

EXPANDING HORIZONS

CAPITAL FIRST LIMITED
ANNUAL REPORT 2017-18

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OUR VISION

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

**TO SUPPORT THE GROWTH OF SELF-EMPLOYED ENTERPRISES
AND MSMEs IN INDIA WITH DEBT CAPITAL THROUGH
TECHNOLOGY-ENABLED PLATFORMS AND PROCESSES**

**TO FINANCE THE ASPIRATIONS OF THE INDIAN CONSUMERS
USING NEW-AGE ANALYTICS AND TECHNOLOGY SOLUTIONS**

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

Mr. Nihal Desai

Executive Director
DIN - 03288923

CHIEF FINANCIAL OFFICER & HEAD - CORPORATE CENTRE

Mr. Pankaj Sanklecha

HEAD - LEGAL, COMPLIANCE & COMPANY SECRETARY

Mr. Satish Gaikwad

INVESTOR RELATIONS

Mr. Saptarshi Bapari

LIST OF BANKING RELATIONSHIPS & SUBSCRIBERS TO DEBT ISSUES

Aditya Birla Sunlife Mutual Fund
Andhra Bank
Army Group Insurance Fund
Axis Bank
Bajaj Allianz General Insurance
Bajaj Allianz Life Insurance
Bank of Baroda
Bank of India
Bank of Maharashtra
BNP Paribas Mutual Fund
Canara Bank
Canara HSBC Oriental Bank of Commerce Life Insurance
Canara Robeco Mutual Fund
Central Bank of India
Cholamandalam MS General Insurance
CITI Bank
Corporation Bank
Dena Bank
Deutsche Bank
Dhanlaxmi Bank
DHFL General Insurance
DHFL Pramerica Life Insurance

DHFL Pramerica Mutual Fund
Edelweiss Mutual Fund
Equitas Small Finance Bank
Federal Bank
Franklin Mutual Fund
Future Generali India Insurance
General Insurance Corporation
HDFC Bank
HDFC Ergo General Insurance
HDFC Standard Life Insurance
HSBC Mutual Fund
ICICI Bank
IDBI Bank
IDBI Mutual Fund
IDFC Bank
Indiafirst Life Insurance
Indian Bank
Indian Overseas Bank
IndusInd Bank
JM Financial Mutual Fund
Kotak Mahindra Bank
LIC Mutual Fund
Mahindra Mutual Fund
Max Bupa Health Insurance
Mirae Mutual Fund
MUDRA
National Bank for Agriculture and Rural Development
Oriental Bank of Commerce
Postal Life Insurance Fund
Punjab and Sind Bank
Punjab National Bank

RBL Bank
Reliance General Insurance
Reliance Mutual Fund
Religare Health Insurance
Royal Sundaram General Insurance
Rural Postal Life Insurance Fund
SBI General Insurance
SBI Mutual Fund
SBM Bank (Mauritius)
Shriram Life Insurance
Small Industries Development Bank of India
Standard Chartered Bank
Star Union Dai-ichi Life Insurance
State Bank of India
Sundaram Mutual Fund
Suryoday Small Finance Bank
Syndicate Bank
The Hongkong and Shanghai Banking Corporation
The New India Assurance
UCO Bank
Union Bank of India
Union Mutual Fund
United Bank of India
UTI Mutual Fund
Vijaya Bank

STATUTORY AUDITORS

M/s. B S R & Co. LLP,
Chartered Accountants
(ICAI Firm Registration No.
101248W/W-100022)

CAPITAL FIRST AT A GLANCE



₹ 26,997 Crore
(US\$ 4.15 billion)

AUM



₹ 3,993 Crore
(US\$ 0.61 billion)

Total Capital



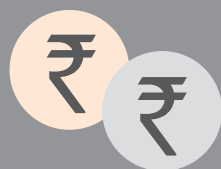
AAA

Credit Rating



6.08 million

Customers Financed



1.62%

Gross NPA



1.00%

Net NPA

EVOLUTION OF CAPITAL FIRST

Since this is possibly the last standalone Annual Report for Capital First*, we thought it important to chronicle the origin and evolution of Capital First into its current form as follows:



2008-10

The Company was largely in the business of Wholesale Financing, Private Equity, Asset Management, Foreign Exchange and Retail Equity Broking. The total AUM of the Company was ₹ 935 Crore (US\$ 145 mn), largely in wholesale loan and real estate developer financing.



2010-11

Mr. V Vaidyanathan joined the Company and prepared the ground for executing a Management Buyout by taking significant corporate actions including divesting Forex JV to JV partner, merging a subsidiary NBFC with itself, by winding down other non-core businesses and launching retail businesses in the Company. The Company launched technology driven financial services businesses for the consumer and SME segments. The Retail loan book crossed ₹ 700 Crore (US\$ 108 mn) by March 2011. The Company presented this as proof of concept to many global private equity players for Buyout.



2011-12

The Company continued to present the concept to prospective Private Equity players throughout the year. The Company undertook additional corporate actions and further wound down non-core business subsidiaries and launched more retail financing businesses. The concept, model and volume of retail financing businesses gained traction and reached ₹ 3,660 Crore (US\$ 554 mn), 44% of the overall AUM.

2012-13



Employees choosing the new name in FY 2012-13

FY 2012-13 was an important year for Capital First. The Company secured equity backing from Warburg Pincus for an MBO at ₹ 162 (US\$ 2.49) per share and thus Capital First was founded. As part of the transaction, an open offer was launched, the Company raised ₹ 100 Crore (US\$ 16 mn) of fresh equity capital, a new Board was reconstituted and a new brand and entity "Capital First" was created.

2013-14



The Company further raised ₹ 178 Crore (US\$ 28 mn) as fresh equity at ₹ 153 (US\$ 2.35) / share. It acquired Housing Finance Company license from National Housing Bank and launched housing finance business under its wholly-owned subsidiary.

* In view of ongoing merger which is subject to various regulatory and statutory approvals.



2014-15

The Company's Assets under Management reached ~ ₹ 12,000 Crore (US\$ 1.85 bn) and the number of customers financed since inception crossed 1.0 million. The Company raised ₹ 300 Crore (US\$ 47 mn) through QIP at ₹ 390 (US\$ 6.00) / share from marquee foreign and domestic investors.

2017-18



The Company's Asset Under Management touched ~ ₹ 27,000 Crore (US\$ 4.15 bn) and customers financed crossed 6.0 million. The Company received "Best BFSI Brand Award 2018" at The Economic Times Best BFSI Brand Awards 2018 and "Financial Services Company of the Year 2018" at VC Circle Awards 2018. In January 2018, the Company announced the merger with IDFC Bank subject to regulatory approvals.



2015-16

The Company continued to grow with focus on retail financing business. The Company received recognition as "Business Today – India's most Valuable Companies 2015" and "Dun & Bradstreet – India's top 500 Companies, 2015". The Company scrip was included in S&P BSE 500 Index.



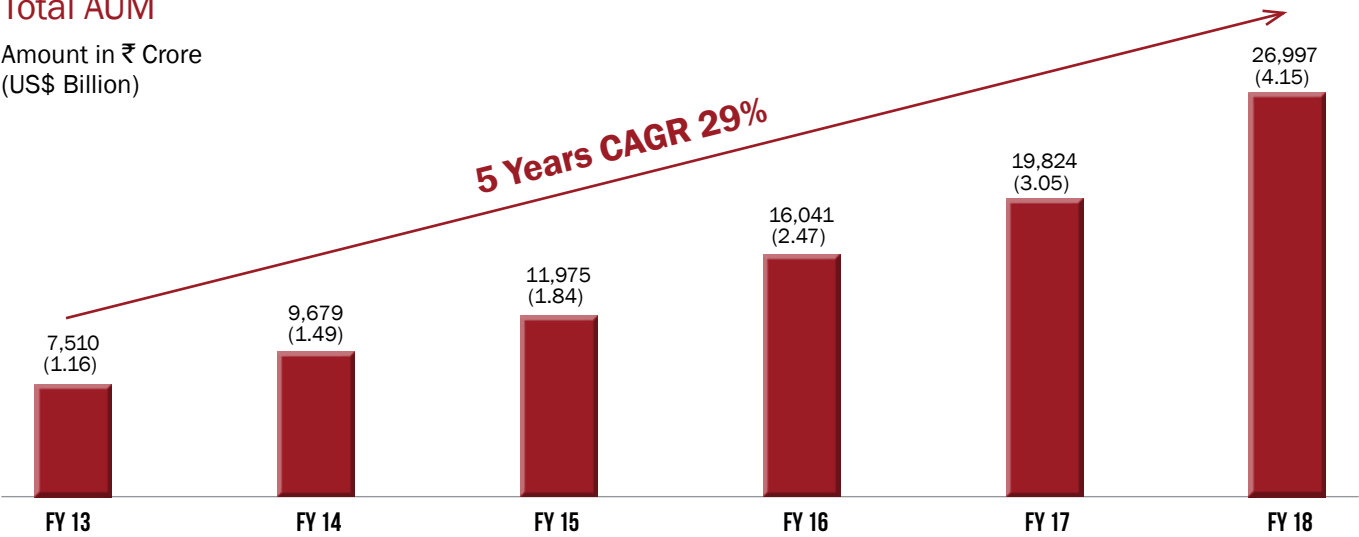
2016-17

The Company's Assets under Management reached ~ ₹ 20,000 Crore (US\$ 3.07 bn) and the number of customers financed since inception crossed 4.0 million. The Company raised fresh equity capital of ₹ 340 Crore (US\$ 50 mn) from GIC, Singapore through preferential allotment @ ₹ 712 (US\$ 10.95) / share. The Company received recognition as "CNBC Asia – Innovative Company of the Year, IBLA, 2017", "Economic Times – 500 India's Future Ready Companies 2016" and "Fortune India's Next 500 Companies, 2016".

