of the Obligation as at the beginning of the year | 305.42 | 204.28 |
| Interest Cost | 24.28 | 16.52 |
| Current Service Cost | 164.08 | 124.92 |
| Benefit Paid | (18.81) | (23.98) |
| Actuarial (gain)/loss on obligations | (65.13) | (16.32) |
| Present Value of the Obligation as at the end of the year | 409.84 | 305.42 |

B. Amount recognized in the Statement of Profit and Loss

₹ in Lakhs

| Particulars | Gratuity (Unfunded) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Interest Cost | 24.28 | 16.52 |
| Current Service Cost | 164.08 | 124.92 |
| Actuarial (gain)/loss on obligations | (65.13) | (16.32) |
| Total expense/(income) recognised in the Statement of Profit and Loss | 123.23 | 125.12 |

C. Reconciliation of Balance Sheet

₹ in Lakhs

| Particulars | Gratuity (Unfunded) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2016 | Year ended March 31, 2015 |
| Present Value of the Obligation as at the beginning of the year | 305.42 | 204.28 |
| Total expense recognised in the Statement of Profit and Loss | 123.23 | 125.12 |
| Benefits paid | (18.81) | (23.98) |
| Present Value of the Obligation as at the end of the year | 409.84 | 305.42 |

The principal assumptions used in determining obligations for the Company's plans are shown below:

| Assumptions | Gratuity (Unfunded) | |
|-------------------------------|---------------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Discount rate | 7.95% | 8.09% |
| Increase in compensation cost | 8.00% | 8.00% |
| Employee turnover | 2.00% | 2.00% |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Since the Company has not funded its gratuity liability there are no returns on the planned assets and hence the details related to changes in fair value of assets have not been given.

There are no material experience adjustments during the year and preceding four years and hence the same have not been disclosed.

31. Employee Stock Option Scheme ('ESOS')

For the year ended March 31, 2016

| Particulars of Options | ESOP 2007 | ESOP 2008 | ESOP 2009 | ESOP 2011 | ESOP 2012 | ESOP 2014 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Outstanding as at the beginning of the year | 344,000 | 437,750 | 300,000 | 1,051,875 | 1,621,500 | 6,500,000 |
| Granted during the year | - | 25,000 | 22,125 | 175,875 | 676,000 | - |
| Forfeited/Cancelled during the year | - | 39,000 | - | 10,000 | 87,500 | - |
| Lapsed during the year | - | - | - | - | - | - |
| Exercised/Allotted during the year | - | 47,750 | - | 43,475 | 164,250 | - |
| Outstanding as at the end of the year | 344,000 | 376,000 | 322,125 | 1,174,275 | 2,045,750 | 6,500,000 |
| Exercisable at the end of the year | 344,000 | 70,250 | 300,000 | 763,619 | 749,125 | 1,625,000 |
| Weighted average remaining contractual life (in years) | 4.47 | 10.00 | 5.06 | 7.74 | 8.76 | 9.09 |
| Weighted average fair value of options granted (₹) | 146.37 | 100.94 | 152.91 | 101.30 | 131.04 | 117.24 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity |

For the year ended March 31, 2015

| Particulars of Options | ESOP 2007 | ESOP 2008 | ESOP 2009 | ESOP 2011 | ESOP 2012 | ESOP 2014 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Outstanding as at the beginning of the year | 344,000 | 512,500 | 350,000 | 1,379,000 | 2,050,000 | - |
| Granted during the year | - | 285,000 | - | 330,000 | - | 6,500,000 |
| Forfeited/Cancelled during the year | - | 207,500 | 23,750 | 421,875 | 183,750 | - |
| Lapsed during the year | - | - | - | - | - | - |
| Exercised/Allotted during the year | - | 152,250 | 26,250 | 235,250 | 244,750 | - |
| Outstanding as at the end of the year | 344,000 | 437,750 | 300,000 | 1,051,875 | 1,621,500 | 6,500,000 |
| Exercisable at the end of the year | 344,000 | 70,250 | 300,000 | 748,438 | 512,750 | - |
| Weighted average remaining contractual life (in years) | 5.47 | 10.54 | 5.54 | 8.04 | 8.64 | 10.90 |
| Weighted average fair value of options granted (₹) | 146.37 | 96.24 | 147.95 | 80.88 | 88.93 | 117.24 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity |

ESOS 2007

No further options were granted during the year under this scheme. Options under this scheme will vest after the expiry of 3 years from the date of grant. All the options are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2008

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated November 6, 2015 has granted options in respect of 25,000 equity shares to the eligible employees at an exercise price of ₹ 371.20. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2009

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated May 29, 2015 has granted options in respect of 22,125 equity shares to the eligible employees at an exercise price of ₹ 390.05. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 years respectively. All the options under this grant exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

The options outstanding in respect of earlier grants under this Scheme will vest in graded proportion as per the respective grant letters. All the options in respect of earlier grant are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2011

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated May 29, 2015 has granted options in respect of 175,875 equity shares to the eligible employees at an exercise price of ₹ 390.05. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 years respectively. All the options are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2012

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated May 29, 2015, November 6, 2015 and March 2, 2016 has granted options in respect of 628,500 equity shares, 27,500 equity shares and 20,000 Equity Shares respectively to the eligible employees at an exercise price of ₹ 390.05, ₹ 371.20 and ₹ 379.25 respectively. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 years respectively. All the options under this grant are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

The options outstanding in respect of earlier grants under this Scheme will vest in graded proportion as per the respective grant letters. All the options in respect of earlier grant are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2014

No further options were granted during the year under this scheme. The options outstanding in respect of grants under this Scheme will vest in graded proportion as per the respective grant letter. The Vested Options shall be exercisable on the completion of the 5th anniversary from the Effective Grant Date but prior to the expiry of the 10th anniversary from the Effective Grant Date.

The fair value of the sock options granted during the period have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

| Particulars | ESOS 2008/ ESOS 2009/ ESOS 2011/ ESOS 2012 |
|---|--|
| Exercise Price | ESOS 2008 - 25,000 stock options with exercise price of ₹ 371.20 ESOS 2009 - 22,125 stock options with exercise price of ₹ 390.05 ESOS 2011 - 175,875 stock options with exercise price of ₹ 390.05 ESOS 2012 - 628,500 stock options with exercise price of ₹ 390.05 and ESOS 2012 - 20,000 stock options with exercise price of ₹ 379.25 ESOS 2012 - 27,500 stock options with exercise price of ₹ 371.20 |
| Historical Volatility | 44.89% - 50.56% |
| Life of the options granted (Vesting and exercise period) in years | <u>Vesting schedule:</u> ESOS 2008, ESOS 2009, ESOS 2011 & ESOS 2012 - 20% each year from the end of 1, 2, 3, 4 and 5 years of the date of grant respectively. <u>Exercise Period:</u> ESOS 2008, ESOS 2009, ESOS 2011 & ESOS 2012 - Within 5 years from the date of vesting or 10 years from the date of grant, whichever is later. |
| Dividend yield | 0.51% - 0.59% |
| Average risk-free interest rate | 7.46% - 7.86% |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Net Profit after tax as reported | 15,691.06 | 11,202.03 |
| Less: Employee stock compensation cost under fair value method (Refer Note below) | 3,790.25 | 4,001.70 |
| Total | 11,900.81 | 7,200.33 |
| Basic earnings per share as reported | 17.22 | 13.48 |
| Proforma Basic earnings per share | 13.06 | 8.66 |
| Diluted earnings per share as reported | 16.36 | 12.85 |
| Proforma Diluted earnings per share | 12.41 | 8.26 |

Note:

Employee stock compensation cost includes ₹ 78.37 lakhs (Previous Year: ₹ 191.33 lakhs) pertaining to incremental fair value pursuant to modification of exercise period done in previous years.

32. Segment Reporting

Since the Company has only one reportable business segment “loans given” as primary segment and it operates in a single geographical segment within India, no disclosure is required to be given as per Accounting Standard - 17 ‘Segmental Reporting’ as notified under Section 133 of the Companies Act, 2013 (‘the Act’) read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

Geographical Segments:

The Company operates solely in one Geographic segment namely “Within India” and hence no separate information for Geographic segment wise disclosure is required.

33. Related Party Disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not:

| Relationship | Name of the Party |
|-----------------|---|
| Holding Company | Cloverdell Investment Ltd |
| Subsidiaries | Capital First Home Finance Limited Capital First Securities Limited Capital First Commodities Limited Anchor Investment and Trading Private Limited (upto February 19, 2016) |

Names of other related parties

| Relationship | Name of the Party |
|--|--|
| Fellow subsidiaries | Dayside Investment Ltd |
| Key Management Personnel | Mr. V. Vaidyanathan - Chairman and Managing Director |
| Enterprises significantly influenced by key management personnel | JV & Associates LLP |

Refer Annexure 1 and 1A for the transactions with related parties

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

34. Operating Leases

The Company's significant leasing arrangements are in respect of operating leases are for premises (residential and office) and vehicle which are renewable on mutual consent at agreed terms. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 36 to 60 months. There are no sub-leases.

The aggregate lease rentals payable are charged to the Statement of Profit and Loss.

| Particulars | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Lease payments recognized in the Statement of Profit and Loss | 1,367.69 | 1,462.81 |

Details of non-cancellable leases are as follows:

| Particulars | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Minimum Lease Payments: | | |
| Not later than one year | 530.59 | 796.06 |
| Later than one year but not later than five years | 374.22 | 367.35 |
| Later than five years | - | - |

35. Disclosure pursuant to Clause 32 of Listing Agreement

Included in Loans and Advances are:

| Particulars | ₹ in Lakhs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| Due from subsidiaries | | |
| Capital First Home Finance Limited [Maximum amount outstanding during the year ₹ 277.08 lakhs (Previous year ₹ 2,120.58 lakhs)] | Nil | 15.88 |
| Capital First Securities Limited [Maximum amount outstanding during the year ₹ 47.06 lakhs (Previous year ₹ 1.95 lakhs)] | Nil | 1.47 |
| Capital First Commodities Limited [Maximum amount outstanding during the year ₹ 73.43 lakhs (Previous year ₹ 18.06 lakhs)] | 0.57 | 2.70 |

36. Foreign Currency

| Expenditures in foreign currency (Accrual basis) | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Travelling | 21.30 | 2.27 |
| Membership & Subscription | 11.25 | - |
| License Fees | - | 64.98 |
| Legal & Professional fees - Debited to Securities Premium Account | 443.93 | 107.39 |
| Advertisement and publicity expenses | 38.87 | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

37. Deferment of loan origination cost, borrowing cost, processing fees and subvention income

a. Loan origination cost

₹ in Lakhs

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| Total loan origination cost deferred | 22,250.20 | 9,453.32 |
| Cost amortised and charged to Statement of Profit and Loss during the year | 12,240.19 | 6,670.64 |
| Unamortised cost shown into balance sheet : | | |
| - Current | 10,877.88 | 2,011.35 |
| - Non-current | 8,424.77 | 7,281.29 |

b. Borrowing cost

₹ in Lakhs

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| Total borrowing cost deferred | 599.63 | 861.62 |
| Cost amortised and charged to Statement of Profit and Loss during the year | 1,050.10 | 1,149.13 |
| Unamortised borrowing cost shown into balance sheet: | | |
| - Current | 937.21 | 790.17 |
| - Non-current | 1,174.40 | 1,771.91 |

c. Processing fees and subvention income

₹ in Lakhs

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| Total unamortised income from processing fees/subvention income deferred | 37,022.41 | 19,414.77 |
| Income amortised and credited to Statement of Profit and Loss during the year | | |
| - Fee income | 10,952.07 | 6,272.10 |
| - Interest income | 16,641.09 | 8,588.61 |
| Unamortised processing fees/subvention income shown into balance sheet: | | |
| - Current | 17,164.77 | 9,043.06 |
| - Non-current | 5,793.73 | 4,486.19 |

38. Additional disclosures as required by Circular No. DNBS.CC.PD.No.265/03.10.01/2011-2012 dated March 31, 2012 issued by Reserve Bank of India:

₹ in Lakhs

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Total Gold loan Portfolio | 1,751.30 | 17,899.54 |
| Total Assets | 1,403,245.73 | 1,034,555.45 |
| Gold loan portfolio as a % age of total assets | 0.12% | 1.73% |

Note: None of the sister concerns of the Company has participated in any of the auctions mentioned above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

39. Additional disclosures as required by Circular No. DNBS.CC.PD.No.356 /03.10.01/2013-14 dated September 16, 2013 issued by Reserve Bank of India:

| Particulars | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| Number of loan accounts | 8,691.00 | 8,484.00 |
| Outstanding amounts | 9,928.02 | 10,857.67 |
| Value Fetched on Auctions (net of tax) | 8,833.08 | 9,975.67 |

Note: None of the sister concerns of the Company has participated in any of the auctions mentioned above.