In the last five years, Capital First has grown significantly across all key parameters

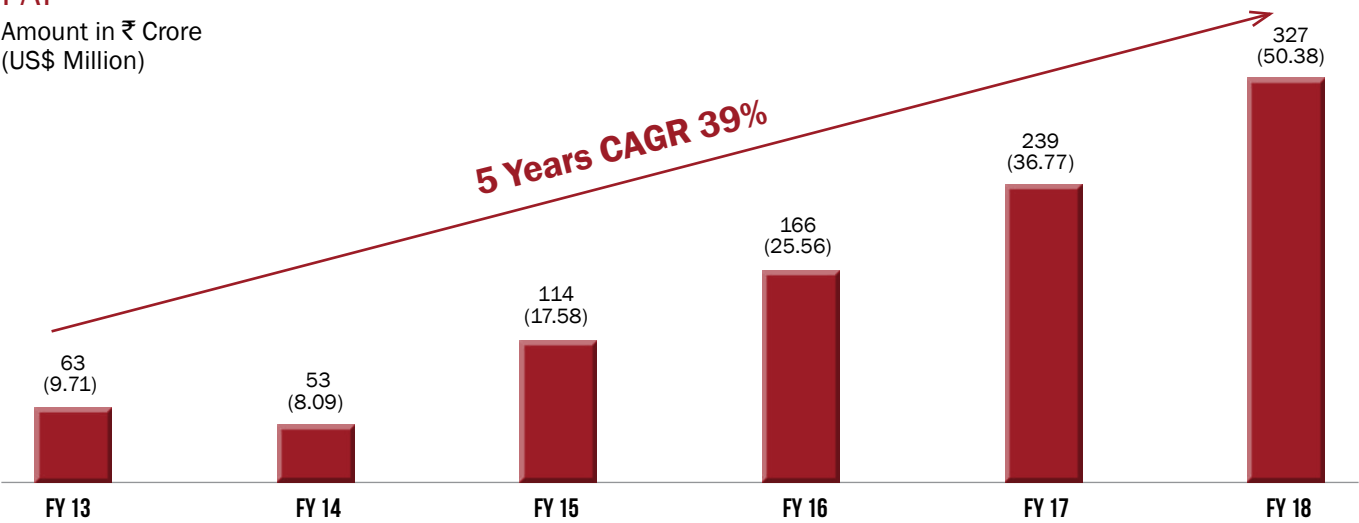
Total AUM

Amount in ₹ Crore
(US\$ Billion)



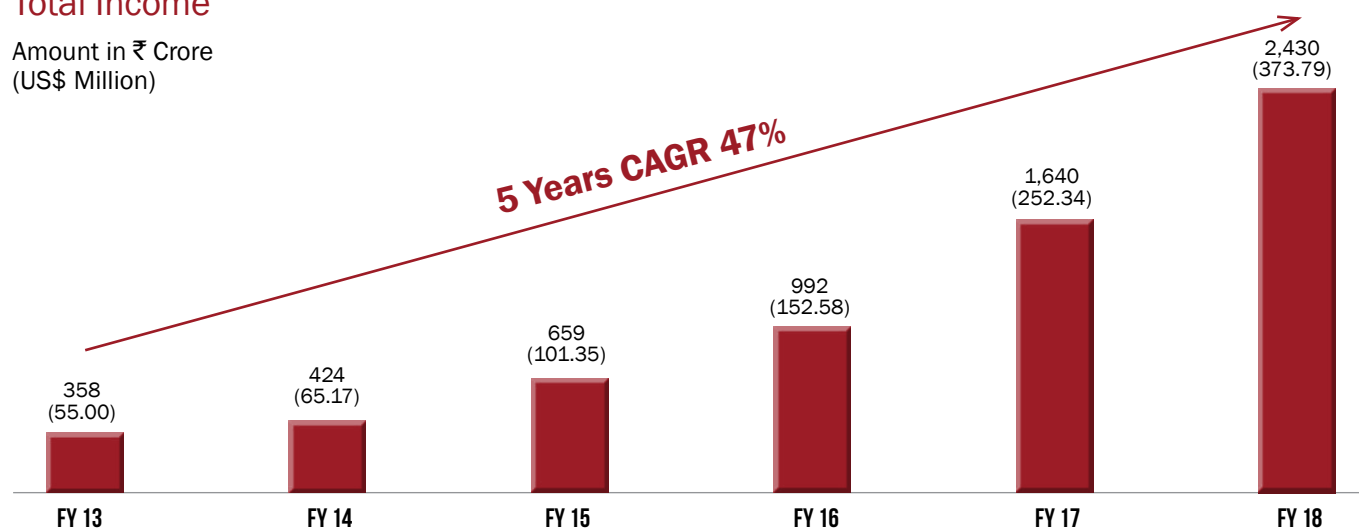
PAT

Amount in ₹ Crore
(US\$ Million)



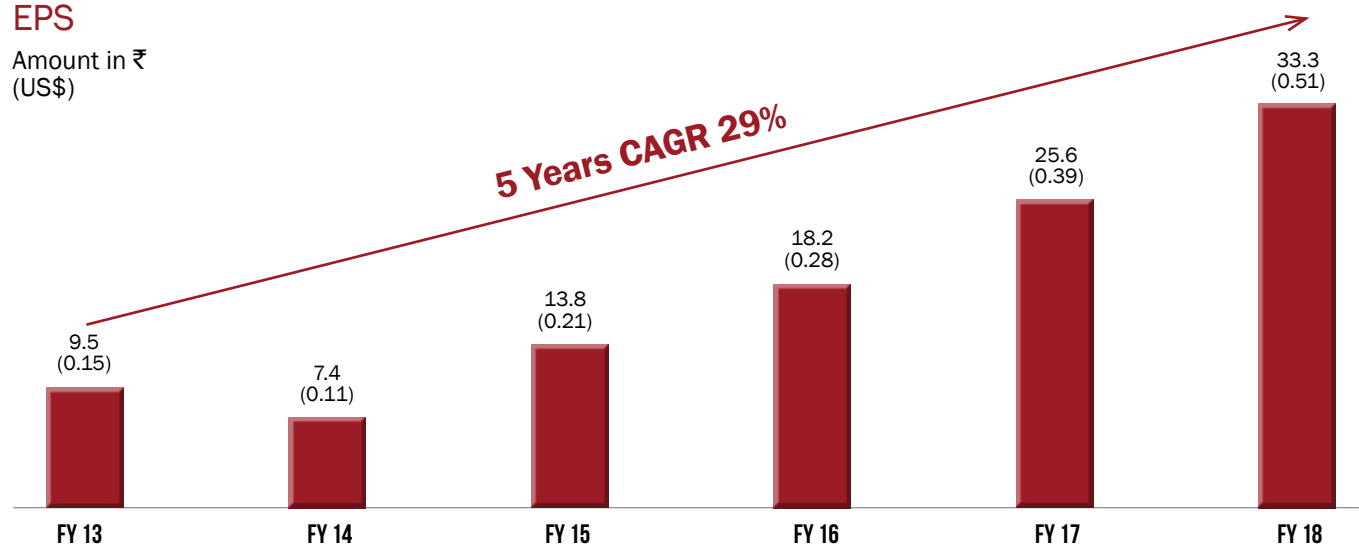
Total Income

Amount in ₹ Crore
(US\$ Million)



EPS

Amount in ₹
(US\$)



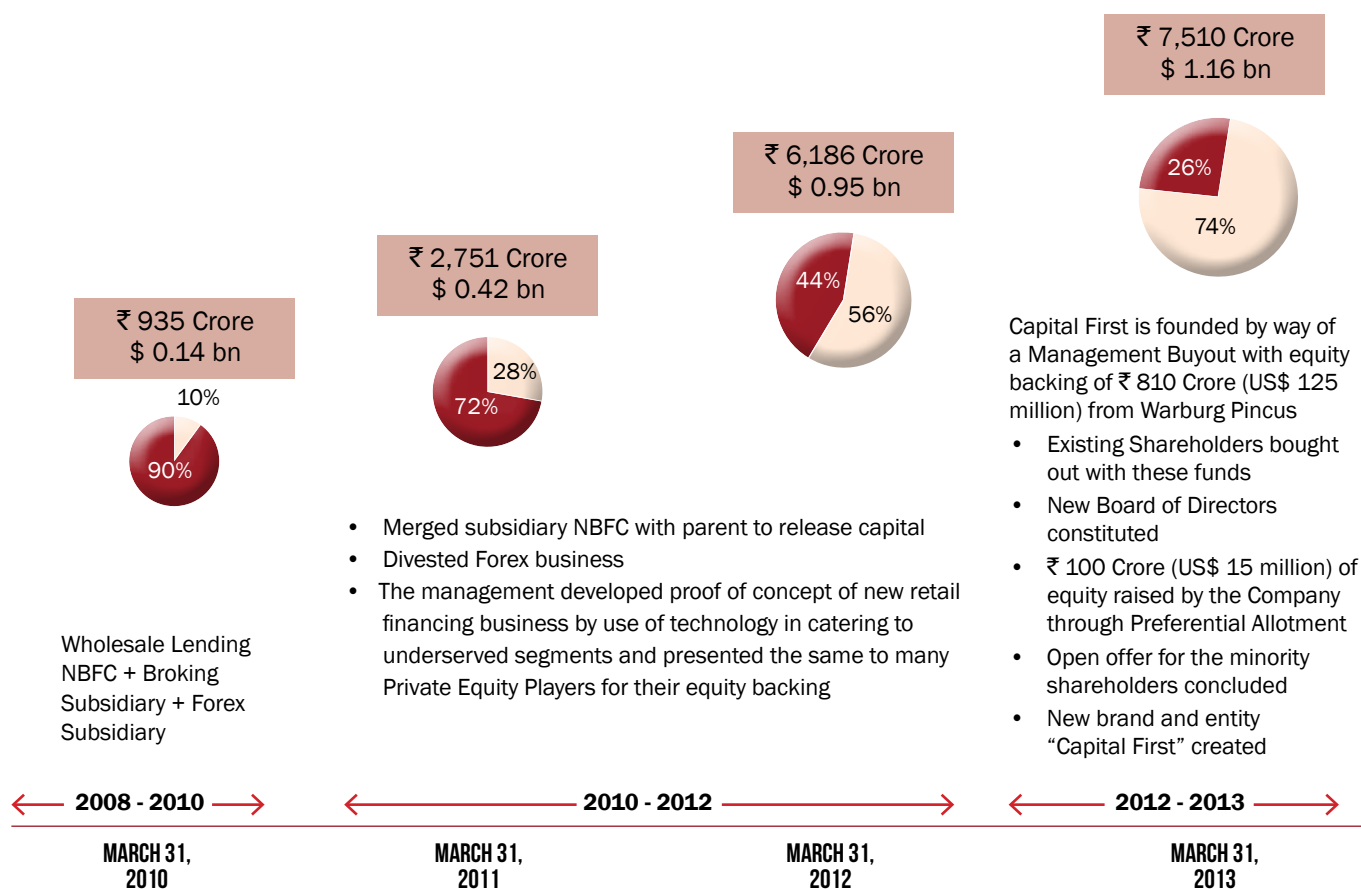
A Transformative Journey

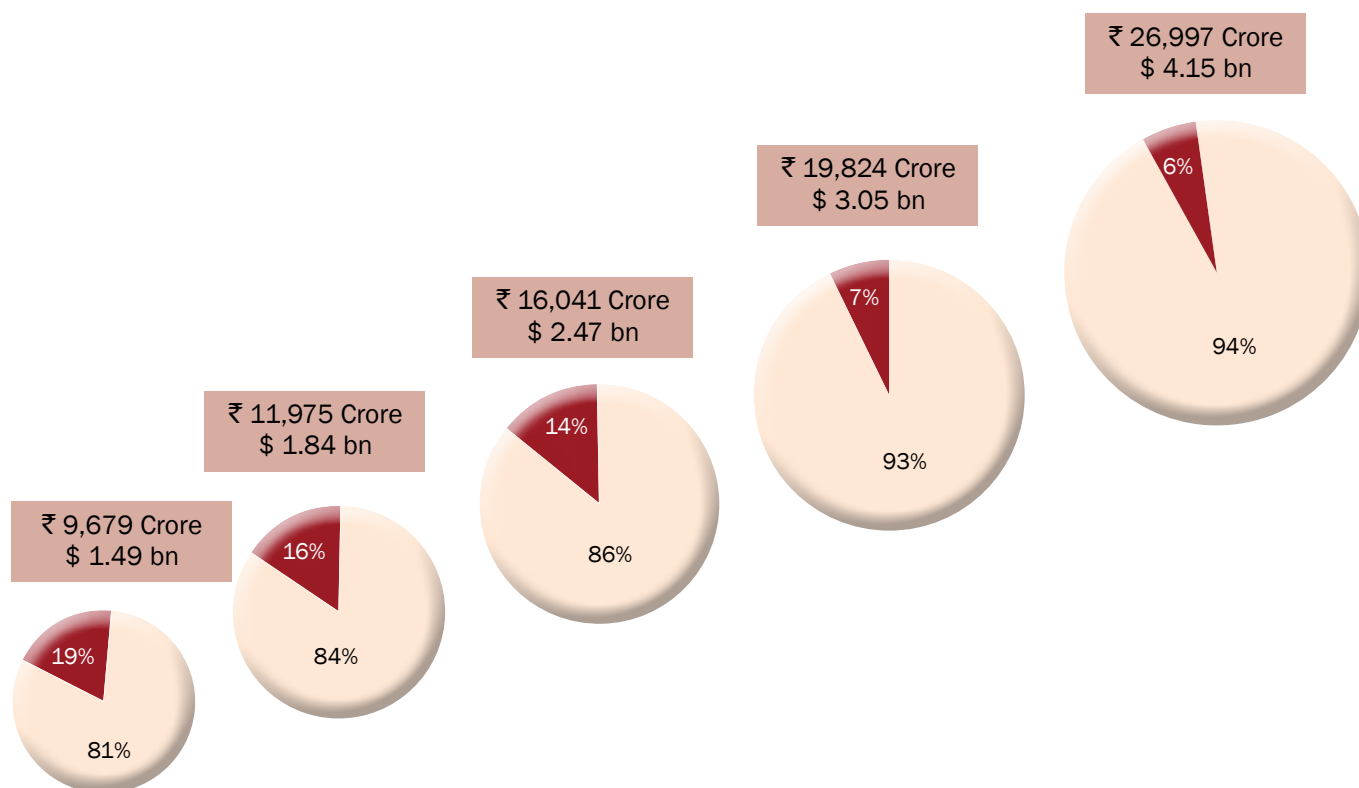
Capital First has transformed into a strong Retail Lending NBFC in the last 8 years

 Retail Loans

 Real Estate & Corporate Loans

 Total AUM





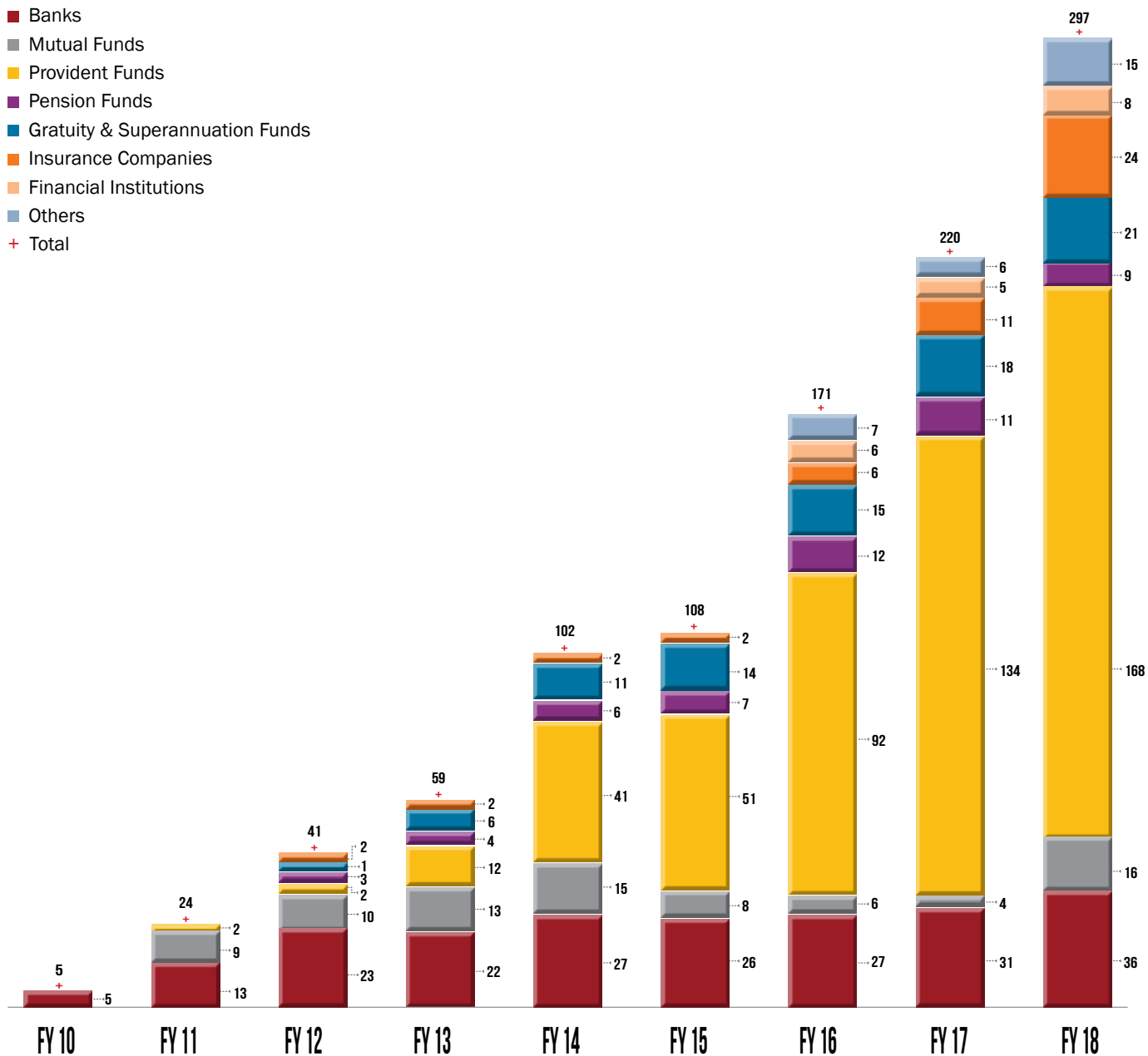
Company continued its journey to grow its retail financing businesses catering to consumer and MSME segment and achieved many new milestones every year since then:

- Capital First emerged as a live, vibrant and dynamic brand known for its customer service and innovative products in financial services
- Number of customers financed grew from a few thousand to over six million within five years
- A number of marquee Domestic and International investors joined the Company as its shareholders along the way
- Market Capitalisation of the Company increased from ₹ 781 Crore (US\$ 120 million) as on March 31, 2012 (last date of the financial year of the Management Buyout) to ₹ 6,096 Crore (US\$ 938 million) as on March 31, 2018



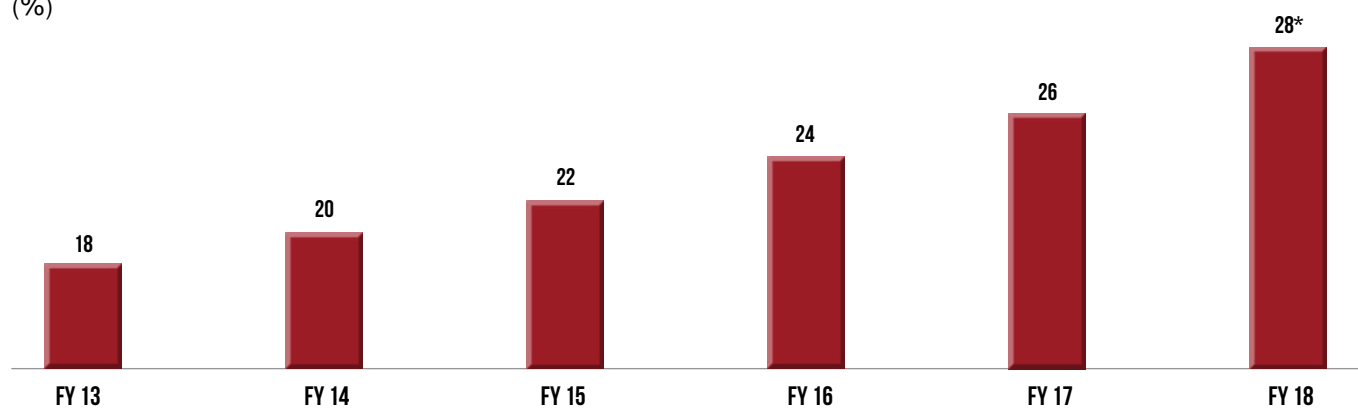
Number of Lenders

(Nos.)



Dividend

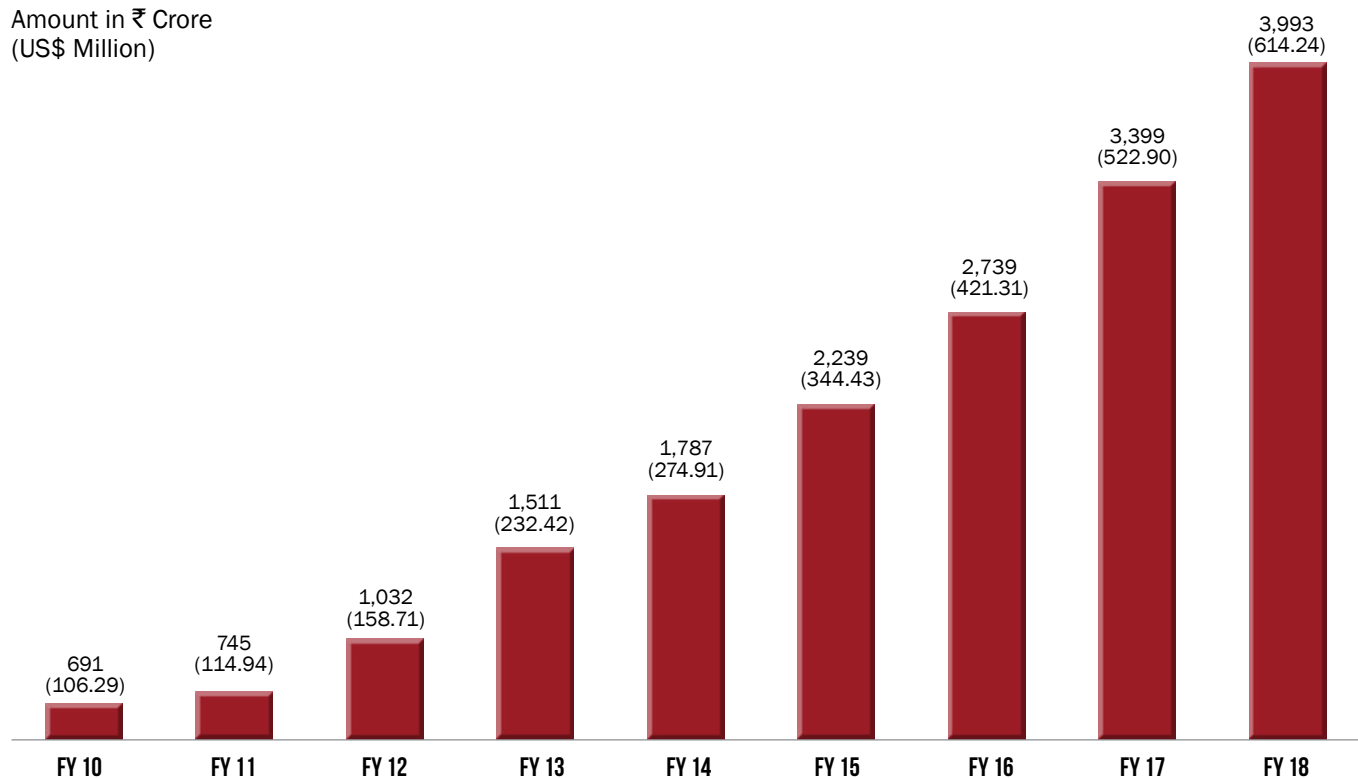
(%)