- 40.** During the previous year the Company had allotted 7,692,300 equity shares of the Company of ₹ 10/- each, at the premium of ₹ 380/- each to qualified institutional buyers.
- 41.** The Company had extended loans to its Employee Welfare Trusts ('Trusts') for purchase of shares of the Company in earlier years. As per the Guidance Note issued by the ICAI on Accounting for Employee Share-based payment, till March 31, 2014, the Company adjusted the loan of ₹ 1,490.35 lakhs granted to the Trusts against the Share Capital to the tune of ₹ 60.97 lakhs and Securities Premium to the tune of ₹ 1,429.38 lakhs in respect of 609,713 shares held by the Trusts. During the previous year, the Trusts had sold all the shares held by them. An amount of ₹ 1,306.76 lakhs had been received by the Company from the Trust. Post the sale, the Share Capital and Securities Premium were reinstated by an aggregate amount of ₹ 1,490.35 lakhs and the shortfall of ₹ 183.59 lakhs after adjusting the repayment received from the Trusts was adjusted against the Reserves and Surplus.
- 42. Tax for earlier year includes-**
- ₹ 200.00 lakhs (Previous year: Nil) in respect of reversal of income tax provision based on the return filed for the Assessment year 2015-16.
 - ₹ Nil (Previous Year: 489.96 lakhs) in respect of Minimum Alternate Tax credit entitlement which was recognised on completion of assessment for AY 2012-13.
- 43.** The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial results at March 31, 2016. Refer Note 29 for details on contingent liabilities.
- 44.** The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 45.** Additional information as per guidelines issued by the Reserve Bank of India in respect of Non-Banking Financial (Non-deposit accepting or holding) Systemically Important (NBFC-ND-SI) is given in Annexure 2.
- 46.** Figures for previous year have been regrouped/rearranged wherever necessary, to conform to current year's classification.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Annexure 1
Transactions with Related parties

| Relationship | Holding Company | | Subsidiaries | | Fellow Subsidiaries | | Key Management Personnel | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Year | | | | | | | | |
| Commission & Brokerage Expenses Paid | - | - | 396.25 | - | - | - | - | - |
| Interest expenses paid | - | - | 316.48 | 279.94 | - | - | - | - |
| Reimbursement of Expenses | - | - | 124.89 | 155.03 | - | - | - | - |
| Interest Income | - | - | 4.76 | 329.69 | - | - | - | - |
| Loans/Advances given | - | - | 3,871.67 | 2,755.02 | - | - | - | - |
| Loans/Advances repayment received | - | - | 4,643.18 | 3,178.90 | - | - | - | - |
| Inter corporate deposits Given | - | - | 3,140.00 | 18,810.95 | - | - | - | - |
| Inter corporate deposits Received Back | - | - | 3,140.00 | 18,810.95 | - | - | - | - |
| Inter corporate deposits Taken | - | - | 3,802.00 | 2,764.00 | - | - | - | - |
| Inter corporate deposits Repaid | - | - | 3,322.00 | 2,727.50 | - | - | - | - |
| Sale of Investment | - | - | 44.40 | - | - | - | - | - |
| Directors Remuneration | - | - | - | - | - | - | 740.07 | 612.05 |
| Closing Balances : Receivable/ (Payable) | As at March 31,2016 | As at March 31,2015 | As at March 31,2016 | As at March 31,2015 | As at March 31,2016 | As at March 31,2015 | As at March 31,2016 | As at March 31,2015 |
| Inter corporate deposits Receivable/ (Payable) | - | - | (3,244.00) | (2,764.00) | - | - | - | - |
| Advances Recoverable/(Payable) | - | - | (841.14) | 20.05 | - | - | - | - |

₹ in Lakhs

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Annexure 1A

Transactions with Related parties for the year ended March 31, 2016

| Particulars | ₹ in Lakhs | |
|---|------------------------------------|------------------------------------|
| | April 1, 2015 to March 31, 2016 | April 1, 2014 to March 31, 2015 |
| Commission & brokerage expenses paid | | |
| Capital First Securities Limited | 396.25 | - |
| Total | 396.25 | - |
| Interest expenses paid | | |
| Capital First Commodities Limited | 316.48 | 279.94 |
| Total | 316.48 | 279.94 |
| Reimbursement of Expenses | | |
| Capital First Home Finance Limited | 88.43 | 152.03 |
| Capital First Securities Limited | 36.46 | 3.00 |
| Total | 124.89 | 155.03 |
| Interest Income | | |
| Capital First Home Finance Limited | 4.76 | 329.69 |
| Total | 4.76 | 329.69 |
| Loans/Advances given | | |
| Capital First Home Finance Limited | 3,620.16 | 2,707.05 |
| Capital First Commodities Limited | 84.30 | 31.26 |
| Capital First Securities Limited | 167.21 | 16.71 |
| Total | 3,871.67 | 2,755.02 |
| Loans/Advances repayment received | | |
| Capital First Home Finance Limited | 4,487.77 | 3,150.23 |
| Capital First Commodities Limited | 86.43 | 28.56 |
| Capital First Securities Limited | 68.97 | 0.11 |
| Total | 4,643.17 | 3,178.90 |
| Inter corporate deposits Given | | |
| Capital First Home Finance Limited | 3,140.00 | 18,810.95 |
| Total | 3,140.00 | 18,810.95 |
| Inter corporate deposits Received Back | | |
| Capital First Home Finance Limited | 3,140.00 | 18,810.95 |
| Total | 3,140.00 | 18,810.95 |
| Inter corporate deposits Taken | | |
| Capital First Commodities Limited | 3,802.00 | 2,764.00 |
| Total | 3,802.00 | 2,764.00 |
| Inter corporate deposits Repaid | | |
| Capital First Commodities Limited | 3,322.00 | 2,727.50 |
| Total | 3,322.00 | 2,727.50 |
| Sale of Investment | | |
| Anchor Trading & Investment Private Limited | 44.40 | - |
| Total | 44.40 | - |
| Managerial Remuneration | | |
| Mr. V. Vaidyanathan | 740.07 | 612.05 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Closing Balance | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Inter corporate deposits Receivable/(Payable) | | |
| Capital First Commodities Limited | (3,244.00) | (2,764.00) |
| Total | (3,244.00) | (2,764.00) |
| Receivable/(Payable) | | |
| Capital First Home Finance Limited | (759.35) | 15.88 |
| Capital First Commodities Limited | 0.57 | 2.70 |
| Capital First Securities Limited | (82.37) | 1.47 |
| Total | (841.15) | 20.05 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Annexure 2 of the Note No. 45 to the Financial Statements for the year ended March 31, 2016

| A. Capital to Risk Assets Ratio (CRAR) | | ₹ in Lakhs | |
|---|---------------------|----------------------|--|
| Particulars | Current Year | Previous Year | |
| i) CRAR (%) | 19.81% | 23.44% | |
| ii) CRAR - Tier I capital (%) | 14.53% | 18.75% | |
| iii) CRAR - Tier II Capital (%) | 5.28% | 4.69% | |
| iv) Amount of subordinated debt raised as Tier-II capital | 31,002.05 | - | |
| v) Amount raised by issue of Perpetual Debt Instruments | 6,000.00 | 5,000.00 | |

| B. Investments | | ₹ in Lakhs | |
|---|---------------------|----------------------|--|
| Particulars | Current Year | Previous Year | |
| 1) Value of Investments | | | |
| i) Gross Value of Investments | | | |
| (a) In India | 31,441.36 | 26,862.48 | |
| (b) Outside India | - | 7.75 | |
| ii) Provision for Depreciation | | | |
| (a) In India | 6,025.32 | 5,995.23 | |
| (b) Outside India | - | - | |
| iii) Net Value of Investments | | | |
| (a) In India | 25,416.04 | 20,867.25 | |
| (b) Outside India | - | 7.75 | |
| 2) Movement of provisions held towards depreciation on investments | | | |
| i) Opening balance | 5,995.23 | 5,841.73 | |
| ii) Add: Provisions made during the year | 30.09 | 153.50 | |
| iii) Less: Write-off/write-back of excess provisions during the year | - | - | |
| iv) Closing balance | 6,025.32 | 5,995.23 | |

| C. Exposures to real estate sector, both direct and indirect | | ₹ in Lakhs | |
|---|---------------------|----------------------|--|
| Items | Current Year | Previous Year | |
| a) Direct exposure | | | |
| (i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; | 405,479.64 | 403,516.30 | |
| (ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; | 110,419.84 | 90,222.98 | |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | | |
| a. Residential | - | - | |
| b. Commercial Real Estate | 9,253.91 | 22,258.34 | |
| b) Indirect Exposure | | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | 7,321.55 | 3,627.50 | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

D. Maturity pattern of assets and liabilities

| ₹ in Lakhs | | | | | |
|-----------------------|---------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|
| Particulars | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months up to 3 months | Over 3 months up to 6 months | Over 6 months up to 1 year |
| Liabilities | | | | | |
| Borrowings from banks | 6,250.00 | 10,562.50 | 42,687.00 | 48,499.50 | 257,179.23 |
| | (16,250.00) | (4,625.00) | (30,489.08) | (69,280.75) | (208,534.55) |
| Market borrowings | - | - | - | 6,184.32 | 77,932.56 |
| | - | - | - | (12,430.00) | (27,764.00) |
| Assets | | | | | |
| Advances * | 40,620.83 | 38,282.01 | 39,710.67 | 109,192.49 | 174,039.07 |
| | (23,903.54) | (20,692.63) | (20,493.43) | (56,910.13) | (106,078.16) |
| Investments | 500.65 | - | - | - | 2,683.34 |
| | (2,906.63) | - | - | - | - |

| ₹ in Lakhs | | | | |
|-----------------------|------------------------|-------------------------|--------------|--------------|
| Particulars | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total |
| Liabilities | | | | |
| Borrowings from banks | 362,889.87 | 107,031.25 | - | 835,099.35 |
| | (292,829.33) | (100,140.74) | - | (722,149.45) |
| Market borrowings | 73,500.00 | 52,500.00 | 113,500.00 | 323,616.88 |
| | (20,000.00) | - | (39,000.00) | (99,194.00) |
| Assets | | | | |
| Advances * | 379,466.45 | 94,830.30 | 328,466.73 | 1,204,608.55 |
| | (230,784.26) | (81,647.55) | (307,514.36) | (848,024.06) |
| Investments | 22,232.05 | - | - | 25,416.04 |
| | (9,936.32) | - | (8,032.05) | (20,875.00) |

* Represents interest bearing loans and inter corporate deposits.

Figures in bracket relate to previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

E. Exposure to Capital Market

| Items | ₹ in Lakhs | |
|---|--------------|---------------|
| | Current Year | Previous Year |
| (i) 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; | 11,216.04 | 10,946.43 |
| (ii) 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; | - | - |
| (iii) 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; | 15,125.00 | 12,150.00 |
| (iv) advances for any other purposes to the extent secured by the collateral security of shares or 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; | - | - |
| (v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | - | - |
| (vi) loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | - | - |
| (vii) bridge loans to companies against expected equity flows/issues; | - | - |
| (viii) all exposures to Venture Capital Funds (both registered and unregistered) | - | - |

F. The Company sells loans through direct assignments. The information on direct assignment activity of the Company as an Originator is as given below:

| Particulars | ₹ in Lakhs | |
|--|--------------|---------------|
| | Current Year | Previous Year |
| (i) No. of accounts | 2,462 | 2,191 |
| (ii) Aggregate value (net of provisions) of accounts sold | 169,973.65 | 141,281.00 |
| (iii) Aggregate consideration | 169,973.65 | 141,281.00 |
| (iv) Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| (v) Aggregate gain/loss over net book value | - | - |

G. Provisions and Contingencies

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss | ₹ in Lakhs | |
|---|--------------|---------------|
| | Current Year | Previous Year |
| Provisions for depreciation on Investment | 30.09 | 153.50 |
| Provision towards NPA | 1,949.57 | 2,776.24 |
| Provision made towards Income tax | 8,170.31 | 4,929.89 |
| Other Provision and Contingencies | 147.65 | 432.22 |
| Provision for Standard Assets | (43.27) | 819.50 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

H. Concentration of Advances, Exposures and NPAs

₹ in Lakhs

| | |
|--|-------------------|
| I) Concentration of Advances | |
| Total Advances to twenty largest borrowers | 182,180.07 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 15.12% |
| II) Concentration of Exposures | |
| Total Exposures to twenty largest borrowers | 189,781.85 |
| Percentage of Exposures to twenty largest borrowers to Total Exposures of the NBFC | 15.75% |
| III) Concentration of NPAs | |
| Total Exposures to top four NPA accounts | 3,755.90 |

IV) Sector-wise NPAs

| Sector | Total (₹ in Lakhs) | % of NPAs to Total Advances in that sector |
|------------------------------------|-----------------------|--|
| 1. Agriculture & allied activities | - | - |
| 2. MSME | 11,409.27 | 2.00% |
| 3. Corporate borrowers | - | - |
| 4. Services | - | - |
| 5. Unsecured personal loans | 106.76 | - |
| 6. Auto loans | - | - |
| 7. Other personal loans | 1,572.42 | 1.01% |

V. Movement of NPAs

₹ in Lakhs

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| (i) Net NPAs to Net Advances (%) | 0.55% | 0.17% |
| (ii) Movement of NPAs (Gross) | | |
| (a) Opening balance | 5,941.23 | 3,078.25 |
| (b) Additions during the year | 12,770.21 | 3,468.08 |
| (c) Reductions during the year | (5,622.99) | (605.10) |
| (d) Closing balance | 13,088.45 | 5,941.23 |
| (iii) Movement of Net NPAs | | |
| (a) Opening balance | 1,481.01 | 555.06 |
| (b) Additions during the year | 6,806.80 | (33.07) |
| (c) Reductions during the year | (1,609.15) | 959.02 |
| (d) Closing balance | 6,678.66 | 1,481.01 |
| (iv) Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| (a) Opening balance | 4,460.21 | 2,523.19 |
| (b) Provisions made during the year | 5,963.41 | 3,501.15 |
| (c) Write-off/write-back of excess provisions | (4,013.84) | (1,564.13) |
| (d) Closing balance | 6,409.78 | 4,460.21 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

I. Overseas Assets

| | |
|------------------------|------|
| Name of the Subsidiary | None |
| Country | NA |
| Total Assets | Nil |

J. Customer Complaints

| | |
|--|-------|
| (a) No. of complaints pending at the beginning of the year | 26 |
| (b) No. of complaints received during the year | 2,096 |
| (c) No. of complaints redressed during the year | 2,088 |
| (d) No. of complaints pending at the end of the year | 34 |

K. Miscellaneous

Particulars

1. Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC

During the year, the Company has not exceeded SGL & GBL limits as prescribed under NBFC Regulation.

2. Registration obtained from other financial sector regulators

| | |
|--|--|
| RBI Registration No. | N-13. 01827 |
| Company Identification No. (CIN) : | L29120MH2005PLC156795 |
| Insurance Regulatory and Development Authority | CA0087 w.e.f. April 1, 2016 (Old Licence No. HDF 5017698 & FGG5 017698) |

3. Disclosure of Penalties imposed by RBI and other regulators

Penalties or fines pursuant to a contractual obligation are not considered as penalties or fines. Expenditure incurred for any purpose which is an offence or which is prohibited by law is restricted to items where the disclosed purpose of such payment is, to the assessee's knowledge, an offence or prohibited by law.

4. Related Party Transactions

Refer Note No. 33 for transactions with related party transactions.