*Proposed dividend for FY18

Total Capital

Amount in ₹ Crore
(US\$ Million)



CHAIRMAN'S LETTER



DEAR SHAREHOLDERS,

It is a great pleasure and privilege to share with you the performance highlights of FY 2017-18 and outline the strategic direction of our journey going ahead. Capital First continued to grow strongly across all parameters in FY 2017-18.

- The AUM has grown 36% from ₹ 19,824 Crore (US\$ 3.05 billion) to ₹ 26,997 Crore (US\$ 4.15 billion)
- The NII has grown 53% from ₹ 1,301 Crore (US\$ 200 million) to ₹ 1,987 Crore (US\$ 306 million)
- Fee & Other Income grew 30% from ₹ 339 Crore (US\$ 52 million) to ₹ 443 Crore (US\$ 68 million)
- The Total Income has grown 48% from ₹ 1,640 Crore (US\$ 252 million) to ₹ 2,430 Crore (US\$ 374 million)
- The PAT has grown 37% from ₹ 239 Crore (US\$ 37 million) to ₹ 327 Crore (US\$ 50 million)

We are proud that over the last eight years, we have built a Company ground up with greenfield research, developed a deep understanding of the consumer, and gained invaluable experience across credit cycles. We have built a strong professional and value-driven institution with great corporate governance and are ready to capitalise on the new opportunities in the Indian Financial Services space.

“ We are proud that over the last eight years, we have built a Company ground up with greenfield research, developed a deep understanding of the consumer, and gained invaluable experience across credit cycles. ”

“ We are particularly happy to share with you that the Company has maintained high asset quality consistently over its lifetime. ”

The CAGR growth for Capital First since inception are off the charts. A Five Year CAGR is more representative of the latest trends, and shows a strong compounding performance at the Company. Between FY13 and FY18:

- The AUM has grown at a Five Year CAGR of 29% from ₹ 7,510 Crore (US\$ 1.16 billion) to ₹ 26,997 Crore (US\$ 4.15 billion)
- The NII has grown at a Five Year CAGR of 48% from ₹ 280 Crore (US\$ 43 million) to ₹ 1,987 Crore (US\$ 306 million)
- The Total Income has grown at a Five Year CAGR of 47% from ₹ 358 Crore (US\$ 55 million) to ₹ 2,430 Crore (US\$ 374 million)
- The PAT has grown at a Five Year CAGR of 39% from ₹ 63 Crore (US\$ 10 million) to ₹ 327 Crore (US\$ 50 million)

We are particularly happy to share with you that the Company has maintained high asset quality consistently over its lifetime. We are happy to report that our Gross and Net NPA remained continuously low

at around 1.7% and 1% (90 DPD) respectively for the entire period indicating the quality of the underlying portfolio. In fact our portfolio has been stress tested in periods of tight liquidity conditions (FY 2010-14, build-up stage of Company), high inflation (~8-10%, FY 2010-14, build-up stage), declining GDP growth (quarterly GDP growth reduced from 9% to 4.5% FY 2010-14), demonetisation (FY16) and GST (FY17). During all these events, our portfolio quality remained stable.

Usually, retail portfolios take about 4-5 years of seasoning to reflect the true quality. Statistically and analytically speaking, our portfolio has seasoned appropriately and we see no reason why such asset quality will not be maintained in the future. In fact, we expect asset quality to only improve in the years to come. We never availed of the temporary NPA reporting dispensations the RBI offered during such macro changes. The robust credit culture, credit underwriting, and monitoring systems that we set up along the way was

important in this achievement. We comfortably migrated to the 90 DPD NPA recognition norm smoothly without any adverse impact.

We also continuously improved Return on Equity. Our return on equity increased from 4.93% in FY13, to 8.33% in FY14, to 10.14% in FY16, to 11.93% in FY17, and 13.31% in FY18 despite investments in businesses during the period. In fact, when seen on a quarterly basis, our return on equity continuously increased from 2.28% in Q1FY14 to close to 15% in Q4FY18. We are confident of crossing 18%-20% ROE soon which would be among the best in the industry. We have a strong potential for a steady future growth. A large consumer and MSME financing company growing upwards of 25% with a high return on equity and excellent corporate governance is incredibly valuable and we are proud to have built such an entity.

We have built a strong and motivated organisation that is greatly committed to our cause. As a result of such transformation,

CHAIRMAN'S LETTER

“ I believe everything is achievable with hard work, energy, commitment, honesty, the right platform and the right strategy. ”

the market capitalisation of Capital First consistently rose since the Management Buyout from ₹ 781 Crore (US\$ 120 million) on March 31, 2012, to ₹ 1,152 Crore (US\$ 177 million) on March 31, 2013, to ₹ 1,478 Crore (US\$ 227 million) on March 31, 2014, to ₹ 3,634 Crore (US\$ 559 million) on March 31, 2015, to ₹ 3,937 Crore (US\$ 606 million) on March 31, 2016, and to ₹ 7,628 Crore (US\$ 1,174 million) on March 31, 2017, ₹ 8,000 Crore (US\$ 1,231 million) in January 2018, representing a CAGR of 60%, and a 10-fold increase in market cap in under six years.

Post the announcement of the merger of Capital First with IDFC Bank, we recognise that the market cap reduced to ₹ 6,118 crore (US\$ 941 million) as of March 31, 2018. Investors have many questions on their mind as they anticipate too many challenges. Some are obvious, and some may come up along the way. I don't deny these challenges. But, I believe we can deal

with them. We are extremely excited as we have a unique opportunity to create a leading universal bank with a strong retail presence. We can create a bank that is technologically sophisticated, profitable and most importantly, will be of great service to the society.

To understand the evolving model post-merger, picture Capital First, as a large, dynamic, entrepreneurial company with a phenomenal lending machine, growing upwards of 25%, excellent asset quality, a diversified loan book, high return on equity, and large opportunities in India. Now place this model on a banking platform with even lower funding cost and perennial source of retail borrowings. Now, couple this model with the numerous strengths that IDFC Bank brings to the table, and together we can create a highly successful bank over time.

A banking platform provides two significant benefits: the funding cost

is lowered, and more importantly, the source of funds becomes diversified and effectively perennial. The other benefit is the product range we can offer to our customers, such as Credit Cards, Overdraft Facility, Letters of Credit, Bank Guarantees, Salary Accounts and the like increase meaningfully. The possibilities are endless.

It has always been my dream to create a bank that will finance millions of small entrepreneurs, and touch the lives of millions of people in a positive way. Now we have the ability to do that on a large platform.

When I read the reports that India will be a US\$ 5 trillion economy by FY25, or that consumption in India will double to US\$ 3 trillion by FY25, or that investment spending will be on the scale 3X to US\$ 1.8 trillion by FY25, I get inspired. When I read about the growth in airports, rural electrification, affordable housing,

“ It has always been my dream to create a bank that will finance millions of small entrepreneurs, and touch the lives of millions of people in a positive way. Now we have the ability to do that on a large platform. ”

formalisation, digitisation and such initiatives, I get inspired. I believe an unbelievable era of prosperity lies before us.

Now a note to the employees reading this report. To those of you who read or think about challenges we will face, I would like to point out to you that we are our own inspiration. When we started Capital First, we had every challenge lined up against us. Our Company was in its infancy. Our gross NPA was 5.28%, our net NPA was 3.78%, banks' funding lines were choked for a variety of reasons. The Company had posted losses of ₹ 28.75 Crore (US\$ 4.42 million) in FY08 and ₹ 32.11 Crore (US\$ 4.93 million) in FY09. In fact, the Company had to pledge its physical property to raise loans. Funds were being raised at 14.5%. In addition to this, between FY 2010-14, the economy was slowing down, inflation was rising, interest rates were rising, and liquidity was tightening. But we

came through it as all of you worked harder. We built the business brick by brick, with diligence and ethics, and the results are there for all to see.

Compared to our last round, on this occasion, growth will be on a banking platform with fund-raising capabilities, favourable macroeconomic conditions and an evolved and already profitable model that has been honed over the years. We have a growing ecosystem, a fast-growing economy, a transformative government, and a supportive regulator.

I believe everything is achievable with the right spirit, hard work, energy, commitment, honesty, the right platform and the right strategy.

If there is one thing I would like you to be swayed by, it is the incredible opportunities ahead. Growth is life, and with growth, everyone will have great opportunities. You have been wonderful partners in this progress

and have worked night and day since its start-up stage. It is not the time to be fidgety or concerned; instead, it is the time to be more motivated.

To my colleague Directors, I express my thanks to you for your constant guidance and encouragement.

Thank you, shareholders, for your unstinted support over the years.

With Best Wishes

V. Vaidyanathan

* All reference to bank is subject to regulatory approvals

DIRECTORS AND SENIOR MANAGEMENT



N.C. SINGHAL

Independent Director

He is the 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 58 years of experience in Corporate sector across development finance, project financing, and wholesale lending and has a wide experience in this field. He has presided over a large number of prestigious corporate boards during his distinguished career.

HEMANG RAJA

Independent Director

He is the former Managing Director and Head – India of Credit Suisse Private Equity Asia and was earlier the 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 37 years in financial services.

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 economic policy and is a recognised voice in economic circles in India.

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

She has over 37 years of experience in banking industry.

V. VAIDYANATHAN

Chairman and Managing Director

He was earlier the MD and CEO of ICICI Prudential Life Insurance (2009-10) and an Executive Director on the Board of ICICI Bank Limited (2006-09).

Between 2010-12, he acquired a stake in an existing finance company, changed the business model, and then secured an equity backing of US\$ 159 million from Warburg Pincus and founded Capital First as a new entity and brand.

He is an alumnus of Birla Institute of Technology and Harvard Business School.

He has 27 years of experience in financial sector.



VISHAL MAHADEVIA

Non-Executive Director

He is working with Warburg Pincus India Private Ltd. since 2006 and is a member of the firm's executive management group.

Previously, he was the Principal at Greenbriar Equity Group, a fund focussed on investment in the transportation sector. Prior to that, he worked at Three Cities Research, a New York based Private Equity Fund and as a consultant with McKinsey & Company.

He is a Director of Biba Apparels, Capital First, Ecom Express, Gangavaram Port, IMC Limited, Kalyan Jewellers, Stellar Value Chain, PVR Limited and ICICI Lombard. He has received a B.S. in Economics with a concentration in finance and B.S. in Electrical Engineering from the University of Pennsylvania.

He has a wide range of experience of over 24 years across private equity investing in India and overseas.

DINESH KANABAR

Independent Director

He is the CEO of Dhruva Advisors LLP. Prior to founding Dhruva, he held a series of leadership positions across several large professional service organisations 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 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 Institute of Chartered Accountants of India.

He has over three decades of experience advising some of the largest multinationals in India.

NARENDRA OSTAWAL

Non-Executive Director

He is a Managing Director of Warburg Pincus India Private Limited.

He has earlier worked with 3i India Private Limited (part of 3i Group Plc, UK) during 2006-07 and McKinsey & Company during 2002-05.

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

He has a wide range of experience covering consulting and private equity investing for over 16 years. At Warburg Pincus, he focusses his effort in Financial Services and Healthcare.

M. S. SUNDARA RAJAN

Independent Director

He is the former Chairman & Managing Director of Indian Bank and had been part of several key strategic initiatives at Indian Bank including launching of initial IPO, introduction of Biometric ATMs and launching of touch screen kiosk across various Indian Bank branches in India.

He is a Post Graduate in Economics from University of Madras with specialisation 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 has a total experience of over 39 years in the Banking Industry.

DIRECTORS AND SENIOR MANAGEMENT



APUL NAYYAR

Executive Director

Apul is an Executive Director on the Board of Capital First Limited (CFL). He joined the Company in October 2010 and has successfully built a number of retail businesses in the Company.

Previously, he has worked in leadership positions across companies like India Infoline (IIFL), Merrill Lynch and Citigroup.

He holds a Chartered Accountancy degree from Institute of Chartered Accountants of India.

He has successfully concluded Global Program for Management Development (GPMD) from Ross School of Business, Michigan, USA.

He has more than 20 years of experience in the Financial Services Industry.

NIHAL DESAI

Executive Director

Nihal is an Executive Director on the Board of Capital First Limited (CFL). He joined the Company in November 2012 and has successfully built a number of support, control, technology and enabling functions in the Company.

He has also worked with Serco India as Managing Director and developed new markets for its core and new BPO business.

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

He has more than 24 years of work experience in the Financial Services domain.

PANKAJ SANKLECHA

*Chief Financial Officer &
Head - Corporate Centre*

He is the Chief Financial Officer and Head - Corporate Centre at Capital First Limited. He joined the Company in December 2010 as Chief Risk Officer and was later appointed as the Chief Financial Officer and Head - Corporate Centre of our Company in November 2012.

He has earlier managed retail businesses in ICICI Bank and Standard Chartered Bank.

He has obtained a Bachelor's degree in Commerce from the University of Mumbai and is a qualified Chartered Accountant.

He has more than 23 years of work experience in the Financial Services Industry.

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMIC SCENARIO

The past few years have established a solid foundation for continued growth of the Indian economy in the future. During the last few years, the Government proactively undertook structural reforms to enable the country graduate to the next level of growth. One of the biggest successes of this Government has been controlling inflation at an average rate of 4.3% for four years. Early in its tenure, the Government deregulated petrol and diesel prices thereby eliminating subsidy which at one time had exceeded ₹ 1 trillion a year. Further shifting to direct benefit transfer saved precious resources otherwise prone to leakage. These and other such initiatives such as restrained MSP increase reduced fiscal deficit which has helped control inflation. The Real Estate Regulation Act helped secure homebuyers interest and stop massive rerouting of resources by developers. Large-scale digitisation efforts based on a vast mobile base and a vast Aadhaar base, about a billion each, coupled with India-stack and proliferation of electronic platforms have significantly formalised the economy. Significant liberation of FDI norms have rapidly scaled up foreign investment in India.

FY18 has been another year of reforms. Undoubtedly, the single biggest reform of FY 2017-18 has been the implementation of GST which required a constitutional amendment and multiple legislations, and clearly the most important tax reform in the post-independent era. The Government subsumed multiple taxes into one single tax through GST. Though the initiative faced initial hiccups and uncertainties post its launch, it has brought in more transparency and efficiency into the system. Driven by concerns regarding its impact on business, majority of corporates and industries across the country took a cautious approach, which in turn brought down manufacturing and economic activity during the Q2FY18. However, since then, GST has had a positive impact on the country's economy, leading to mass scale formalisation and the entry of a large number of first time tax payers that resulted in a 50% upsurge in number of tax payers to 34 lakh businesses.

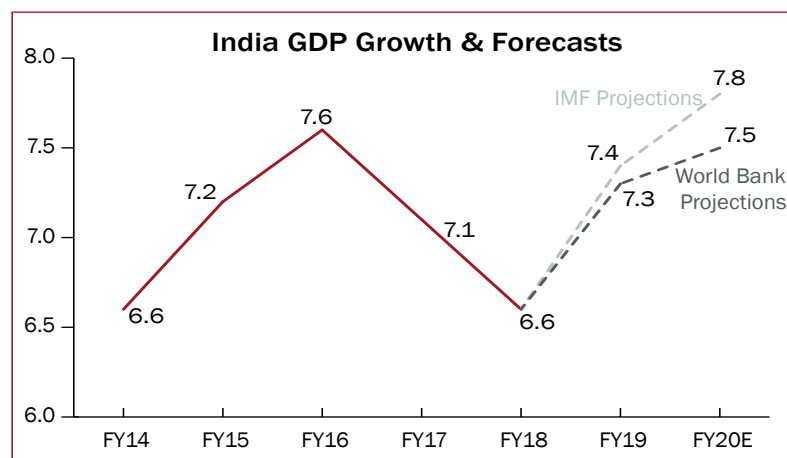
The implementation of GST will further lead to an increase in financial transparency of MSMEs, who more or less have been

operating anonymously. This would enable financial services companies to better evaluate credit profile of MSMEs. Besides, it would also facilitate MSMEs, who previously have been understating income, to procure credit for expansion. With this, it is estimated that the share of lending revenues from MSMEs will increase by nearly 400 basis points to 24% in FY22 up from 20% in FY17.

The Insolvency and Bankruptcy Code (IBC) another such landmark reform which India sorely lacked. Further, during the year, the Government also proposed a funding of ₹ 2.11 lakh crore as a part of a recapitalisation plan to support stressed public banks. This will enable distressed banks to revive their lending activities.

Though in the short run, these initiatives have caused a temporary slowdown, with GDP growth declining to 6.6% in FY2017-18 compared to 7.1% in FY 2016-17, the outlook remains positive. The good news is that the Indian economy is showing signs of acceleration with growth in corporate sales, depleting finished goods inventories and restart of investment in fixed assets by corporations indicating revitalisation of CAPEX cycle.

The positive impact of the Government's reformative initiatives was affirmed by Moody's Investors Services, when it upgraded the country's credit rating to 'Baa2' from 'Baa3'. The upgrade, which came after a gap of 14 years, indicates the confidence the global players have in the Indian economy. This was further reinforced by a 30 position jump to the 100th spot in the World Bank's Ease of Doing Business rankings and a rating as the eighth most attractive FDI destinations by A. T. Kearney.



Source: CSO, IMF, World Bank

MANAGEMENT DISCUSSION AND ANALYSIS

All international eyes are on India as it is now the world's sixth largest economy, displacing France and joining the leading five – the United States, China, Japan, Germany and United Kingdom, as per the estimate from the International Monetary Fund (IMF). Institutions like the IMF and World Bank are bullish on the Indian economy as it is likely to become the 5th largest economy very soon. The IMF projects it to grow at 7.4% in FY19 and 7.8% in FY20, while the World Bank expects growth to touch 7.3% in FY19 and accelerate to 7.5% in FY20.

OPPORTUNITY LANDSCAPE

The MSME segment offers a huge untapped opportunity owing to the significant funding gap. Of the nearly 51 million MSMEs in India, 40 million have current accounts and of these, only 4.5 million are borrowers. This indicates a vast business potential.

Use of data analytics and information from credit bureaus will be important to make quick decisions on lending to self-employed and those working in the informal sector.

BUSINESS OVERVIEW

Capital First Limited (Capital First) is one of India's leading financial institutions. Formed on the theme of financing India's 50 million MSMEs and its emerging middle class consumers by leveraging a differentiated model and new technologies, Capital First came into existence in FY13 as a result of a management buyout of the existing listed NBFC supported, by equity backing from leading global private equity.

The Company primarily focusses on financing salaried and self-employed consumers, a rapidly growing segment,

driven by rising affluence, aspirations and favourable demographics. It also has a large and growing presence in the MSME segment, where it caters to their multiple financing needs.

The Company's successful new models of financing MSMEs and Indian consumers in the unbanked and under-penetrated segments, using new technologies and deep analytics, enabled it to register strong growth over the years. The Company rapidly expanded its business operations to more than 225 locations, cumulatively financed over 6.0 mn customers, disbursed over ₹ 58,000 Crore (US\$ 8.92 billion) and built a loan portfolio of ₹ 26,997 Crore (US\$ 4.15 billion) as on March 31, 2018. While remaining focussed on growth, the Company consistently maintained high asset quality and continued to build the institution on the strong pillars of ethics, values and corporate governance.

During FY 2017-18, the Company registered a strong performance in all key parameters including business growth with strong focus on the retail segments, robust asset quality and improved profitability ratios. Its total Assets Under Management (AUM) increased by 36% from ₹ 19,824 Crore (US\$ 3.05 billion) as on March 31, 2017 to ₹ 26,997 Crore (US\$ 4.15 billion) as on March 31, 2018. Continued focus on the retail sector resulted in the Retail AUM increasing to ₹ 25,243 Crore (US\$ 3.73 billion) as compared to ₹ 18,353 Crore (US\$ 2.82 billion) as on March 31, 2017, accounting for 94% of the overall AUM. As on March 31, 2018, its Gross and Net NPA stood at 1.62% and 1.00%, respectively. The Net Profit of the Company grew by 37% from ₹ 239 Crore (US\$ 37 million) in FY17 to ₹ 327 Crore (US\$ 50 million) in FY18.