5. Ratings assigned by credit rating agencies and migration of ratings during the year

| Particulars | Previous Year |
|--------------------------------|-----------------------|
| (a) Commercial Paper | CARE-A1+ |
| (b) Debentures | |
| - Perpetual Debentures | CARE & Brickworks-AA |
| - Subordinated Debt | CARE & Brickworks-AA+ |
| - Other Debentures | CARE & Brickworks-AA+ |
| (c) Other Bank Loan facilities | CARE-AA+ |

6. Remuneration of Directors (Non-executive)

| | |
|----------------|------------|
| | ₹ in Lakhs |
| - Sitting fees | 14.40 |
| - Commission | 87.50 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Schedule to the Balance Sheet of a of a non-deposit taking Non-Banking Financial Company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

₹ in Lakhs

| Particulars | | |
|---|---------------------------|---------------------------|
| LIABILITIES SIDE: | | |
| 1. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: | Amount Outstanding | Amount Overdue |
| a. Debentures (other than falling within the meaning of public deposits*) | | |
| - Secured | 186,000.00 | - |
| - Unsecured | 76,000.00 | - |
| b. Deferred Credits | - | - |
| c. Term Loans | 741,472.12 | - |
| d. Inter-corporate loans and borrowings | 3,244.00 | - |
| e. Commercial Paper | 8,372.88 | - |
| f. Other Loans - Demand loans | 143,627.23 | - |
| * Please see Note 1 below | | |
| ASSET SIDE: | | |
| 2. Break-up of Loans and Advances including bills receivables [other than those included in(4) below]: | | Amount Outstanding |
| a. Secured | | 905,148.28 |
| b. Unsecured | | 300,840.48 |
| 3. Break up of Leased Assets and stocks on hire and other assets counting towards AFC activities | | Amount Outstanding |
| i. Lease Assets including lease rentals under sundry debtors: | | |
| a. Finance Lease | | - |
| b. Operating Lease | | - |
| ii. Stocks on hire including hire charges under sundry debtors: | | |
| a. Assets on hire | | - |
| b. Repossessed Assets | | - |
| iii. Other Loans counting towards AFC activities: | | |
| a. Loans where assets have been repossessed | | - |
| b. Loans other than (a) above | | - |
| 4. Break up of Investments: | | |
| Current Investments | | |
| 1. Quoted | | |
| i. Shares: a. Equity | | 2,683.34 |
| b. Preference | | - |
| ii. Debentures and Bonds | | - |
| iii. Units of mutual funds | | - |
| iv. Government Securities | | - |
| v. Others | | - |
| 2. Unquoted | | |
| i. Shares: a. Equity | | - |
| b. Preference | | - |
| ii. Debentures and Bonds | | - |
| iii. Units of mutual funds | | 500.65 |
| iv. Government Securities | | - |
| v. Others | | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| | | ₹ in Lakhs |
|------------------------------|--|---------------------------|
| Long-Term Investments | | Amount Outstanding |
| 1. Quoted | | |
| i. Shares - Equity | | - |
| - Preference | | - |
| ii. Debentures and Bonds | | - |
| iii. Units of mutual funds | | - |
| iv. Government Securities | | - |
| v. Others | | - |
| 2. Unquoted | | |
| i. Shares - Equity | | 6,832.05 |
| - Preference | | 1,200.00 |
| ii. Debentures and Bonds | | 14,000.00 |
| iii. Units of mutual funds | | - |
| iv. Government Securities | | - |
| v. Others | | 200.00 |

| 5. Borrower group-wise classification of assets financed as in (2) and (3) above : Please see Note 2 below: | | | | ₹ in Lakhs |
|--|-------------------------|-------------------|---------------------|------------|
| Category | Amount net of provision | | | |
| | Secured | Unsecured | Total | |
| 1. Related Parties** | | | | |
| a. Subsidiaries | - | 0.57 | 0.57 | |
| b. Companies in the same group | - | - | - | |
| c. Other related parties | - | - | - | |
| 2. Other than related parties | 905,148.28 | 300,839.91 | 1,205,988.19 | |
| Total | 905,148.28 | 300,840.48 | 1,205,988.76 | |

| 6. Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted): | | | ₹ in Lakhs |
|--|---|--------------------------------|------------|
| Please see Note 3 below | | | |
| Category | Market Value/ Break up of fair value or NAV | Book Value (Net of Provisions) | |
| 1. Related Parties** | | | |
| a. Subsidiaries | 11,855.85 | 8,032.05 | |
| b. Companies in the same group | - | - | |
| c. Other related parties | - | - | |
| 2. Other than related parties | 17,383.99 | 17,383.99 | |
| Total | 29,239.84 | 25,416.04 | |

** As per Accounting Standard of ICAI (Please see Note 3)

| 7. Other information | | ₹ in Lakhs |
|--|--|------------|
| Particulars | | Amount |
| i. Gross Non-Performing Assets | | |
| a. Related Parties | | - |
| b. Other than related parties | | 13,088.45 |
| ii. Net Non-Performing Assets | | |
| a. Related Parties | | - |
| b. Other than related parties | | 6,678.66 |
| iii. Assets acquired in satisfaction of debt | | - |

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in category (4) above.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Capital First Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Capital First Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements;

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 40 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries companies incorporated in India.

Other Matter

- (a) The accompanying consolidated financial statements include total assets of NIL as at March 31, 2016, and total revenues and net cash outflows of ₹ 16.36 lakhs and ₹ 52.67 lakhs for the year ended on that date, in respect of a subsidiary, of which unaudited financial statements and other unaudited financial information have been certified and furnished to us by the management of Capital First Limited. Our opinion, in so far as it relates amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the financial statements and other financial information certified by the Management.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 13, 2016

ANNEXURE TO AUDITOR'S REPORT

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CAPITAL FIRST LIMITED

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

To the Members of Capital First Limited

In conjunction with our audit of the consolidated financial statements of Capital First Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Capital First Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding 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.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 13, 2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

₹ in Lakhs

| Particulars | Note No. | As at March 31, 2016 | As at March 31, 2015 |
|---|----------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 9,123.77 | 9,098.23 |
| Reserves and Surplus | 4 | 161,212.28 | 148,278.40 |
| | | 170,336.05 | 157,376.63 |
| Share application money pending allotment | 3 | 14.96 | - |
| Non - Current Liabilities | | | |
| Long-term borrowings | 5 | 736,771.12 | 472,257.57 |
| Other Long-term liabilities | 6 | 6,468.06 | 4,635.63 |
| Long-term provisions | 7 | 11,333.49 | 8,680.35 |
| | | 754,572.67 | 485,573.55 |
| Current Liabilities | | | |
| Short-term borrowings | 8 | 157,729.99 | 138,784.79 |
| Trade payables | 9 | 12,553.94 | 8,168.67 |
| Other current liabilities | 10 | 346,748.71 | 268,468.97 |
| Short-term provisions | 11 | 10,549.12 | 9,832.54 |
| | | 527,581.76 | 425,254.97 |
| TOTAL | | 1,452,505.44 | 1,068,205.15 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | 12 | | |
| - Tangible assets | | 1,942.92 | 1,384.59 |
| - Intangible assets | | 981.08 | 524.50 |
| | | 2,924.00 | 1,909.09 |
| Non-current investments | 13 | 14,200.00 | 9,928.57 |
| Deferred tax assets (Net) | 14 | 5,460.32 | 4,212.80 |
| Long-term loans and advances | 15 | 852,246.07 | 652,285.92 |
| Other non-current assets | 16 | 15,571.83 | 27,916.45 |
| | | 890,402.22 | 696,252.83 |
| Current Assets | | | |
| Current Investments | 17 | 4,162.99 | 9,488.66 |
| Trade receivables | 18 | 2,667.77 | 1,007.81 |
| Cash and Bank Balances | 19 | 111,270.54 | 105,705.80 |
| Short-term loans and advances | 20 | 413,401.01 | 239,371.31 |
| Other current assets | 21 | 30,600.91 | 16,378.74 |
| | | 562,103.22 | 371,952.32 |
| TOTAL | | 1,452,505.44 | 1,068,205.15 |
| Summary of significant accounting policies | 2.1 | | |
| The accompanying notes are an integral part of the Financial Statements | | | |

As per our report of even date

For S.R. BATLIBOI & CO. LLPICAI Firm Registration No. 301003E/E300005
Chartered Accountants**per Viren H. Mehta**Partner
Membership No. 048749Place : Mumbai
Date : May 13, 2016For and on behalf of the Board of Directors of
Capital First Limited**V. Vaidyanathan**
Chairman & Managing Director
DIN 00082596**N. C. Singhal**
Director
DIN 00004916**Pankaj Sanklecha**
Chief Financial Officer &
Head - Corporate Centre**Satish Gaikwad**
Head Legal, Compliance &
Company SecretaryPlace : Mumbai
Date : May 13, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | Note No. | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|----------|--------------------------------------|--------------------------------------|
| Revenue from Operations | 22 | 188,223.87 | 142,439.55 |
| Other Income | 23 | 655.69 | 1,746.25 |
| Total revenue | | 188,879.56 | 144,185.80 |
| Expenses | | | |
| Employee benefits expense | 24 | 17,681.26 | 13,579.27 |
| Finance costs | 25 | 89,723.95 | 78,779.83 |
| Depreciation and Amortisation expense | 26 | 995.53 | 995.65 |
| Other expenses | 27 | 55,243.31 | 34,559.21 |
| Total Expenses | | 163,644.05 | 127,913.96 |
| Profit before tax | | 25,235.51 | 16,271.84 |
| Tax expense: | | | |
| - Current tax | | 9,934.75 | 8,007.36 |
| - Minimum Alternative Tax (MAT) Credit entitlement | | - | (8.79) |
| - Deferred tax credit | | (1,247.52) | (2,470.19) |
| - Tax for earlier years (Refer Note 38) | | (207.43) | (422.46) |
| | | 8,479.80 | 5,105.92 |
| Profit for the year from Continuing Operations | (A) | 16,755.71 | 11,165.92 |
| Profit/(loss) before tax from discontinuing operations | | (20.60) | 359.91 |
| Tax expense of discontinuing operations | | 116.60 | 97.69 |
| Profit/(loss) from discontinuing operations (after tax) (Refer Note no. 37) | (B) | (137.20) | 262.22 |
| Profit for the year | (A)+(B) | 16,618.51 | 11,428.14 |
| Earning per equity share: | | | |
| - Basic (₹) | 28 | 18.24 | 13.75 |
| - Diluted (₹) | | 17.33 | 13.11 |
| Summary of significant accounting policies | 2.1 | | |
| The accompanying notes are an integral part of the Financial Statements | | | |

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta

Partner
Membership No. 048749

Place : Mumbai
Date : May 13, 2016

For and on behalf of the Board of Directors of
Capital First Limited

V. Vaidyanathan
Chairman & Managing Director
DIN 00082596

N. C. Singhal
Director
DIN 00004916

Pankaj Sanklecha
Chief Financial Officer &
Head - Corporate Centre

Satish Gaikwad
Head Legal, Compliance &
Company Secretary

Place : Mumbai
Date : May 13, 2016

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax from continuing operations | 25,235.51 | 16,271.84 |
| Profit before tax from discontinuing operations | (20.60) | 359.91 |
| Adjustments for : | | |
| Depreciation/ amortisation on continuing operation | 995.53 | 995.65 |
| Provision for doubtful loans and advances | 2,114.44 | 3,186.97 |
| Provision for diminution in value of investments | 30.09 | 153.50 |
| Provision for standard assets | 25.00 | 879.30 |
| Bad loans and trade receivables written off | 21,475.06 | 6,298.63 |
| Goodwill written off | - | 644.88 |
| Provision for employee benefits | 122.84 | 100.89 |
| Dividend income | (38.93) | - |
| Profit on sale of investments (net) | (541.46) | (1,504.20) |
| Loss on sale of fixed assets | 34.30 | 171.78 |
| Excess provision written back | (11.66) | (3.97) |
| Gain on translation of foreign subsidiary | (13.88) | (392.29) |
| | 24,191.33 | 10,531.14 |
| Operating Profit Before Working Capital Changes | 49,406.24 | 27,162.89 |
| Adjustment for changes in working capital: | | |
| (Increase)/Decrease in Trade Receivables | (1,659.96) | (71.83) |
| (Increase)/Decrease in Loans and Advances | (394,660.70) | (175,991.60) |
| (Increase)/Decrease in Other Assets | (9,021.46) | (3,801.05) |
| Increase/(Decrease) in Trade payables and other liabilities | 15,875.37 | 6,568.36 |
| Cash used in operations | (340,060.51) | (146,133.23) |
| Direct taxes paid (net of refund) | (8,625.22) | (5,863.11) |
| Net Cash used in Operating Activities | (348,685.73) | (151,996.34) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets including intangible assets and Capital WIP | (2,850.05) | (502.78) |
| Sale proceeds from fixed assets | 8.92 | 80.94 |
| Sale proceeds from investments | 188,012.93 | 700,497.96 |
| Purchase of investments | (186,447.32) | (673,893.68) |
| Dividend income | 38.93 | - |
| Net Cash (used in)/generated from Investing Activities | (1,236.59) | 26,182.44 |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of Equity Share Capital | 25.54 | 828.83 |
| Proceeds from Share Application Money Pending Allotment | 14.96 | - |
| Proceeds from Securities Premium on issue of Equity Share Capital | 426.43 | 30,140.25 |
| Payment of securities issue expenses | (1,461.46) | (643.18) |
| Payment of dividend | (2,002.35) | (1,654.12) |
| Payment of dividend tax | (407.63) | - |
| Proceeds from long-term borrowings | 569,729.87 | 271,658.46 |
| Repayment of long-term borrowings | (236,927.42) | (262,251.80) |
| Proceeds from short-term borrowings | 345,529.88 | 1,420,362.23 |
| Repayment of short-term borrowings | (326,584.68) | (1,428,222.09) |
| Net Cash generated from Financing Activities | 348,343.14 | 30,218.58 |
| Net decrease in Cash and Cash Equivalents during the year | (1,579.18) | (95,595.32) |
| Cash and Cash equivalents at beginning of the year | 103,695.80 | 199,291.12 |
| Cash and Cash equivalents at the end of the year | 102,116.62 | 103,695.80 |

| Particulars | ₹ in Lakhs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| Cash and Cash equivalents comprises of : | | |
| Cash in Hand | 1,156.80 | 931.01 |
| Cheques on hand | 26.03 | 19.59 |
| Balance with Banks | | |
| - in unpaid dividend accounts (Refer note 3 below) | 20.76 | 17.34 |
| - in current account | 100,913.03 | 70,419.00 |
| - in deposit accounts having original maturity less than three months | - | 32,308.86 |
| Total | 102,116.62 | 103,695.80 |

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 'Cash Flow Statements' notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.
- Cash and cash equivalents in the balance sheet comprises of Cash in hand and Cash at bank.
- The balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta

Partner
Membership No. 048749

Place : Mumbai

Date : May 13, 2016

For and on behalf of the Board of Directors of
Capital First Limited

V. Vaidyanathan
Chairman & Managing Director
DIN 00082596

N. C. Singhal
Director
DIN 00004916

Pankaj Sanklecha
Chief Financial Officer &
Head - Corporate Centre

Place : Mumbai
Date : May 13, 2016

Satish Gaikwad
Head Legal, Compliance &
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1 SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements comprise of the Financial Statements of Capital First Limited (the 'Company' or 'CFL') and its subsidiaries (hereinafter collectively referred to as the 'Group').