MSME FUNDING

The recent years have seen the country's financial services sector being impacted by the NPA crisis, largely driven by mid-sized corporates and large corporates. Besides, from a funding perspective, the revenue pool of mid and large corporates is likely to remain subdued over the next few years, driven by the recent stress in lending books in India. In this scenario, it is more likely that the credit growth in the coming years will be driven by the smaller SME segments that have been relatively stable in terms of asset quality.

One big challenge in lending to this segment has been the lack of reliable audited financial records. However, with the increasing availability of surrogate digital data (i.e., tax payments, etc.), introduction of GST, which will drive greater transparency and increasing digital point of sale payments, credit offtake has the potential to continuously grow in the future.

Capital First was late to the game as we started retail operations only in FY10 and many other large established banks and lenders were operating in India since decades or centuries. Yet a focussed and dedicated approach to the segment coupled with strong technology competencies has enabled it to cater to diverse financing requirements of these segments. Strong customer connect, product innovation, faster processing and service quality position it as a specialised player for the segment.

The Company's brand is now recognised in the market as a live and vibrant organisation which has had significant success in the market.

Additionally, Capital First also provides affordable housing finance to various

categories of customers, largely self-employed, through its wholly-owned subsidiary Capital First Home Finance Limited (CFHFL). CFHFL has obtained a Housing Finance Company license from National Housing Bank and operates on a pan-India basis. The subsidiary has displayed strong performance and its assets under management has surged to ₹ 2,078 Crore (US\$ 320 million) as on March 31, 2018.

IMPACT OF GOODS AND SERVICES TAX

The Company has not observed any significant impact on its asset quality of the portfolio, especially for the loans to MSMEs on account of GST implementation. The asset quality has been steady and the business growth has been improving continuously.

PORTFOLIO PERFORMANCE

Capital First has structured its entire operations with inherent checks and balances for effective risk management. Its sales, credit, operations and collection teams operate independently and have separate reporting lines to ensure there is no conflict of interest.

The Company has a well-devised and rigorous credit underwriting process to maintain asset quality. The process begins with shortlisting of loan accounts meeting the necessary lending norms defined in the credit policy by the business origination team. These accounts are then transferred to the credit underwriting team, where the credentials of borrowers are independently assessed. Post this, the loan booking and operations recheck details and finally disburse the loan. On disbursement of the loan, an independent portfolio monitoring team takes charge to oversee the portfolio and independent collections team make

follow-ups to ensure recovery. The entire process prevents fraudulent practices and ensures each account goes through multiple rounds of checking, to maintain the credit health of each account.

The Company takes corrective actions as and when necessary, to constantly improvise and fine tune the lending criteria and services to make it more effective.

For example in the Company's mortgages business, every application passes through multiple level of scrutiny including cash flow evaluation and checks from credit bureau and references. Post this, only 38% of the applications get disbursed. Most of the rejections happen, primarily on account of lack of financial health visibility or insufficient cash flow to service debt.

ASSET QUALITY

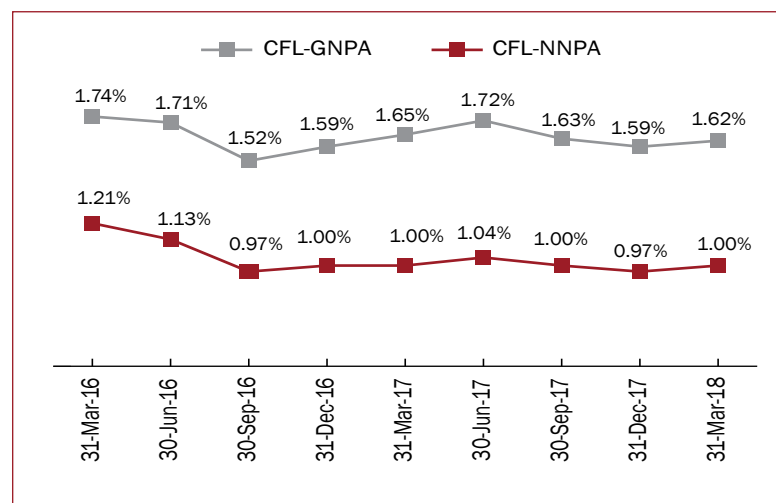
Asset quality is one area where Capital First truly has a competitive edge. As on March 31, 2018, the Company's Gross NPA and Net NPA stood at 1.62% and 1.00%, respectively, on a 90 DPD

basis. Despite having passed through difficult phases (decline in GDP, rupee and liquidity crisis, demonetisation, GST) that saw many players in the financial services sector witness an increase in NPAs, the Company, on the contrary has been able to improve its asset quality and profitability.

The Company reported NPA at 180 DPD till FY15, 150 DPD till FY16, at 120 DPD till FY17, and at 90 DPD since FY18 as per RBI norms. The reported NPA of the respective year are not comparable. Hence, in order to enable easy comparability of NPA as a common scale, the NPA chart above has been compiled at 90 DPD basis for the last 9 quarters.

CAPITAL

The Company's balance sheet strength is evident in its consistently growing capital. The total capital (T1+T2) available with the Company has grown at a CAGR of 21% in the past five years to reach ₹ 3,993 Crore. As of March 31, 2018, the Company's overall capital adequacy ratio stood at 15.88% with Tier-I capital adequacy at 12.32%.



MANAGEMENT DISCUSSION AND ANALYSIS

RESOURCES AND LIABILITIES

During the year, Capital First has successfully diversified its borrowing portfolio with more than 290 financial institutions including banks, mutual funds, superannuation funds, provident funds, gratuity funds and insurance companies. The Company has raised more funds from the debt capital market in FY18. The debt capital market now contributes to 54%

of the overall borrowing portfolio as of March 31, 2018 as compared to 48% as of March 31, 2017.

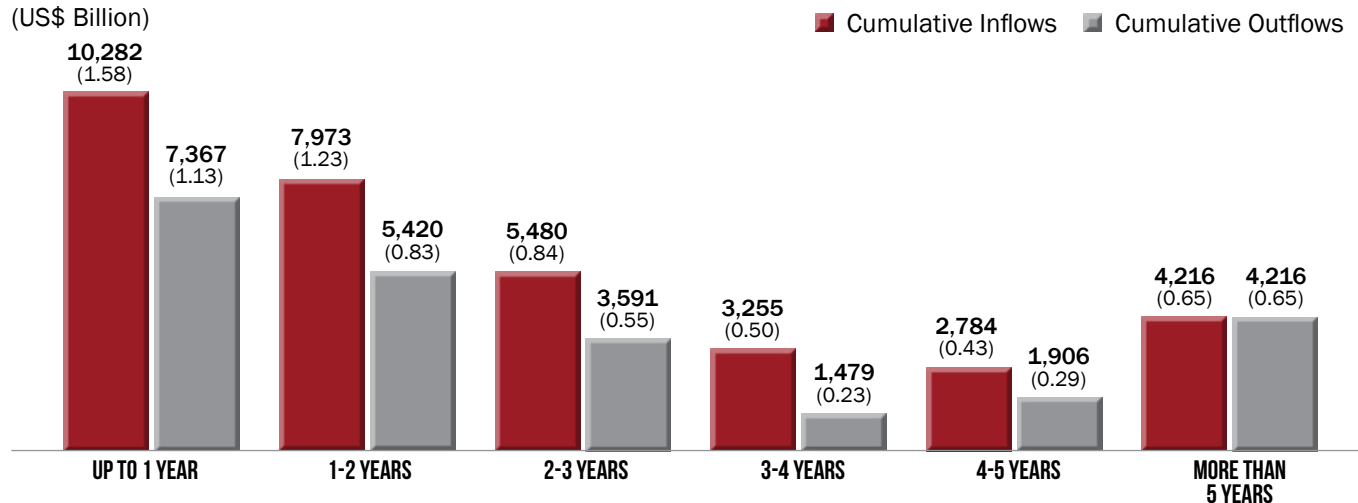
ASSET LIABILITY MANAGEMENT

The Company follows a conservative and prudent policy for matching funding of assets, which translates into a robust Asset-Liability stability. Its strategy of borrowing on longer tenor than the

actuarial maturity of its assets enables it to achieve healthy cash flows and ensure the total inflow in each maturity bucket is higher than the total outflows. This enables the Company to maintain adequate liquidity at all times. The Company's strong ALM strategy is one of the key pillars strengthening its structural foundation.

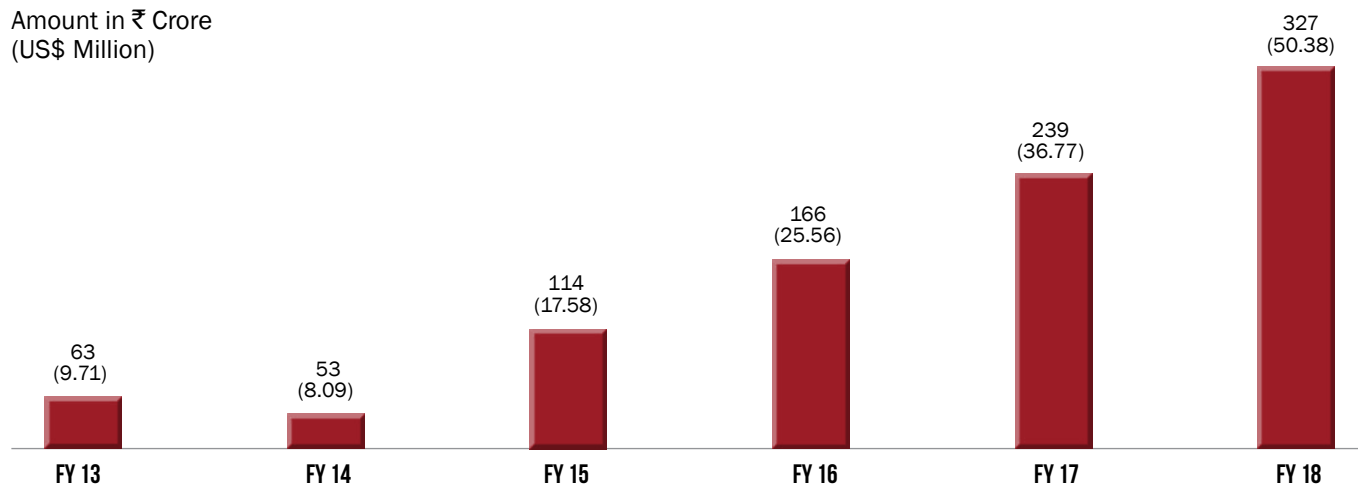
Asset Liability Management

Amount in ₹ Crore
(US\$ Billion)



Net Profit

Amount in ₹ Crore
(US\$ Million)



CONSOLIDATED FINANCIAL MANAGEMENT

FY18 turned out to be another year of strong performances across all parameters in spite of overall macro and policy changes. The year saw the Company's total income increase by 48% from ₹ 1,640 Crore (US\$ 252 million) in FY17 to ₹ 2,430 Crore (US\$ 374 million) in FY18. Profit before tax increased by 38% from ₹ 357 Crore (US\$ 55 million) in FY17 to ₹ 494 Crore (US\$ 76 million) in FY18. Profit after tax increased by 37% from ₹ 239 Crore (US\$ 37 million) in FY17 to ₹ 327 Crore (US\$ 50 million) in FY18. Over the last 5 years, the Profit After Tax of the Company has consistently outpaced the growth of assets every year, signifying increased profitability.

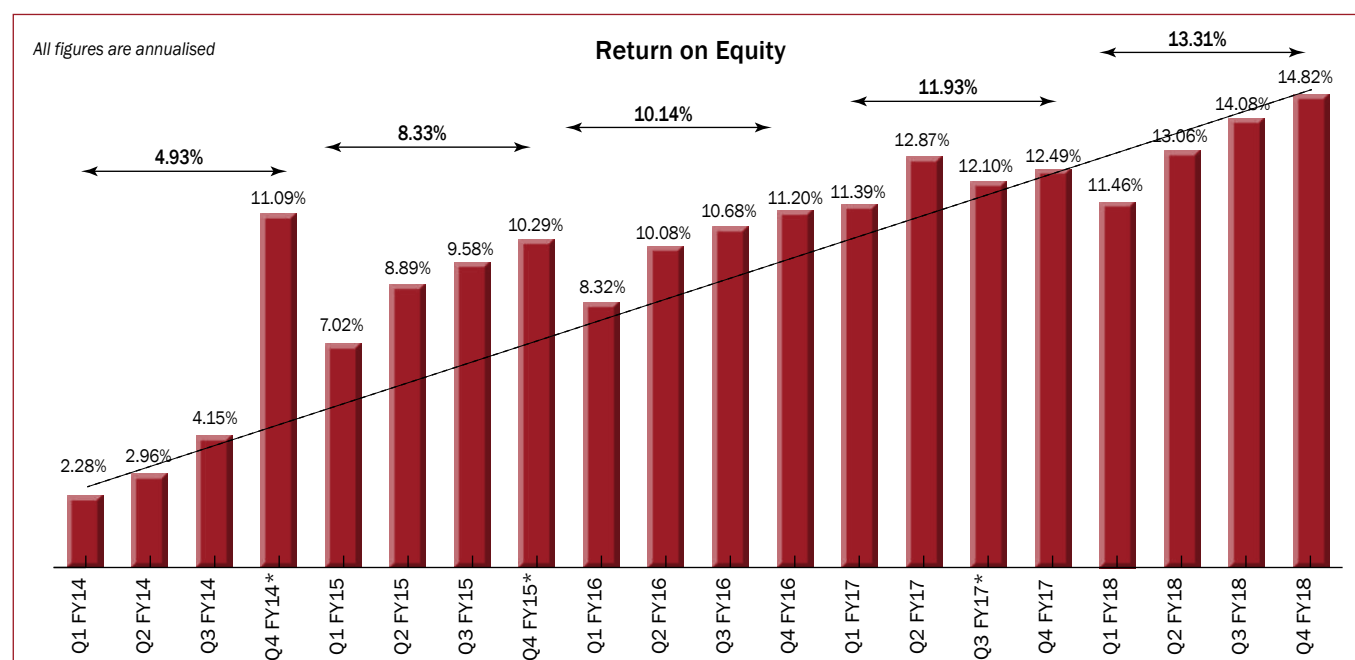
With enhanced business operations, the Return on Equity of the Company has continuously improved over the quarters, from 2.28% in Q1FY14 to 14.82% in Q4FY18, increasing the shareholders' value.

SHAREHOLDERS' FUNDS

As on March 31, 2018, the total number of shares of the Company stood at 9,89,65,244 with a Book Value of ₹ 264.49 (US\$ 4.07) per share. The Company's strong business model and growth have attracted investments from several marquee FIIs and DIIs. These include Warburg Pincus, Government of Singapore & affiliated companies, Government Pension Fund Global, Jupiter Asset Management, Ashburton Limited, Birla Asset Management, HDFC Mutual Fund, HDFC Standard Life Insurance Company.

OPPORTUNITIES & OUTLOOK

The present economic scenario augurs well for the financial services industry. The demonetisation led to financialisation of savings and the implementation of GST is bringing in more efficiency and transparency while augmenting formalisation. Adoption of digital technologies and biometric identification are easing the customer onboarding process and enabling reaching out to wider audiences. This is boosting financial inclusion and enabling financiers to tap underserved markets. These changes will also assist financial services companies to get more insightful data relating to MSME customers, who largely operate informally, making it difficult to analyse their creditworthiness. As on date, nearly 90% of the market is still untapped.



MANAGEMENT DISCUSSION AND ANALYSIS

The Company already has a strong portfolio catering to MSMEs and the retail sector. With a more focussed approach and the ability to ride the wave of various positive external factors – in the form of regulatory changes and prevailing demographics and business demands, the Company is confident of sustaining its growth momentum. The Company will focus on continuous innovation in the product side to remain relevant to changing customer needs and also leverage technology to target right customer segments and geographies. The Company will continue to emphasise on the necessary checks and internal controls to ensure that the growth is sustainable with strong asset quality.

INTERNAL CONTROL SYSTEMS

Capital First has internal control systems that are adequate and commensurate with the size and nature of its operations. These systems ensure effectiveness and efficiency of operations, assets safeguard adequacy, reliability of financial controls and compliance with applicable laws and regulations. The system ensures authorisation, recording and reporting of all assets and transactions to safeguard from unauthorised use or disposition of assets that may lead to losses. The Company 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. This department undertakes comprehensive

audits of the Company's functional areas and operations to examine the adequacy of and compliance with policies, plans and statutory requirements.

Significant audit observations are reported to the Audit Committee and follow-up actions are taken accordingly. The Audit Committee also 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 technology and digital processes 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. The Company underwrites loans on the basis of assessed cash flows of customers or other such credit evaluation tools as it deems necessary, including inputs from credit bureau information reports as required. While it does lay emphasis on detailed credit underwriting processes, it also considers various other factors like the underlying collateral and the LTV ratios approved for the customer. These policies are regularly monitored against desired outcomes for the organisation and revised as necessary.

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 capital 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 across buckets.

Competition: The financial services space in India is quite competitive. The Company is of the belief that from the country's point of view India needs an ever-growing number of players to address the large markets in the country. There is scope for sustained business growth despite competition. Further, being a Company that is well capitalised accompanied with high governance standards, robust internal controls and advanced IT & Risk management systems, the Company is comfortable and confident on this count.

Changes in policies towards NBFC: There is a growing trend towards more stringent regulation in the NBFC sector. The Company is of the view that these changes are structurally beneficial for the financial services industry. Anticipating such regulations and implementing good governance norms before they are mandated has been a constant practice at Capital First. Accordingly, the Company feels confident on this count as well. For example, the Company smoothly transitioned from the 180 DPD NPA regime to the 90 DPD NPA regime, and transited from standing asset provisioning of 25 bps to 40 bps.

Operational Risk Management: Towards minimising operational risks, the Company has put in place a mechanism with system based 'maker-checker' processes for critical controls. Further, it has laid down detailed process manuals with Service Level Agreements (SLA) for data and document processing and handling.

INFORMATION TECHNOLOGY

Capital First recognises the significance of robust IT infrastructure in the current era, where it is crucial to offer customers faster and more efficient services. Towards this end, the Company makes a sizeable investment each year to ensure adoption of best technologies that can streamline operations, brings in efficiency and enable to provide better customer service to make the Company more competitive in the market. The Company further understands the relevance of information security and accordingly it has invested in globally accepted platforms and solutions for Enterprise Security solutions. The Company's operations are ISO 27001:2013 certified and compliant.

HUMAN CAPITAL

Capital First recognises that people play a critical role in achieving its goals. We therefore understand that it is imperative that we have employees who are highly capable, are engaged and have the motivation to convert vision into a reality.

We strive that employees at Capital First get an opportunity to succeed and we make efforts to facilitate their work life as much as possible. We continued to drive rigour in our performance management, rewards and recognition practices which shows in the great results and consequently there is higher levels of motivation among employees.

Engagement of our employees is of prime importance. We are successful owing to a culture of transparency, empowerment, quick decision-making, non-hierarchical, where every employee's opinion counts. This has been supplemented by initiatives around health - e.g. employees were encouraged to run marathons. We received a wonderful response. Over 900 employees, most of them first timers, ran a race of at least 10 km or more in the last 6 months! We put together a Goodwill Challenge where employees of each branch got together to volunteer for a social cause. Our Chairman personally champions these causes in his personal capacity and encourages all our employees to support the causes which the Company supports under its CSR programme by their personal involvement.

The Regional HR Team introduced this year helped build higher engagement among employees through their availability to quickly sort out employee grievances, educate our employees on HR policies and practices and help drive key initiatives around talent management.

We take compliance to all laws and regulations very seriously.

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.

OUR SOCIAL RESPONSIBILITY

“ In the long run, I believe economic growth and increasing per-capita income, is the only sustainable way for people to become prosperous and afford all needs like education, healthcare, sanitation and shelter. But a child who is short of money for education today, or needs a health support today cannot be told - you wait for the economy to grow. So intervention is necessary for now ”

- V Vaidyanathan, Chairman, Capital First



“ Capital First’s humble initiative of awarding scholarships to nine students of XLRI is indeed a benevolent step. Hopefully, many such meritorious students from XLRI will continue to benefit from Capital First’s scholarship in the future, which will help them in their pursuit of becoming responsible leaders of tomorrow ”

- Ashis K Pani, Dean, XLRI, Jamshedpur

For CAPITAL FIRST, CSR comes first

At Capital First, we are focussed on our approach that education is the single biggest factor that can transform a life of family and generation. With the resources and budget on hand, we are keen to make funds available to students who are meritorious but are not able to afford education. We also support Livelihoods, Entrepreneurship and Women’s Empowerment selectively. We have made deep inroads into our chosen areas and are contributing to inclusive growth, empowering communities and spurring development.

This year, we have achieved significant milestones by impacting the lives of over 7,924 persons through our

programmes in our core thematic areas. Our CSR programmes are in sync with nationwide development programmes but on the other hand, we do not lose foresight in the local context.

All our programmes in Education are built to provide access to high-quality

knowledge to those who cannot afford it. In FY 2017-18, more than 4,250 students from across India were supported, so that their educational dreams could become a reality.

Since there is an acute crunch of skilled workforce and abject poverty a reality in the country, we decided to focus strongly on building livelihoods.

In FY 2017-18, we enabled 3,633 people to boost their employability skills. They were either employed or turned out to be entrepreneurs.



Launch of scholarship for children with autism from low-income families, at Bubbles, Bengaluru

CSR Programmes in FY 2017-18

During FY 2017-18, following were the key focus thematic areas of our CSR efforts:

1. Education
2. Livelihoods and Entrepreneurship
3. Women Empowerment

We have launched twelve key initiatives under the above three themes:

EDUCATION

Programmes under this initiative

1) Capital First: MBA Scholarship Programme

Background

Our flagship CSR programme – The Capital First MBA Scholarship has been designed for meritorious students who want to pursue an MBA but do not have the resources to do so, owing to their socio-economic background. This scholarship targets students whose annual family income is less than ₹ 6 lakhs per annum and is only open to those students who have already secured admission to India's top 100 B-Schools.