The financial statements have been prepared to comply in all material respects with the Accounting Standards ('AS') notified under section 133 of the Companies Act, 2013 (the 'Act') read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India (IGAAP) and as per the guidelines issued by Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulation'). The financial statements have been prepared on an accrual basis and under the historical cost convention. The notified Accounting Standards (AS) are followed by the Company insofar as they are not inconsistent with the NBFC Regulation.

B) PRINCIPLES OF CONSOLIDATION

- i. The Consolidated Financial Statements are prepared in accordance with AS - 21 on "Consolidated Financial Statements" notified under section 133 of the Companies Act 2013 (the 'Act') read together with paragraph 7 of the Companies (Accounts) Rules, 2014'. The financial statements of these group companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of Inter Company transactions are eliminated on consolidation.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the Consolidated Financial Statements and are presented in the same manner as the Company's standalone financial statements.

- ii. The subsidiary companies considered in the presentation of the Consolidated Financial Statements are:

| Particulars | Country of incorporation | Proportion of ownership interest as at March 31, 2016 | Proportion of ownership interest as at March 31, 2015 | Financial year ends on |
|--|--------------------------|---|---|------------------------|
| Subsidiaries : | | | | |
| Capital First Investment Advisory Limited# | India | 100% | 100% | 31st March |
| Capital First Commodities Limited | India | 100% | 100% | 31st March |
| Anchor Investment & Trading Private Limited@ | Mauritius | N.A. | 100% | 31st March |
| Capital First Home Finance Limited | India | 100% | 100% | 31st March |
| Capital First Securities Limited | India | 100% | 100% | 31st March |

Merged with Capital First Home Finance Limited

@ Anchor Investment and Trading Private Limited ('AITPL'), wholly owned subsidiary of the Company has ceased to exist pursuant to voluntary liquidation filed by the AITPL. AITPL has been wound up wef February 19, 2016 and its name has been struck off from the Registrar of Companies (RoC), Mauritius.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Change in Accounting Policy

Accounting for debenture issue expenses

During the year, the Company had changed its policy related to debenture issue expenses. The debenture issue expenses aggregating to ₹ 1,461.45 lakhs (net of tax) were charged against Securities Premium Account as per Section 52 of the Companies Act, 2013 which were hitherto amortised and charged to the Statement of Profit and Loss Account. Consequent to the change in such policy, profit for the year ended March 31, 2016 is higher by ₹ 238.09 lakhs

Classification of Non performing assets ('NPA')

RBI vide its notification no DNBR. 011/CGM (CDS)-2015 dated March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending March 31, 2016. This has resulted in increase in gross non-performing assets by ₹ 1,824.51 lakhs. However, there is no significant impact of this change on provision for the quarter ended March 31, 2016.

(b) Current/ Non Current classification of assets and liabilities

As required by Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Since in case of non-banking financial Company normal operating cycle is not readily determinable, the operating cycle has been considered as 12 months.

(c) Use of estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles ("IGAAP") requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(d) Change in estimates

Provisioning on retail Mortgage Loans

During the year, the Company had changed its estimates related to provisioning for mortgage loans. Consequent to the change in such estimates, provision and write off for the year ended March 31, 2016 is higher by ₹ 1,338.68 lakhs.

Provisioning on unsecured micro credit loans

During the year, the Company has changed its estimates related to provisioning for unsecured micro credit loans. Consequent to the change in such estimates, provision and write off for the year ended March 31, 2016 is higher by ₹ 515.47 lakhs.

(e) Tangible assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-5 Net Profit or Loss for the year, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(g) Depreciation on Tangible asset/Amortisation of Intangible asset

| Particulars | Useful lives estimated by the Management (Same as specified in Schedule II of Companies Act, 2013) |
|-------------------------|--|
| Computers and Printers | 3 years |
| Servers | 6 years |
| Office Equipment | 5 years |
| Furnitures & Fixtures | 10 years |
| Electrical Installation | 10 years |
| Air Conditioners | 5 years |
| Leasehold Improvements | 5 years |
| Intangible assets | 5 years |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(h) Loans

Loans are stated at the amount advanced, as reduced by the amounts received up to the balance sheet date and loans assigned.

(i) Leases

Operating Lease

Where the Company is lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the tenure of the lease.

(j) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted at the pre tax discount rate reflecting current market assessment of time value of money and risks specific to asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(k) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Quoted current investments are carried in the financial statements at lower of cost or market value determined on an individual investment basis. Unquoted investments in units of mutual funds are stated at net asset value, except for Non banking finance Company and Housing Finance Company, which is valued at net asset value.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(l) Commercial Papers

Commercial paper is recognised at redemption value net of unamortized finance charges. The difference between redemption value and issue value is amortised on a time basis and is disclosed separately under finance charges.

(m) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(iii) Exchange Differences

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

(n) Revenue recognition

Interest income

Interest income from retail loans is accounted based on applying Internal Rate of Return ('IRR') and from other loans is accounted based on applying interest rate implicit in the contract. In case of non-performing assets interest income is recognised on receipt basis as per NBFC prudential norms.

Income on discounted instruments

Income on discounted instruments is recognised over the tenor of the instrument on straight line basis.

Fee income

Fee income on loans is recognised as income over the tenor of the loan agreements on internal rate of return ('IRR') basis. The unamortized balance is being disclosed as part of current liabilities. For the agreements foreclosed / transferred through assignment, balance of processing fees is recognised as income at the time of such foreclosure / transfer through assignment.

Subvention income

Subvention income on loans is recognised as income over the tenor of the loan agreements. The unamortized balance is being disclosed as part of current liabilities. For the agreements foreclosed / transferred through assignment, balance of subvention income is recognised as income at the time of such foreclosure. / transfer through assignment.

Commission and brokerage income

Commission and brokerage income earned for the services rendered are recognised as and when they are due.

Income from Assignment of loans and receivables

Income from assignment of loans and receivables is amortised over the tenure of loans in accordance with the RBI circular "Revisions to the Guidelines on Securitisation Transactions" dated August 21, 2012.

Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of non-performing assets wherein interest income is recognised on receipt basis as per NBFC prudential norms.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized on receipt basis in accordance with the NBFC Regulation.

(o) Profit/ Loss on sale of investments

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(p) Securities issue expenses

Security issue expenses related to issuance of equity and debt are debited against securities premium account in accordance with the provisions of Section 52 of the Companies Act, 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(q) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

Leave encashment

Earned leave during the financial year and remaining unutilized will be encashed at the yearend based on basic salary. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(r) Borrowing costs

Borrowing costs consists of interest and other ancillary cost that an entity incurs in connection with borrowing of funds. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the tenor of borrowings.

(s) Loan origination cost

Loan origination costs such as credit verification, agreement stamping, direct selling agents commission and valuation charges are recognised as expense over the contractual tenor of the loan agreements. Full month's amortization is done in the month in which loans are disbursed. For the agreements foreclosed or transferred through assignment, the unamortised portion of the loan acquisition costs is recognised as charge to the Statement of Profit and Loss at the time of such foreclosure/ transfer through assignment.

(t) Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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 tax assets and deferred tax related to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(u) Provisioning / Write-off on assets

Provisioning / Write-off on overdue assets

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

The Company accounts for provision for doubtful assets after taking into account the time lag between an accounts becoming overdue, its recognition as such and realisation of available security. The Company classifies non performing assets which are overdue for five months or more.

Provision on standard assets

Provision on standard assets has been made @ 0.30% as prescribed by Reserve Bank of India ('RBI') guidelines.

(v) Employee Stock Option Scheme ('ESOS')

Employees (including senior executives) of the Company also receives remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

(w) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(x) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(y) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(z) Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months and short term highly liquid investments with an original maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 3. Share Capital | | |
| Authorized: | | |
| 113,000,000 (Previous Year: 103,000,000) Equity shares of ₹ 10/- each | 11,300.00 | 10,300.00 |
| Nil (Previous Year: 10,000,000) Compulsorily Convertible Preference shares ('CCPS') of ₹ 10/- each | - | 1,000.00 |
| | 11,300.00 | 11,300.00 |
| Issued, subscribed and fully paid-up: | | |
| 91,237,744 (Previous Year: 90,982,269) Equity shares of ₹ 10/- each | 9,123.77 | 9,098.23 |
| | 9,123.77 | 9,098.23 |

a. Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the reporting year:

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Number | ₹ in Lakhs | Number | ₹ in Lakhs |
| At the beginning of the year | 90,982,269 | 9,098.23 | 82,631,469 | 8,263.15 |
| Issued during the year- Under Employees Stock Option Scheme | 255,475 | 25.54 | 658,500 | 65.85 |
| Issued during the year (Refer Note No. 36) | - | - | 7,692,300 | 769.23 |
| At the close of the reporting year | 91,237,744 | 9,123.77 | 90,982,269 | 9,098.23 |

b. Terms/Rights attached to Equity Shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any is proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by the holding company and the subsidiary of the ultimate holding company:

| | As at March 31, 2016 | | As at March 31, 2015 | |
|------------------------------|----------------------|------------|----------------------|------------|
| | Number | ₹ in Lakhs | Number | ₹ in Lakhs |
| Equity shares of ₹ 10/- each | | | | |
| Cloverdell Investment Ltd | 58,237,645 | 5,823.76 | 58,237,645 | 5,823.76 |
| Dayside Investment Ltd | 1,247,957 | 124.80 | 1,247,957 | 124.80 |

d. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---------------------------|----------------------|--------|----------------------|--------|
| | Number | % | Number | % |
| Cloverdell Investment Ltd | 58,237,645 | 63.83% | 58,237,645 | 64.01% |
| JV & Associates LLP | 4,773,795 | 5.23% | 4,773,795 | 5.25% |

| | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| e. Securities convertible into equity shares: | Nil | Nil |
| f. Shares reserved for issue under Employee Stock Option Scheme (Refer Note No. 31) | 10,762,150 | 10,255,125 |
| g. Aggregate number of shares issued for a consideration other than cash during the period of five years immediately preceding the reporting date. | Nil | Nil |

h. Share Application Money Pending Allotment

Share application money pending allotment represents money received from employees pursuant to exercise of stock options. The shares were allotted on April 12, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 4. Reserves and Surplus | | |
| Capital Reserve | | |
| Balance as per last Balance Sheet | 5,925.00 | 5,925.00 |
| Statutory Reserve under Section 45-IC of the RBI Act, 1934 | | |
| Balance as per last Balance Sheet | 8,680.21 | 6,439.81 |
| Add: Transferred from Statement of Profit and Loss | 3,138.21 | 2,240.40 |
| | 11,818.42 | 8,680.21 |
| Statutory Reserve under Section 29C of the National Housing Bank Act, 1987 | | |
| Balance as per last Balance Sheet | 74.72 | 34.41 |
| Add: Transferred from Statement of Profit and Loss | 124.84 | 40.31 |
| | 199.56 | 74.72 |
| Securities Premium Account | | |
| Balance as per last Balance Sheet | 116,240.45 | 86,666.07 |
| Add: Received during the year | 426.43 | 30,217.56 |
| Less: Securities issue expenses (net of tax) | (1,461.45) | (643.18) |
| | 115,205.43 | 116,240.45 |
| Foreign Exchange Fluctuation Reserve | | |
| Balance as per last Balance Sheet | 13.89 | 406.18 |
| Add/(Less): Movement during the year | 2.49 | (392.29) |
| Less: Transferred to other income on liquidation | (16.38) | - |
| | 0.00 | 13.89 |
| General Reserve | | |
| Balance as per last Balance Sheet | 2,658.15 | 1,537.95 |
| Add: Transferred from Statement of Profit and Loss | 1,569.11 | 1,120.20 |
| | 4,227.26 | 2,658.15 |
| Surplus in the Statement of Profit and Loss | | |
| Balance as per last Balance Sheet | 14,685.98 | 9,319.45 |
| Less: Accelerated Depreciation as per the Companies Act, 2013 | - | (67.13) |
| Less: Loss in recovery of advances granted to Employee Welfare Trusts (Refer Note No. 39) | - | (183.59) |
| Add: Profit for the year | 16,618.51 | 11,428.14 |
| Less: Appropriations: | | |
| Transfer to statutory reserve u/s 45-IC of the RBI Act, 1934 | (3,138.21) | (2,240.40) |
| Transfer to statutory reserve u/s 29C of the National Housing Bank Act, 1987 | (124.84) | (40.31) |
| Proposed dividend (Amount per share ₹ 2.40 (Previous year ₹ 2.20)) | (2,189.91) | (2,002.35) |
| Dividend tax thereon | (445.81) | (407.63) |
| Transfer to general reserve | (1,569.11) | (1,120.20) |
| | 23,836.61 | 14,685.98 |
| | 161,212.28 | 148,278.40 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | Non Current Portion | | Current Maturities* | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2016 | As at March 31, 2015 |
| 5. Long-Term Borrowings | | | | |
| Secured | | | | |
| Redeemable Non Convertible Debentures | 121,000.00 | 20,000.00 | 65,000.00 | 37,430.00 |
| Term Loans | | | | |
| - from Banks | 469,771.12 | 385,759.62 | 210,988.50 | 190,269.59 |
| - from Others | 42,500.00 | - | 7,500.00 | - |
| Unsecured | | | | |
| Redeemable Non-Convertible Perpetual Debentures | 25,000.00 | 19,000.00 | - | - |
| Redeemable Non-Convertible Debentures (Subordinated debt) | 51,000.00 | 20,000.00 | - | - |
| Term Loans | | | | |
| - from Banks (Subordinate debt) | 27,500.00 | 27,497.95 | - | - |
| - from Banks (Other) | - | - | 17,500.00 | 5,000.00 |
| | 736,771.12 | 472,257.57 | 300,988.50 | 232,699.59 |

* Amount disclosed under the head 'Other current liabilities' (Refer Note No. 10)

a. Security details for Secured Redeemable Non-Convertible Debentures

1. Debentures of ₹ 151,000.00 lakhs (Previous Year: ₹ 57,430.00 lakhs) are secured by first *pari passu* charge on the fixed asset owned by the Company and first exclusive charge on the standard receivables of retail and corporate loan assets and other current assets of the Company.
2. Debentures of ₹ 35,000.00 lakhs (Previous Year: Nil) are secured by first *pari passu* charge on the fixed asset owned by the Company and first *pari passu* charge by way of hypothecation, over standard present and future receivables.

b. Particulars of Secured Redeemable Non-Convertible Debentures

₹ in Lakhs

| Particulars | Face Value | Quantity | Date of Redemption | As at March 31, 2016 | As at March 31, 2015 |
|-----------------------------|------------|----------|-----------------------|-------------------------|-------------------------|
| 8.73% CAPFIRSTNCD Series 10 | 1,000,000 | 3,500 | May 28, 2021 | 35,000.00 | - |
| 9.20% CAPFIRSTNCD Series 9 | 1,000,000 | 500 | January 29, 2021 | 5,000.00 | - |
| 9.20% CAPFIRSTNCD Series 8 | 1,000,000 | 2,100 | January 22, 2021 | 21,000.00 | - |
| 9.10% CAPFIRSTNCD Series 7 | 1,000,000 | 3,000 | January 4, 2019 | 30,000.00 | - |
| 9.25% CAPFIRSTNCD Series 6 | 1,000,000 | 500 | December 22, 2020 | 5,000.00 | - |
| 9.25% CAPFIRSTNCD Series 6 | 1,000,000 | 350 | December 21, 2018 | 3,500.00 | - |
| 9.20% CAPFIRSTNCD Series 5 | 1,000,000 | 150 | October 23, 2020 | 1,500.00 | - |
| 9.40% CAPFIRSTNCD Series 4 | 1,000,000 | 3,000 | December 27, 2016 | 30,000.00 | - |
| 9.40% CAPFIRSTNCD Series 3 | 1,000,000 | 3,500 | December 23, 2016 | 35,000.00 | - |
| 10.00% CAPFIRSTNCD Series 2 | 1,000,000 | 1,000 | March 20, 2018 | 10,000.00 | 10,000.00 |
| 10.00% CAPFIRSTNCD Series 1 | 1,000,000 | 1,000 | February 15, 2018 | 10,000.00 | 10,000.00 |
| 11.25%,Tranche 2 | 1,000,000 | 1,250 | December 1, 2015 | - | 12,500.00 |
| 11.25%,Tranche 1 | 1,000,000 | 1,250 | October 1, 2015 | - | 12,500.00 |
| 10.25%,Tranche 2-A * | 1,000,000 | 60 | August 31, 2015 | - | 600.00 |
| 11.00%,Tranche 2-B3 | 1,000,000 | 4 | August 31, 2015 | - | 40.00 |
| 10.25%,Tranche 1-A * | 1,000,000 | 751 | August 16, 2015 | - | 7,510.00 |
| 11.00%,Tranche 1-B3 | 1,000,000 | 428 | August 16, 2015 | - | 4,280.00 |
| | | | | 186,000.00 | 57,430.00 |

* These Debentures have tenure of 5 years subject to call/put option with the lender/investor to be exercised only after 3 years from the date of issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

5. Long-Term Borrowings (Contd.)

c. Security details for Secured Term loans

1. Term loans of ₹ 2,000.00 lakhs (Previous Year: ₹ 4,000.00 lakhs) is secured by way of first exclusive charge on receivables of priority sector lending of the Company.
2. Term loans of ₹ 680,159.62 lakhs (Previous year: ₹ 525,935.08 lakhs) is secured by way of first *pari passu* charge on receivables of retail, wholesale credit and other current assets of the Company.
3. Term loans of ₹ 48,600.00 lakhs (Previous Year: ₹ 46,094.13 lakhs) is secured by way of first exclusive charge on receivables of the Company.

d. Particulars of Unsecured Redeemable Non-Convertible Perpetual Debentures

₹ in Lakhs

| Particulars | Issue Date | Coupon | Quantity | As at | As at |
|-------------------------|--------------------|--------|----------|------------------|------------------|
| | | | | March 31, 2016 | March 31, 2015 |
| CAPFIRSTPEPNCD Series 1 | March 8, 2013 | 11.00% | 1,000 | 10,000.00 | 10,000.00 |
| CAPFIRSTPEPNCD Series 2 | March 14, 2013 | 11.00% | 250 | 2,500.00 | 2,500.00 |
| CAPFIRSTPEPNCD Series 3 | May 24, 2013 | 10.65% | 150 | 1,500.00 | 1,500.00 |
| CAPFIRSTPEPNCD Series 4 | September 23, 2014 | 10.50% | 500 | 5,000.00 | 5,000.00 |
| CAPFIRSTPEPNCD Series 5 | March 1, 2016 | 10.50% | 600 | 6,000.00 | - |
| | | | | 25,000.00 | 19,000.00 |

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| Funds raised through perpetual debentures | 6,000.00 | 5,000.00 |
| Amount outstanding as at the end of the year | 25,000.00 | 19,000.00 |
| Percentage of Perpetual Debt Instrument to Total Tier I Capital | 13.55% | 11.31% |
| Financial year in which interest on Perpetual Debt Instrument is not paid on account of Lock-in-clause | NA | NA |

These Debentures have a 'Call Option' which may be exercised by the Company only after the instrument has run for a period of ten years from the date of allotment. Further, call option shall be exercised by the Company only with the prior approval of Reserve Bank of India (RBI) and as per RBI guidelines. It also have a coupon rate step-up option of 100 bps, which shall be exercised only once during the whole life of the instrument, in conjunction with the Call Option, after the lapse of 10 years from the date of allotment of issue. The coupon rate will be higher by 100 bps for subsequent years if Call Option is not exercised by the Company. The claim of the investors shall be *pari passu* among themselves and with other subordinated indebtedness of the Company, superior to the claims of investors in equity shares and subordinate to the claims of all other unsecured creditors and depositors of the Company, as regards repayment of principal and interest by the Issuer.

e. Particulars of Unsecured Redeemable Non-Convertible Debentures (Subordinated debt)

₹ in Lakhs

| Particulars | Face Value | Quantity | Date of Redemption | As at | As at |
|-------------------------------|------------|----------|--------------------|------------------|------------------|
| | | | | March 31, 2016 | March 31, 2015 |
| 10.30% CAPFIRSTUNNCD Series 1 | 1,000,000 | 1,000 | February 28, 2023 | 10,000.00 | 10,000.00 |
| 10.30% CAPFIRSTUNNCD Series 2 | 1,000,000 | 500 | February 28, 2023 | 5,000.00 | 5,000.00 |
| 9.50% CAPFIRSTUNNCD Series 3 | 1,000,000 | 500 | May 17, 2028 | 5,000.00 | 5,000.00 |
| 9.40% CAPFIRSTUNNCD Series 4 | 1,000,000 | 500 | September 29, 2025 | 5,000.00 | - |
| 9.25% CAPFIRSTUNNCD Series 5 | 1,000,000 | 750 | October 30, 2025 | 7,500.00 | - |
| 9.25% CAPFIRSTUNNCD Series 6 | 1,000,000 | 250 | November 20, 2025 | 2,500.00 | - |
| 9.25% CAPFIRSTUNNCD Series 7 | 1,000,000 | 250 | December 15, 2025 | 2,500.00 | - |
| 9.25% CAPFIRSTUNNCD Series 8 | 1,000,000 | 350 | December 29, 2025 | 3,500.00 | - |
| 9.35% CAPFIRSTUNNCD Series 9 | 1,000,000 | 1,000 | February 4, 2026 | 10,000.00 | - |
| | | | | 51,000.00 | 20,000.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

5. Long-Term Borrowings (Contd.)

f. Terms of repayment:

Term loans from Banks - Secured

As at March 31, 2016

₹ in Lakhs

| Tenor | Rate of interest | Repayment Details | Non-Current portion | Current Maturities |
|---------------------|------------------|-------------------------------------|---------------------|--------------------|
| More than 60 Months | 9.45% | Quarterly Instalments | 42,500.00 | 7,500.00 |
| 48-60 months | 9.60% to 9.75% | Semi-Annual & Quarterly Instalments | 196,312.50 | 22,687.50 |
| 36-48 months | 9.65% to 9.75% | Quarterly Instalments | 80,156.25 | 28,750.00 |
| 24-36 months | 9.30% to 9.75% | Quarterly Instalments | 134,764.50 | 65,676.00 |
| 12-24 months | 9.45% to 9.75% | Quarterly & structured Instalments | 58,537.87 | 65,875.00 |
| Upto 12 months | 9.55% to 9.75% | Semi-Annual & Quarterly Instalments | - | 28,000.00 |
| Grand Total | | | 512,271.12 | 218,488.50 |

As at March 31, 2015

₹ in Lakhs

| Tenor | Rate of interest | Repayment Details | Non-Current portion | Current Maturities |
|--------------------|------------------|-------------------------------------|---------------------|--------------------|
| 48-60 months | 10.25% to 10.30% | Quarterly Instalments | 108,906.25 | 6,085.76 |
| 36-48 months | 10.20% to 10.30% | Quarterly Instalments | 128,940.50 | 49,483.26 |
| 24-36 months | 10.20% to 10.30% | Quarterly Instalments | 119,912.87 | 63,873.11 |
| 12-24 months | 10.25% to 10.30% | Semi-Annual & Quarterly Instalments | 28,000.00 | 37,494.13 |
| Upto 12 months | 10.25% | Quarterly Instalments | - | 33,333.33 |
| Grand Total | | | 385,759.62 | 190,269.59 |

Term Loan from bank - Unsecured

As at March 31, 2016

₹ in Lakhs

| Tenor | Rate of interest | Repayment Details | Non-Current portion | Current Maturities |
|--------------------|------------------|-------------------|---------------------|--------------------|
| 36-48 months | 9.75% | Bullet | 7,500.00 | - |
| 24-36 months | 11.20% | Bullet | 20,000.00 | - |
| Upto 12 months | 9.30% to 9.80% | Bullet | - | 17,500.00 |
| Grand Total | | | 27,500.00 | 17,500.00 |

As at March 31, 2015

₹ in Lakhs

| Tenor | Rate of interest | Repayment Details | Non-Current portion | Current Maturities |
|--------------------|------------------|-------------------|---------------------|--------------------|
| 48-60 months | 10.35% | Bullet | 7,499.87 | - |
| 36-48 months | 11.75% | Bullet | 19,998.08 | - |
| Upto 12 months | 10.00% | Bullet | - | 5,000.00 |
| Grand Total | | | 27,497.95 | 5,000.00 |

₹ in Lakhs

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| 6. Other Long-Term Liabilities | | |
| Unamortised processing fees/subvention income (Refer Note No. 35(c)) | 6,468.06 | 4,635.63 |
| | 6,468.06 | 4,635.63 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 7. Long-Term Provisions | | |
| For standard assets | 2,560.42 | 2,067.11 |
| For doubtful loans | 4,302.79 | 2,472.89 |
| For doubtful advances | 189.86 | 55.64 |
| For foreclosure/ credit loss on assignment | 3,911.56 | 3,818.83 |
| Provisions for employee benefits | | |
| - Gratuity (Refer Note No. 30) | 368.86 | 265.88 |
| | 11,333.49 | 8,680.35 |
| 8. Short-Term Borrowings | | |
| Secured | | |
| Loans repayable on demand* | | |
| - from banks | 149,357.11 | 136,284.79 |
| Unsecured | | |
| Term Loan from Bank | - | 2,500.00 |
| Commercial papers | 8,372.88 | - |
| Total | 157,729.99 | 138,784.79 |

***Additional Information:**

- Cash credit (including Working Capital Demand Loan) of ₹ 104,092.01 lakhs (Previous year: ₹ 96,597.32 lakhs) is secured by way of first *pari passu* charge on receivables of retail, wholesale credit and current assets of the Company.
- Cash Credit of ₹ 39,535.22 lakhs (Previous year: ₹ 39,687.47 lakhs) is secured by way of first exclusive charge on receivables of the Company.
- Cash Credit of ₹ 5,729.88 lakhs (Previous year: ₹ Nil) is secured by way of first *pari passu* charge on housing loan receivables and other loan assets and receivables of the Company.
- Unsecured loans raised ₹ Nil (Previous year: ₹ 2,500.00 lakhs) at the rate of Nil (Previous year 10%) from Bank, which is repayable within 1 year from the date of its disbursement.

| Particulars | ₹ in Lakhs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 9. Trade Payables | | |
| To Micro, Small and Medium Enterprises* | - | - |
| Others | 12,553.94 | 8,168.67 |
| | 12,553.94 | 8,168.67 |

*** Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2016. The information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 (Act) has been determined to the extent such parties have been identified by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 10. Other Current Liabilities | | |
| Current maturities of Long-term borrowings (Refer Note No. 5) | 300,988.50 | 232,699.59 |
| Interest accrued and due on borrowings | 844.73 | 441.11 |
| Interest accrued but not due on borrowings | 7,595.63 | 2,509.39 |
| Income received in advance | 268.19 | 115.60 |
| Overdrawn Book balance | - | 3,763.49 |
| Unamortised processing fees/subvention income (Refer Note No. 35(c)) | 17,529.02 | 9,059.75 |
| Unclaimed dividends | 20.76 | 17.34 |
| Other liabilities (includes statutory liabilities and payables under assignment activities) | 19,501.88 | 19,862.70 |
| | 346,748.71 | 268,468.97 |
| 11. Short-Term Provisions | | |
| Proposed dividend | 2,189.91 | 2,002.35 |
| Dividend tax thereon | 445.81 | 407.63 |
| Provision for employee benefits | | |
| - Gratuity (Refer Note No. 30) | 40.98 | 39.54 |
| - Leave encashment and availment | 77.58 | 59.16 |
| For standard assets | 1,241.37 | 1,709.68 |
| For doubtful loans | 2,137.62 | 2,085.23 |
| For doubtful advances | 95.11 | 35.00 |
| For doubtful debts | 348.58 | 329.57 |
| For doubtful deposits | - | 21.25 |
| For foreclosure/credit loss on assignment | 938.04 | 1,335.53 |
| For Others | 21.58 | 21.58 |
| For income tax | 3,012.54 | 1,786.02 |
| | 10,549.12 | 9,832.54 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

12. Fixed Assets

| Particulars | GROSS BLOCK (AT COST) | | | DEPRECIATION / AMORTISATION | | | NET BLOCK | |
|------------------------------|-----------------------|---------------------------|--|-----------------------------|---------------------|---------------|----------------------|----------------------|
| | As at April 1, 2015 | Additions during the year | Deletions/ Adjustments during the year | As at March 31, 2016 | As at April 1, 2015 | For the year | As at March 31, 2016 | As at March 31, 2015 |
| Tangible Assets | | | | | | | | |
| Own assets | | | | | | | | |
| Land * | 6.25 | - | - | 6.25 | - | - | 6.25 | 6.25 |
| Computers and Printers | 1,856.98 | 356.08 | 13.14 | 2,199.92 | 1,301.24 | 282.59 | 1,575.32 | 555.74 |
| Office Equipment | 636.05 | 194.39 | 45.21 | 785.23 | 367.14 | 176.04 | 505.44 | 268.91 |
| Furniture and Fixtures | 407.40 | 280.34 | 45.07 | 642.67 | 165.05 | 101.11 | 237.67 | 242.35 |
| Electrical Installation | 199.05 | 116.06 | 5.69 | 309.42 | 42.41 | 30.94 | 70.81 | 156.64 |
| Air Conditioners | 18.62 | 89.70 | 4.39 | 103.93 | 15.57 | 12.15 | 24.35 | 3.05 |
| Leasehold Improvements | 502.99 | 289.79 | 80.77 | 712.01 | 351.34 | 123.76 | 402.92 | 151.65 |
| Sub-Total (A) | 3,627.34 | 1,326.36 | 194.27 | 4,759.43 | 2,242.75 | 726.59 | 2,816.51 | 1,384.59 |
| Intangible Assets | | | | | | | | |
| Domain Names and Trade Names | 16.31 | - | - | 16.31 | 16.10 | 0.07 | 16.17 | 0.21 |
| Data Processing Software | 1,200.46 | 727.30 | 1.82 | 1,925.94 | 676.17 | 268.87 | 945.00 | 524.29 |
| Sub-Total (B) | 1,216.77 | 727.30 | 1.82 | 1,942.25 | 692.27 | 268.94 | 961.17 | 524.50 |
| Total (A+B) | 4,844.11 | 2,053.66 | 196.09 | 6,701.68 | 2,935.02 | 995.53 | 3,777.68 | 1,909.09 |

*Mortgaged as security against Secured Non Convertible Debentures.

Previous Year

| Particulars | GROSS BLOCK (AT COST) | | | DEPRECIATION / AMORTISATION | | | NET BLOCK | |
|------------------------------|-----------------------|---------------------------|--|-----------------------------|---------------------|---------------------------------|----------------------|----------------------|
| | As at April 1, 2014 | Additions during the year | Deletions/ Adjustments during the year | As at March 31, 2015 | As at April 1, 2014 | For the year (Refer Note below) | As at March 31, 2015 | As at March 31, 2014 |
| Tangible Assets | | | | | | | | |
| Own assets | | | | | | | | |
| Land * | 6.25 | - | - | 6.25 | - | - | 6.25 | 6.25 |
| Computers and Printers | 1,810.24 | 107.19 | 60.45 | 1,856.98 | 854.25 | 495.49 | 1,301.24 | 955.99 |
| Office Equipment | 663.17 | 78.01 | 105.13 | 636.05 | 189.30 | 226.81 | 367.14 | 473.86 |
| Furniture and Fixtures | 448.21 | 72.53 | 113.34 | 407.40 | 137.02 | 65.96 | 165.05 | 311.19 |
| Electrical Installation | 206.04 | 23.20 | 30.19 | 199.05 | 22.70 | 24.82 | 42.41 | 183.34 |
| Air Conditioners | 25.64 | - | 7.02 | 18.62 | 12.73 | 7.25 | 15.57 | 12.91 |
| Leasehold Improvements | 668.49 | 46.52 | 212.02 | 502.99 | 371.96 | 109.88 | 351.34 | 296.53 |
| Sub-Total (A) | 3,828.04 | 327.45 | 528.15 | 3,627.34 | 1,587.96 | 930.21 | 2,242.75 | 2,240.07 |
| Intangible Assets | | | | | | | | |
| Domain Names and Trade Names | 16.31 | - | - | 16.31 | 16.03 | 0.07 | 16.10 | 0.28 |
| Data Processing Software | 1,025.11 | 175.35 | - | 1,200.46 | 509.07 | 167.10 | 676.17 | 516.04 |
| Sub-Total (B) | 1,041.42 | 175.35 | - | 1,216.77 | 525.10 | 167.17 | 692.27 | 516.32 |
| Total (A+B) | 4,869.46 | 502.80 | 528.15 | 4,844.11 | 2,113.06 | 1,097.38 | 2,935.02 | 2,756.39 |

*Mortgaged as security against Secured Non-Convertible Debentures.

Note: Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. As per the transitional provision, the Company has adjusted ₹ 101.71 lakhs in the opening balance of Surplus in Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Name of the Company | Quantity | ₹ in Lakhs | |
|---|----------|-------------------------|-------------------------|
| | | As at March 31, 2016 | As at March 31, 2015 |
| 13. Non-Current Investments | | | |
| Investments in Debentures (Quoted) : | | | |
| 14.95% Equitas Finance Limited SR13 | 400 | 4,000.00 | 400 |
| 14.00% MAS Financial services Ltd. LOA | 400 | 4,000.00 | - |
| 15.85% Satin Creditcare Network Limited SR-F BR | 250 | 2,500.00 | - |
| 16.25% Grama Vidiyal Microfinance Limited SR-F | 200 | 1,500.00 | - |
| 15.85% Suryoday Micro Finance Limited SR-F-011 | 150 | 2,000.00 | - |
| 16.00% Keystone Realtors Private Limited SR-C | - | - | 2 |
| 16.00% Rustomjee Constructions Private Limited SR-A | - | - | 6 |
| | | 14,000.00 | 9,928.57 |
| Investments in Other Instruments (Unquoted): | | | |
| Alternate Investment Fund | | | |
| Strugence Small and Medium Real Estate Fund | 200 | 200.00 | - |
| | | 14,200.00 | 9,928.57 |
| Additional Information: | | | |
| Aggregate value of quoted investments: | | 14,000.00 | 9,928.57 |
| Aggregate value of unquoted investments: | | 200.00 | - |

| Particulars | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 14. Deferred Tax Assets (Net) | | |
| Deferred tax asset: | | |
| On account of depreciation on fixed assets | 421.52 | 377.21 |
| Retirement Benefit | 141.84 | 105.70 |
| Provision for diminution in value of investments | 63.54 | 53.12 |
| Provision for doubtful debts | 120.63 | 114.06 |
| Provision for doubtful retail loans | 2,304.32 | 1,548.03 |
| Unamortised Processing fees | 8,092.59 | 4,737.13 |
| Provision for standard assets | 1,313.25 | 1,337.02 |
| Expenses allowed on payment basis | 599.52 | 168.80 |
| Unamortised merger expenses | 6.93 | - |
| | 13,064.14 | 8,441.07 |
| Deferred tax liability: | | |
| Special Reserve | 24.71 | 24.71 |
| Unamortised loan origination cost | 6,813.33 | 3,295.47 |
| Unamortised borrowing costs | 765.78 | 908.09 |
| | 7,603.82 | 4,228.27 |
| Net Deferred tax assets | 5,460.32 | 4,212.80 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 15. Long-Term Loans and Advances | | |
| <i>Secured, considered good</i> | | |
| Loans and advances relating to financing activity | 642,674.19 | 565,300.73 |
| <i>Secured, considered doubtful</i> | | |
| Loans and advances relating to financing activity | 14,948.97 | 11,257.46 |
| <i>Unsecured, considered good</i> | | |
| Capital advances | 1,074.89 | 278.50 |
| Security Deposits | 924.63 | 834.38 |
| Loans and advances relating to financing activity | 182,853.43 | 65,349.49 |
| Receivables under loans assigned | 628.88 | 1,301.25 |
| Advances recoverable in cash or in kind or for value to be received | 413.93 | 68.84 |
| Advance taxes (net of provision for tax) | 7,371.10 | 7,363.29 |
| | 193,266.86 | 75,195.75 |
| <i>Unsecured, considered doubtful</i> | | |
| Loans and advances relating to financing activity | 989.13 | 266.02 |
| Receivables under loans assigned | 329.20 | 249.33 |
| Advances recoverable in cash or in kind or for value to be received | 37.72 | 16.63 |
| | 852,246.07 | 652,285.92 |
| 16. Other Non-Current Assets | | |
| Interest accrued but not due | - | 1,647.48 |
| Unamortised loan origination cost (Refer Note No. 35 (a)) | 8,692.26 | 7,475.34 |
| Unamortised borrowing costs (Refer Note No. 35 (b)) | 904.46 | 1,821.77 |
| Balances with banks | | |
| - in deposit accounts exceeding twelve months maturity * | 5,975.11 | 16,971.86 |
| | 15,571.83 | 27,916.45 |

* includes under lien ₹ 5,971.68 lakhs (Previous year: ₹ 15,200.00 lakhs) relating to assignment, ₹ Nil (Previous year: ₹ 1,768.69 lakhs) relating to term loans and ₹ 3.43 lakhs (Previous year : ₹ 3.17 lakhs) placed with VAT authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | Quantity | ₹ in Lakhs | | |
|---|-----------|-------------------------|--------------|-------------------------|
| | | As at March 31, 2016 | Quantity | As at March 31, 2015 |
| 17. Current Investments | | | | |
| Investments in Equity Instruments (Quoted): | | | | |
| Tata Coffee Limited (fully paid-up equity shares of ₹ 1/- each) | 2,994,960 | 2,866.93 | 2,994,960.00 | 2,866.93 |
| Entertainment Network (India) Limited (fully paid-up equity shares of ₹ 10/- each) | - | - | 40,000 | 193.20 |
| | | 2,866.93 | | 3,060.13 |
| Less: Provision for diminution in value of investments | | (183.59) | | (153.50) |
| | | 2,683.34 | | 2,906.63 |
| Investments in Mutual funds: | | | | |
| Reliance Liquid Fund - Treasury Plan - Direct Plan - Growth Option | 27,570.38 | 979.00 | 17,896.35 | 610.30 |
| SBI Premier Liquid Fund- Direct Plan - Growth | 21,027.43 | 500.65 | 26,162.23 | 575.29 |
| Birla Sunlife Cash Plus - Direct Plan - Growth | - | - | 842,932.93 | 1,852.50 |
| DSP BlackRock Liquidity Fund- Direct Plan-Growth | - | - | 121,550.78 | 2,393.56 |
| Peerless Liquid Fund - Direct Plan - Growth | - | - | 37,437.68 | 575.18 |
| JP Morgan India Liquid Fund - Direct Plan - Growth | - | - | 3,167,520.52 | 575.20 |
| | | 1,479.65 | | 6,582.03 |
| | | 4,162.99 | | 9,488.66 |
| 1. Additional Information: | | | | |
| Aggregate value of quoted investments: | | | | |
| - Cost | | 2,866.93 | | 3,060.13 |
| - Market Value | | 2,683.34 | | 2,906.63 |
| 2. Aggregate value of unquoted investments: | | | | |
| - Cost | | 1,479.65 | | 6,580.60 |
| - Net Assets Value | | 1,519.38 | | 6,662.69 |

| Particulars | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 18. Trade receivables | | |
| Trade receivables exceeding six months | | |
| - Unsecured, considered doubtful | 348.58 | 329.57 |
| | 348.58 | 329.57 |
| Other debts | | |
| - Unsecured, considered good | 2,319.19 | 678.24 |
| | 2,319.19 | 678.24 |
| | 2,667.77 | 1,007.81 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2016 | As at March 31, 2015 |
| 19. Cash and Bank Balances | | |
| Cash and Cash Equivalents: | | |
| Cash on hand * | 1,156.80 | 931.01 |
| Cheques on hand | 26.03 | 19.59 |
| Balances with Banks | | |
| - in unclaimed dividend accounts | 20.76 | 17.34 |
| - in current accounts | 100,913.03 | 70,419.00 |
| - in deposit accounts having original maturity less than three months | - | 32,308.86 |
| | 102,116.62 | 103,695.80 |
| Other Bank Balances | | |
| Deposit with original maturity for more than three months but less than twelve months | | |
| - in fixed deposit accounts# | 9,143.92 | 2,000.00 |
| - in fixed deposit account earmarked against Trade Guarantee Fund | 10.00 | 10.00 |
| | 111,270.54 | 105,705.80 |
| Amount disclosed under non-current assets (Refer Note No. 16) | 5,975.11 | 16,971.86 |
| *Includes Cash in transit amounting to ₹ 340.76 lakhs (Previous year: ₹ 318.08 lakhs). | | |
| # includes under lien ₹ 7,236.02 lakhs (Previous Year : ₹ 2,000.00 lakhs) relating to assignment, ₹ 1,907.90 lakhs (Previous Year : ₹ Nil) relating to Term Loans. | | |
| 20. Short-Term loans and advances | | |
| <i>Secured, considered good</i> | | |
| Loans and advances relating to financing activity* | 283,803.84 | 177,685.91 |
| <i>Secured, considered doubtful</i> | | |
| Loans and advances relating to financing activity* | 3,665.80 | 1,885.11 |
| <i>Unsecured, considered good</i> | | |
| Loans and advances relating to financing activity* | 114,003.68 | 48,565.84 |
| Receivables under loans assigned | 389.57 | 1,136.27 |
| Advances recoverable in cash or in kind or for value to be received | 9,541.54 | 9,269.29 |
| Security Deposits | 285.36 | 130.96 |
| <i>Unsecured, considered doubtful</i> | | |
| Security Deposits | 6.19 | 21.25 |
| Loans and advances relating to financing activity | 1,614.03 | 580.91 |
| Advances recoverable in cash or in kind or for value to be received | 58.44 | 64.96 |
| Receivables under loans assigned | 32.56 | 30.81 |
| | 413,401.01 | 239,371.31 |
| * Includes current maturities of long term loans and advances and overdue advances. | | |
| 21. Other Current Assets | | |
| Interest accrued and due | 735.16 | 763.71 |
| Interest accrued but not due | 16,445.56 | 11,867.32 |
| Unamortised loan origination cost (Refer Note No. 35(a)) | 11,012.87 | 2,057.67 |
| Unamortised borrowing costs (Refer Note No. 35(b)) | 969.89 | 805.07 |
| Unbilled Subvention Income | 1,437.43 | 884.97 |
| | 30,600.91 | 16,378.74 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| 22. Revenue from operations | | |
| Interest income | 170,414.27 | 128,917.65 |
| Other financial services | | |
| Fee income | 17,054.17 | 11,244.04 |
| Income from assignment of loans | 538.97 | 1,988.57 |
| Commission and brokerage Income | 216.46 | 289.29 |
| | 188,223.87 | 142,439.55 |
| 23. Other Income | | |
| Dividend income | 38.93 | - |
| Profit on sale of investments (net) | 541.46 | 1,504.20 |
| Interest on income tax refund | 63.64 | 238.08 |
| Excess provision written back | 11.66 | 3.97 |
| | 655.69 | 1,746.25 |
| 24. Employee Benefits Expense | | |
| Salaries and wages | 16,641.46 | 12,764.13 |
| Contribution to provident and other funds | 537.58 | 455.11 |
| Staff Welfare Expense | 502.22 | 360.03 |
| | 17,681.26 | 13,579.27 |
| 25. Finance Costs | | |
| Interest expense | 82,827.42 | 73,956.40 |
| Other borrowing costs | 6,896.53 | 4,823.43 |
| | 89,723.95 | 78,779.83 |
| 26. Depreciation and Amortisation expense | | |
| Depreciation on Fixed Assets | 726.58 | 828.83 |
| Amortisation of intangible assets | 268.95 | 166.82 |
| | 995.53 | 995.65 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| 27. Other expenses | | |
| Rent | 1,368.85 | 1,478.32 |
| Repairs others | 959.18 | 815.93 |
| Insurance | 67.51 | 57.94 |
| Rates and taxes | 289.86 | 86.41 |
| Auditors Remuneration (Refer Note (i) below) | | |
| - as auditor | 92.00 | 75.70 |
| - Tax audit fees | 4.00 | 3.30 |
| - for Certification and others | 7.11 | 3.44 |
| - for reimbursement of expenses | 5.15 | 4.07 |
| Commission and brokerage | 220.13 | 356.56 |
| Travelling expenses | 1,253.11 | 962.24 |
| Communication expenses | 1,115.61 | 847.67 |
| Printing and stationery | 288.23 | 328.98 |
| Recruitment expenses | 353.77 | 133.96 |
| Membership and subscription | 90.79 | 70.92 |
| Advertisement and publicity expenses | 1,353.73 | 856.76 |
| Electricity charges | 299.70 | 276.39 |
| Amortised loan origination cost | 12,321.38 | 10,052.91 |
| Provision and Write offs: | | |
| Provision for doubtful loans and advances | 2,114.44 | 3,186.97 |
| Provision for diminution in investments | 30.09 | 153.50 |
| Provision for standard assets | 25.00 | 879.30 |
| Bad loans and trade receivables written off (net of recovery) | 21,475.06 | 6,298.63 |
| | 23,644.59 | 10,518.40 |
| Loss on sale of fixed asset (including write off) (net) | 34.30 | 171.78 |
| Goodwill Written Off (Refer Note (ii) below) | - | 644.88 |
| Donations (Refer Note (iii) below) | 119.87 | 84.00 |
| Legal and professional charges | 4,195.33 | 2,889.58 |
| CMS Charges | 907.77 | 735.88 |
| Directors sitting fees | 17.00 | 15.40 |
| Collection expenses | 5,753.09 | 2,575.62 |
| Remuneration to non whole-time-directors | | |
| - Commission | 87.50 | 67.50 |
| Miscellaneous expenses | 393.75 | 444.67 |
| | 55,243.31 | 34,559.21 |

Notes:

- (i) Amount of ₹ Nil (Previous Year: ₹ 55.93 lakhs) paid to auditors in connection with the QIP issue was debited in securities premium account as per Section 52 of the Companies Act, 2013.
- (ii) The Company has recognised non-cash write off of ₹ Nil (Previous Year: ₹ 644.88 lakhs). For the purpose of impairment testing, goodwill was allocated to the cash generating units ('CGU') which were generally taken as legal entities. The recoverable amount of CGU were based on their value in use.
- (iii) During the year, the Company has contributed ₹ 117.27 lakhs (Previous year: ₹ 75.00 lakhs) towards Corporate Social Responsibility ('CSR') expenditure being revenue in nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| 28. (a) Earnings per equity share ('EPS') | | |
| Basic EPS | | |
| Net Profit for the period after tax expense | 16,618.51 | 11,428.14 |
| Weighted average number of equity shares | 91,130,294 | 83,116,482 |
| Nominal value per equity share | 10.00 | 10.00 |
| Earning per equity share - Basic | 18.24 | 13.75 |
| Diluted EPS | | |
| Net Profit for the period after tax expense | 16,618.51 | 11,428.14 |
| Weighted average number of equity shares | 91,130,294 | 83,116,482 |
| Add: Weighted number of equity shares under options | 4,783,291 | 4,055,002 |
| Weighted average number of diluted equity shares | 95,913,585 | 87,171,484 |
| Nominal value per equity share | 10.00 | 10.00 |
| Earning per equity share - Diluted | 17.33 | 13.11 |
| (b) Earnings per equity share ('EPS') from continuing operations | | |
| Basic EPS | | |
| Net Profit for the period after tax expense | 16,755.71 | 11,165.92 |
| Weighted average number of equity shares | 91,130,294 | 83,116,482 |
| Nominal value per equity share | 10.00 | 10.00 |
| Earning per equity share - Basic | 18.39 | 13.43 |
| Diluted EPS | | |
| Net Profit for the period after tax expense | 16,755.71 | 11,165.92 |
| Weighted average number of equity shares | 91,130,294 | 83,116,482 |
| Add: Weighted number of equity shares under options | 4,783,291 | 4,055,002 |
| Weighted average number of diluted equity shares | 95,913,585.00 | 87,171,484.00 |
| Nominal value per equity share | 10.00 | 10.00 |
| Earning per equity share - Diluted | 17.47 | 12.81 |

29. Contingent liabilities

Contingent Liabilities not provided for in respect of:

₹ in Lakhs

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Corporate guarantee given by group to banks | 902.90 | 902.90 |
| Liability on account of retail trades | - | 117.99 |
| Income-tax matters under dispute * | 437.36 | 521.15 |

* Future cash outflows are determinable only on receipt of judgements/decisions pending with various forums/authorities.

₹ in Lakhs

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 2,980.61 | 340.95 |
| Commitments relating to loans sanctioned but undrawn | 17,254.80 | 9,667.27 |

30. Post-employment benefit plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service. Gratuity expense has been included in 'Contribution to provident fund and other funds' under Personnel expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

The following table summarise the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the respective plans.

A. Change in Present Value of Obligation

₹ in Lakhs

| Particulars | Gratuity (Unfunded) | | Gratuity (Funded) | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Present Value of the Obligation as at the beginning of the year | 305.42 | 204.28 | - | 2.80 |
| Interest Cost | 24.28 | 16.52 | - | - |
| Current Service Cost | 164.08 | 124.92 | - | - |
| Benefit Paid | (18.81) | (23.98) | - | (2.80) |
| Actuarial (gain)/loss on obligations | (65.13) | (16.32) | - | - |
| Present Value of the Obligation as at the end of the year | 409.84 | 305.42 | - | - |

B. Fair Value of Plan Assets

₹ in Lakhs

| Particulars | Gratuity (Unfunded) | | Gratuity (Funded) | |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Fair Value of the Plan Assets as at the beginning of the year | - | - | - | 24.98 |
| Expected return on Plan Assets | - | - | - | - |
| Difference in accrued interest and actual interest for previous year | - | - | - | - |
| Contributions | - | - | - | - |
| Benefits paid | - | - | - | (24.98) |
| Fair Value of the Plan Assets as at the end of the year | - | - | - | - |

C. Actual return on Plan Assets

₹ in Lakhs

| Particulars | Gratuity (Unfunded) | | Gratuity (Funded) | |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Actual return on Plan Assets | - | - | - | - |

D. Amount recognised in the Statement of Profit and Loss

₹ in Lakhs

| Particulars | Gratuity (Unfunded) | | Gratuity (Funded) | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Interest Cost | 24.28 | 16.52 | - | - |
| Current Service Cost | 164.08 | 124.92 | - | - |
| Expected return on Plan Assets | - | - | - | - |
| Actuarial (gain)/loss on obligations | (65.13) | (16.32) | - | - |
| Total expense/(income) recognised in the Statement of Profit and Loss | 123.23 | 125.12 | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

E. Reconciliation of Balance Sheet

₹ in Lakhs

| Particulars | Gratuity (Unfunded) | | Gratuity (Funded) | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Present Value of the Obligation as at the beginning of the year | 305.42 | 204.28 | - | 2.80 |
| Total expense/(income) recognised in the Statement of Profit and Loss | 123.23 | 125.12 | - | - |
| Benefits paid | (18.81) | (23.98) | - | (2.80) |
| Expected Return on Plan Assets | - | - | - | - |
| Present Value of the Obligation as at the end of the year | 409.84 | 305.42 | - | - |
| Fair Value of the Plan Assets as at the end of the year | - | - | - | - |
| Over funded obligations (Net) | - | - | - | - |

The principal assumptions used in determining obligations for the Group's plans are shown below:

| Assumptions | Gratuity (Unfunded) | | Gratuity (Funded) | |
|-------------------------------|---------------------|----------------|-------------------|----------------|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| Discount rate | 7.95% | 8.09% | NA | 9.50% |
| Increase in compensation cost | 8.00% | 8.00% | NA | 8% |
| Employee turnover | 2.00% | 2.00% | NA | 2% |
| Rate of Return on Plan Assets | NA | NA | NA | 8.68% |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on Balance Sheet date, applicable to the period over which the obligation is to be settled.

There are no material experience adjustments during the year and preceding four years and hence the same have not been disclosed.

31. Employee Stock Option Scheme ('ESOS')

For the year ended March 31, 2016

| Particulars of Options | ESOS 2007 | ESOS 2008 | ESOS 2009 | ESOS 2011 | ESOS 2012 | ESOS 2014 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Outstanding as at the beginning of the year | 344,000 | 437,750 | 300,000 | 1,051,875 | 1,621,500 | 6,500,000 |
| Granted during the year | - | 25,000 | 22,125 | 175,875 | 676,000 | - |
| Forfeited/Cancelled during the year | - | 39,000 | - | 10,000 | 87,500 | - |
| Lapsed during the year | - | - | - | - | - | - |
| Exercised/Allotted during the year | - | 47,750 | - | 43,475 | 164,250 | - |
| Outstanding as at the end of the year | 344,000 | 376,000 | 322,125 | 1,174,275 | 2,045,750 | 6,500,000 |
| Exercisable at the end of the year | 344,000 | 70,250 | 300,000 | 763,619 | 749,125 | 1,625,000 |
| Weighted average remaining contractual life (in years) | 4.47 | 10.00 | 5.06 | 7.74 | 8.76 | 9.09 |
| Weighted average fair value of options granted (₹) | 146.37 | 100.94 | 152.91 | 101.30 | 131.04 | 117.24 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

For the year ended March 31, 2015

| Particulars of Options | ESOP 2007 | ESOP 2008 | ESOP 2009 | ESOP 2011 | ESOP 2012 | ESOP 2014 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Outstanding as at the beginning of the year | 344,000 | 512,500 | 350,000 | 1,379,000 | 2,050,000 | - |
| Granted during the year | - | 285,000 | - | 330,000 | - | 6,500,000 |
| Forfeited/Cancelled during the year | - | 207,500 | 23,750 | 421,875 | 183,750 | - |
| Lapsed during the year | - | - | - | - | - | - |
| Exercised/Allotted during the year | - | 152,250 | 26,250 | 235,250 | 244,750 | - |
| Outstanding as at the end of the year | 344,000 | 437,750 | 300,000 | 1,051,875 | 1,621,500 | 6,500,000 |
| Exercisable at the end of the year | 344,000 | 70,250 | 300,000 | 748,438 | 512,750 | - |
| Weighted average remaining contractual life (in years) | 5.47 | 10.54 | 5.54 | 8.04 | 8.64 | 10.90 |
| Weighted average fair value of options granted (₹) | 146.37 | 96.24 | 147.95 | 80.88 | 88.93 | 117.24 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity |

ESOS 2007

No further options were granted during the year under this scheme. Options under this scheme will vest after the expiry of 3 years from the date of grant. All the options are exercisable within 4 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2008

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated November 6, 2015 has granted options in respect of 25,000 equity shares to the eligible employees at an exercise price of ₹ 371.20. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2009

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated May 29, 2015 has granted options in respect of 22,125 equity shares to the eligible employees at an exercise price of ₹ 390.05. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options under this grant exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

The options outstanding in respect of earlier grants under this Scheme will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options in respect of earlier grant are exercisable within 4 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2011

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated May 29, 2015 has granted options in respect of 175,875 equity shares to the eligible employees at an exercise price of ₹ 390.05. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2012

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated May 29, 2015, November 6, 2015 and March 2, 2016 has granted options in respect of 628,500 equity shares, 27,500 equity shares and 20,000 Equity Shares respectively to the eligible employees at an exercise price of ₹ 390.05, ₹ 371.20 and ₹ 379.25 respectively. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options under this grant are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

In respect of earlier grants the options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options under this grant are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2014

No further options were granted during the year under this scheme. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 years respectively. All the options are exercisable on completion of 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

The fair value of the stock options granted during the period have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

| Particulars | ESOS 2008/ ESOS 2009/ ESOS 2011/ ESOS 2012 |
|--|--|
| Exercise Price | ESOS 2008 - 25,000 stock options with exercise price of ₹ 371.20 ESOS 2009 - 22,125 stock options with exercise price of ₹ 390.05 ESOS 2011 - 175,875 stock options with exercise price of ₹ 390.05 ESOS 2012 - 628,500 stock options with exercise price of ₹ 390.05 and ESOS 2012 - 20,000 stock options with exercise price of ₹ 379.25 ESOS 2012 - 27,500 stock options with exercise price of ₹ 371.20 |
| Historical Volatility | 44.89% - 50.56% |
| Life of the options granted (Vesting and exercise period) in years | Vesting schedule: ESOS 2008, ESOS 2009, ESOS 2011 & ESOS 2012 - 20% each year from the end of 1, 2, 3, 4 and 5 years of the date of grant respectively. Exercise Period: ESOS 2008, ESOS 2009, ESOS 2011 & ESOS 2012 - Within 5 years from the date of vesting or 10 years from the date of grant, whichever is later. |
| Dividend yield | 0.51% - 0.59% |
| Average risk-free interest rate | 7.46% - 7.86% |

Proforma Accounting

Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

| Particulars | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Net Profit after tax as reported | 16,618.51 | 11,428.14 |
| Less: Employee stock compensation cost under fair value method (Refer Note below) | 3,790.25 | 4,001.70 |
| Total | 12,828.26 | 7,426.44 |
| Basic earnings per share as reported | 18.24 | 13.75 |
| Proforma Basic earnings per share | 14.08 | 8.93 |
| Diluted earnings per share as reported | 17.33 | 13.11 |
| Proforma Diluted earnings per share | 13.37 | 8.52 |

Note:

Employee stock compensation cost includes ₹ 78.37 lakhs (Previous year: ₹ 191.33 lakhs) pertaining to incremental fair value pursuant to modification of exercise period done in earlier years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

32. Segment Reporting

Primary segment information (by business segments):

Segment Report as per Accounting Standard ('AS') – 17, 'Segment Reporting' for the year ended March 31, 2016:

₹ in Lakhs

| Particulars | Consolidated | | Financing Activities | | Others | |
|---|---------------------|---------------------|----------------------|---------------------|------------------|------------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Primary Segment-Business | | | | | | |
| Revenue | | | | | | |
| Income from external operations | 188,879.56 | 144,185.80 | 188,879.56 | 143,970.78 | - | 215.02 |
| Inter segment revenue | 129.43 | 618.63 | 129.43 | 618.63 | - | - |
| Total | 189,008.99 | 144,804.43 | 189,008.99 | 144,589.41 | - | 215.02 |
| Segment result | 25,235.50 | 16,271.88 | 25,235.50 | 16,070.55 | - | 201.33 |
| Interest on unallocated reconciling items | - | (0.04) | - | - | - | (0.04) |
| Income taxes | (8,479.79) | (5,105.92) | (8,479.79) | (5,029.26) | - | (76.66) |
| Net Profit after tax | 16,755.71 | 11,165.92 | 16,755.71 | 11,041.29 | - | 124.63 |
| Net Profit/(loss) from discontinuing operations (after tax) | (137.21) | 262.22 | - | - | (137.21) | 262.22 |
| Total Net Profit/(Loss) after tax including discontinuing operation. | 16,618.50 | 11,428.14 | 16,755.71 | 11,041.30 | (137.21) | 386.85 |
| Other Information | | | | | | |
| Segment assets | 1,427,504.09 | 1,048,444.33 | 1,427,504.09 | 1,044,806.25 | - | 3,638.08 |
| Other unallocated assets | 12,831.43 | 11,576.09 | 12,831.43 | 11,383.88 | - | 192.21 |
| Assets relating to discontinuing operations | 12,169.93 | 8,184.74 | - | - | 12,169.93 | 8,184.74 |
| Total Assets | 1,452,505.45 | 1,068,205.16 | 1,440,335.52 | 1,056,190.13 | 12,169.93 | 12,015.03 |
| Segment liabilities | 1,274,715.56 | 903,391.48 | 1,274,715.56 | 903,320.04 | - | 71.44 |
| Other unallocated liabilities | - | - | - | - | - | - |
| Liabilities relating to discontinuing operations | 7,438.86 | 7,437.05 | - | - | 7,438.86 | 7,437.05 |
| Total Liabilities | 1,282,154.42 | 910,828.53 | 1,274,715.56 | 903,320.04 | 7,438.86 | 7,508.49 |
| Capital Expenditure | 2,053.66 | 502.78 | 2,053.66 | 502.78 | - | - |
| Depreciation/amortisation | 995.53 | 995.65 | 995.53 | 995.65 | - | - |
| Other non-cash expenses | 23,678.89 | 11,335.05 | 23,678.89 | 11,298.76 | - | 36.29 |

Geographical Segments:

The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

33. Related Party Disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not:

| Relationship | Name of the Party |
|-----------------|---------------------------|
| Holding Company | Cloverdell Investment Ltd |

Names of other related parties :

| Relationship | Name of the Party |
|--|--|
| Fellow subsidiaries | Dayside Investment Ltd |
| Key Management Personnel | Mr. V. Vaidyanathan - Chairman and Managing Director |
| Enterprises significantly influenced by key management personnel | JV & Associates LLP |

Refer Annexure 1 and 1A for the transactions with related parties for the year ended March 31, 2016.

34. Operating Leases

The Group's significant leasing arrangements in respect of operating leases are for premises (residential and office) and vehicle which are renewable on mutual consent at agreed terms. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 36 to 60 months. There are no sub leases.

The aggregate lease rentals payable are charged to the statement of profit and loss.

| Particulars | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Lease payments recognized in the Statement of Profit and Loss | 1,368.85 | 1,478.32 |

Details of non-cancellable leases are as follows:

| Particulars | ₹ in Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Minimum Lease Payments: | | |
| Not later than one year | 530.59 | 796.06 |
| Later than one year but not later than five years | 374.22 | 367.35 |
| Later than five years | - | - |

35. Deferment of loan origination cost, borrowing cost, processing fees and subvention income

a. Loan origination cost

| Particulars | ₹ in Lakhs | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Total loan origination cost deferred | 22,493.50 | 9,663.39 |
| Cost amortised and charged to statement of profit and loss during the year | 12,321.38 | 6,704.15 |
| Unamortised cost shown into balance sheet: | | |
| Current | 11,012.87 | 2,057.67 |
| Non-current | 8,692.26 | 7,475.34 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

b. Borrowing cost

| Particulars | ₹ in Lakhs | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Total borrowing cost deferred | 336.46 | 931.38 |
| Cost amortised and charged to statement of profit and loss during the year | 1,088.95 | 1,157.89 |
| Unamortised borrowing cost shown into balance sheet : | | |
| Current | 969.89 | 805.07 |
| Non-current | 904.46 | 1,821.77 |

c. Processing fees and subvention income

| Particulars | ₹ in Lakhs | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Total unamortised income from processing fees/subvention income deferred | 38,236.73 | 19,561.39 |
| Income amortised and credited to Statement of Profit and Loss during the year | | |
| - Fee income | 11,290.48 | 6,305.15 |
| - Interest income | 16,644.55 | 8,591.07 |
| Unamortised processing fees/subvention income shown into balance sheet: | | |
| Current | 17,529.02 | 9,059.75 |
| Non-current | 6,468.06 | 4,635.63 |

36. During the previous year the Company had allotted 7,692,300 equity shares of the Company of ₹ 10/- each, at the premium of ₹ 380/- each to qualified institutional buyers.
37. The Board of Directors at its meeting held on November 13, 2013 had decided to discontinue its broking business carried on through its subsidiaries viz. Capital First Securities Limited (CFSL) & Capital First Commodities Limited (CFCL) (subsidiary of CFSL). In view of the foregoing, the accompanying financial statements have been prepared on the basis that the Company does not continue as a going concern and consequently, assets are measured at net realizable value and liabilities are measured at the cost to settle, as determined by the management. These expected realizable values and expected settlement values of assets and liabilities are subject to change on actual realization/settlement. The carrying amount of Assets and Liabilities as at March 31, 2016 and Income and Expenditure for the year ended March 31, 2016, pertaining to discontinued operations are :

| Particulars | ₹ in Lakhs | | | |
|--|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| | For the year ended March 31, 2016 | | For the year ended March 31, 2015 | |
| | Continuing operations | Discontinuing operations | Continuing operations | Discontinuing operations |
| Total income | 188,879.56 | 28.08 | 144,185.80 | 471.47 |
| Operating Expenses | 163,644.05 | 48.03 | 127,913.96 | 110.75 |
| Profit/(Loss) from operating activities | 25,235.51 | (19.95) | 16,271.84 | 360.72 |
| Interest expense | - | 0.65 | - | 0.81 |
| Profit/(Loss) before tax | 25,235.51 | (20.60) | 16,271.84 | 359.91 |
| Tax | 8,479.80 | 116.60 | 5,105.92 | 97.69 |
| Profit/(Loss) after tax | 16,755.71 | (137.20) | 11,165.92 | 262.22 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|-------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| | Continuing operations | Discontinuing operations | Continuing operations | Discontinuing operations |
| Total Assets | 1,440,335.51 | 12,169.93 | 1,060,020.41 | 8,184.74 |
| Total Liabilities | 1,274,715.57 | 7,438.86 | 903,391.47 | 7,437.05 |

Cash Flows pertaining to discontinued operations as at March 31, 2016 is as follows:

₹ in Lakhs

| Particulars | For the year ended March 31, 2016 | | For the year ended March 31, 2015 | |
|--|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| | Continuing operations | Discontinuing operations | Continuing operations | Discontinuing operations |
| Net Cash (used in)/from Operating Activities | (349,550.72) | 864.99 | (149,912.78) | (2,083.56) |
| Net cash (used in)/from investing activities | (136.08) | (1,100.51) | 25,936.31 | 246.13 |
| Net cash (used in)/from financing activities | 348,343.14 | - | 30,218.58 | - |

38. Tax for earlier year includes-
- ₹ 200.00 lakh (Previous Year : Nil) in respect of reversal of income tax provision based on the return filed for the Assesment year 2015-16.
 - ₹ Nil (Previous Year : 489.96 lakhs) in respect of Minimum Alternate Tax credit entitlement which was recognised on completion of assessment for AY 2012-13.
39. The Company had extended loans to its Employee Welfare Trusts ('Trusts') for purchase of shares of the Company in earlier years. As per the Guidance Note issued by the ICAI on Accounting for Employee Share-based payment, till March 31, 2014, the Company adjusted the loan of ₹ 1,490.35 lakhs granted to the Trusts against the Share Capital to the tune of ₹ 60.97 lakhs and Securities Premium to the tune of ₹ 1,429.38 lakhs in respect of 609,713 shares held by the Trusts. During the previous year, the Trusts had sold all the shares held by them. An amount of ₹ 1,306.76 lakhs had been received by the Company from the Trust. Post the sale, the Share Capital and Securities Premium were reinstated by an aggregate amount of ₹ 1,490.35 lakhs and the shortfall of ₹ 183.59 lakhs, after adjusting the repayment received from the Trusts was adjusted against the Reserves & Surplus.
40. The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial results at March 31, 2016. Refer Note No. 29 for details on contingent liabilities.
41. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
42. Figures for previous year have been regrouped/rearranged wherever necessary, to conform to current year's classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Annexure 1

Transactions with Related parties for the year ended March 31, 2016

| Relationship | Holding Company | | Subsidiaries | | Fellow Subsidiaries | | Key Management Personnel | |
|-------------------------|-----------------|---------|--------------|---------|---------------------|---------|--------------------------|---------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Managerial Remuneration | | | | | | | | |
| Mr. V. Vaidyanathan | - | - | - | - | - | - | 740.07 | 612.05 |

₹ in Lakhs

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

| Sr. No. | Name of the Subsidiary Company | ₹ in Lakhs | | |
|---------|---|-----------------------------------|------------------------------------|----------------------------------|
| | | Capital First Commodities Limited | Capital First Home Finance Limited | Capital First Securities Limited |
| 1 | Reporting period for the subsidiary | March 31, 2016 | March 31, 2016 | March 31, 2016 |
| 2 | Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Indian Rupees (INR) | Indian Rupees (INR) | Indian Rupees (INR) |
| 3 | Share Capital | 2,832.50 | 6,630.45 | 6,735.56 |
| 4 | Reserves and surplus | 435.51 | 1,871.65 | (3,381.81) |
| 5 | Total assets | 10,682.86 | 49,526.97 | 4,315.08 |
| 6 | Total liabilities | 7,414.85 | 41,024.86 | 961.33 |
| 7 | Investments | - | - | 3,807.00 |
| 8 | Turnover | 322.16 | 4,018.95 | 212.03 |
| 9 | Profit before tax | 296.75 | 933.67 | 148.77 |
| 10 | Provision for tax | 116.60 | 309.48 | - |
| 11 | Profit after tax | 180.15 | 624.19 | 148.77 |
| 12 | Proposed dividend | - | - | - |
| 13 | % of shareholding | 100.00% | 100.00% | 100.00% |

Part "B": Associates and Joint Ventures

Not applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Additional Information

₹ in Lakhs

| Sr. No. | Name of the Subsidiary Company | Net Assets, i.e. total assets minus total liabilities | | Share in profit or loss | |
|---------|---|---|--------------|-------------------------|-----------|
| | | As % of consolidated assets | Amount | As % of profit or loss | Amount |
| | Parent | 98.96% | 1,437,381.58 | 94.17% | 15,649.55 |
| | Capital First Limited | | | | |
| | Subsidiaries | | | | |
| | <i>Indian:</i> | | | | |
| 1. | Capital First Commodities Limited | 0.22% | 3,268.01 | 1.08% | 180.15 |
| 2. | Capital First Home Finance Limited | 0.59% | 8,502.10 | 3.76% | 624.19 |
| 3. | Capital First Securities Limited | 0.23% | 3,353.75 | 0.90% | 148.77 |
| | <i>Foreign:</i> | | | | |
| | Anchor Investment and Trading Private Limited | - | - | 0.10% | 15.85 |
| 1. | Minority interests in all subsidiaries | NA | - | NA | - |
| | Associates (Investments as per the equity method) | NA | - | NA | - |
| | Joint Ventures (as per proportionate consolidation/ investment as per the equity method) | NA | - | NA | - |



Registered & Corporate Office

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