Impact

- In FY 2017-18, we awarded 110 students from across India with a scholarship of ₹ 2 lakhs each to fulfil their dreams of completing an MBA
- In order to reach the maximum number of

Voice of Our Impact

“ I was preparing for admission in B-schools and I got through two colleges but could not take admission because the fees were unaffordable. I was the sole earning member in my family since my father passed away when I was quite young. I had applied for a loan but we had nothing to keep as collateral. It was very disheartening for me and I was about to quit the plan of doing an MBA altogether. I then came across Jaipuria Institute of Management who told me about this scholarship. Because of the scholarship amount of ₹ 2 lakhs, I was able to take an admission and I have already completed one year of my PGDM. I am thankful to Capital First for their generosity ”



- Kulsoom Fatima, Jaipuria Institute of Management



Ms. Rachana Iyer with recipients of the CFL MBA Scholarship batch of 2017-18

beneficiaries, we partnered with TimesPro, an education venture by The Times of India Group, which aims to provide a platform for aspirants in the BFSI sector. Through this partnership, we extended 50 scholarships to students

2) Distribution of Books and e-Learning content in partnership with Navneet

Background

Capital First recognises that schools in rural India still face the challenges of – high rates of absenteeism, high drop-

out rates and poor quality of learning. Students belonging to tribal communities are even more marginalised and are often excluded from the education system entirely. To solve this social challenge, we have partnered with Navneet Education Ltd. to provide books and digital content which are not part of the regular curriculum.

Impact

- We have selected 16 schools in three talukas of Pune district – Ambegaon, Junner and Khed, as our focus areas

OUR SOCIAL RESPONSIBILITY

- A total of 31,013 workbooks and 24,454 guides were distributed supporting 4,083 students with curriculum books and 1,748 students with e-Learning software in 7 schools to improve their learning outcomes

3) Bubbles: Supporting Youth with Autism

Background

Capital First recognises that children with disabilities are one of the most marginalised and excluded groups in society. Facing daily discrimination in the form of negative attitudes, lack of adequate policies and legislation, they are effectively barred from realising their rights to healthcare, education, and even survival. Families of children with disabilities face a higher cost of living due to increase in expenses owing to therapy and treatments. We have partnered with Bubbles Centre for Autism, to support children on the Autism spectrum from low-income families and who cannot afford to cover the costs of therapy and training.



An employee volunteering at the Goodwill Challenge

Voice of Our Impact

“ This initiative by Capital First to award scholarships to meritorious students has provided me a great opportunity to relieve some financial burden on myself and my parents. It was an honour to be selected among the 100 recipients across India for this esteemed scholarship. This scholarship has motivated me further to perform to the best of my abilities in academics at XLRI. I express my sincere gratitude to the Capital First management for helping me pursue the dream of becoming a socially conscious business leader in future ”



- Pratik Agarwal – Student of XLRI

Voice of Our Impact

“ Coming from a lower-middle-class family and being raised up by a single parent, it was difficult for me to chase my dreams. Capital First MBA Scholarship has helped me run through those difficult paths with financial aid, providing me opportunity for paying part of my academic fees. I am grateful to their scholarship program that has been helping me and other B-School students ”



- Aswathi N V, IIT Kharagpur



Mr. Apul Nayyar felicitating beneficiaries of CFL scholarship for youth with autism, Bengaluru

Impact

- We have supported 11 students of Bubbles Centre for Autism with a scholarship for an entire year to cover costs of special education and early intervention that will go a long way in enabling them to lead an independent life
- Apart from this, we are also supporting Bubbles to organise their annual theatre production wherein they will be working on the functional use of language to facilitate play, interaction, communication and take these children towards maximum inclusion in the community. We are excited to share that the annual play will be showcased at a renowned theatre in Bengaluru and we will be targeting a crowd of 3,000 people to attend this

4) Capital First: BALM Fellowship Program

Background

At Capital First, we recognise that the incidence of mental illness is on the increase in India along with the associated stigma attached to it. India still lacks well-trained and competent professionals in this field, the demand for which is only on the rise. We have partnered with The Banyan Academy for Leadership in Mental

Voice of Our Impact

“I sincerely express my gratitude to the BALM and Capital First scholarship, for providing me with the monthly financial aid for my academic year 2016-18.

This scholarship helped me to smoothly complete my course.

The scholarship aid given helped me to pay my rent and other bills, helped me in handling transportation expenses during my fieldwork and most importantly helped me to stay focussed in my studies and not to worry about finances ”

- Monalisa Kujur, M. A. Applied Psychology

Health (BALM) to advocate for positive mental health, increased access to care and recovery and to create a cadre of ‘change-makers’ who are capable of driving social innovations. BALM offers masters programs such as – Social Work in Mental Health, Applied Psychology (Counselling), Applied Psychology (Clinical), Management, Entrepreneurship and Policy Analysis in collaboration with the Tata Institute of Social Sciences. Capital First provides financial assistance to students studying in BALM whose annual family income is less than ₹ 1.5 lakhs per annum.

Impact

- We have supported 9 students from BALM as a part of this programme. Our financial assistance offers the students a tuition waiver, rental and living stipend, support for local travel for fieldwork placements

LIVELIHOODS AND ENTREPRENEURSHIP

5) SAMPARC (Social Action for Manpower Creation)

Background

At Capital First, we recognise that even amongst the rural youth there are those that are more vulnerable owing to the socio-economic and cultural realities. To focus on those that are most marginalised, we have partnered with SAMPARC, a non-profit established for the rehabilitation and development of orphan children, children of sex workers and rural school dropouts. Our aim with this programme is to transform the youth from these marginalised communities through livelihood training programmes that enable them to find employment opportunities in high-growth service sectors.

Impact

- Adding to the support we provided to SAMPARC in

OUR SOCIAL RESPONSIBILITY



Mr. V. Vaidyanathan inaugurated the Capital First funded Vocational Training Centre at SAMPARC – a highly dedicated orphanage in Maharashtra

FY 2016-17 to complete the infrastructure of their Industrial Training Institute building, this year we have supported the operations of the Vocational Training Centre. This Vocational Training Centre is now equipped with computers, printers and computerised softwares and most of these children availed vocational training and experienced computer for the first time.

This vocational Training Centre provided training to 942 enrolled students, out of which 470 were eventually placed in different sectors and 141 started their own business

- Capital First Limited has also been the title sponsor of the SAMPARC Heritage Walk which took place on December 10, 2017, to help them raise funds towards the development of children, youth and women supported under SAMPARC programme. 5,000 people from across India and abroad, joined us in a 3.6-km walk to Bhaje Caves in Lonavala. We also saw great participation from employees of Capital First Ltd. who enthusiastically attended this walk to support our cause



Inauguration of Vocational Training Centre at SAMPARC

6) Om Creations: Supporting Women with Developmental Disabilities

Background

At Capital First, we recognise that persons with disabilities often encounter exclusion and discrimination due to societal perceptions, lack of access to education and little or no opportunities for meaningful work. We believe that every adult deserves the right to live a life of dignity and independence. Gender is also a crucial factor that influences discrimination. Women with developmental disabilities are less likely to get an education, receive vocational training or find employment as compared to their male counterparts. In this regard, we have partnered with Om Creations Trust – a non-profit organisation that works on skills' training and market linkages for people with disabilities to become financially independent.

Impact

- Capital First has supported the stipend for 60 adult women who received training and rehabilitation and were gainfully occupied in the areas of Art and Craft and Catering
- Under the guidance and supervision of specialised teachers and professionals, these young adults were engaged in the production of quality lifestyle products and food which were put up for sale



Ms. Rachana Iyer felicitating a beneficiary of the skills training programme at Etasha, New Delhi

Voice of Our Impact

“ I wanted to start my own business, but due to economic problems I was unable to do that. I was in search for some Government initiative which could let me avail financial aid or a loan. From this course I got information about the STAND-UP INDIA scheme. I got the chance to grow and a new way to start my business. I am very thankful to the NDLM course for providing information regarding Government activities online. I look forward to establishing my business soon by getting the loan ”

- Manish Balmiki, Aundh Digital Literacy Centre, Pune

7) Capital First: Woman of Substance

Background

At Capital First, we recognise that being financially independent can influence the overall status of women in society. Women from marginalised backgrounds and living in urban slums have a lower level of literacy leading to lower skill competencies and thereby lowering job prospects. There is also a lack of good quality training programmes that ensure placement post the course is completed. We have partnered with ETASHA Society and launched the 'Woman of Substance' programme to provide vocational training to women from slum communities between the ages of 18 and 30 years, who are keen to earn a living.

Impact

- Through this programme, we provided vocational and employability training to 108 underprivileged women and placed them into entry-level jobs with a starting salary of ₹ 7,500.

- The women were provided training in Computerised Office and Data Entry Program, Usage of Computer and Internet, Computerised Accounts Taxation and Tally, Spoken English, Intrapersonal, Social and Behavioural Skills.

8) Digital Literacy

Background

At Capital First, we firmly believe that the 'Digital India' vision is going to be imperative to propel the country into its next phase of growth. While the Government is trying to connect remote areas/

villages via high-speed Internet services to digitally empower people, lack of training and knowledge still acts as a barrier for people to fully embrace this initiative. With an aim to bring 100% Digital Literacy in Pune, Capital First Limited in partnership with NASSCOM Foundation, Pune City Connect and Pune Municipal Corporation has launched 5 Digital Literacy Centres across Pune.

Impact

- We are currently supporting 5 Digital Literacy Centres across Pune in – Aundh,



Launch of Capital First supported Digital Literacy Centre with NASSCOM Foundation and Pune City Connect

OUR SOCIAL RESPONSIBILITY

Janata Vasahat, Juna Bazaar and Warje and Bopodi. These centres are housed within the slum communities and have successfully trained 2,292 citizens of Pune so far

- This training has enhanced the participants' ability to search for information, utilise e-services, participate in social media and undertake cashless transactions. This also further enhances their employability skills

9) EmpoWer: Supporting Social Entrepreneurs

Background

At Capital First, since we lend to small and medium-sized enterprises, we recognise the fact that no matter what type of business they're in, and no matter their age, entrepreneurs of all kinds face challenges in starting and growing companies. Not surprisingly, the types of challenges they face tend to be different and are more so if they are women entrepreneurs. The most pressing challenge is the financing gap when it comes to high-tech and high-potential women entrepreneurs. We firmly believe that finding ways to fill that financing gap has a huge payoff in job creation and innovation. We have partnered with Zone startups, India's first women-in-tech accelerator programme for women entrepreneurs, to support



Mr. V. Vaidyanathan conducted a mentorship session with women entrepreneurs of 'EmpoWer' programme with Zone Startups, Mumbai

Voice of Our Impact

“ EmpoWer was a programme that gave us a high level of exposure to knowledge and tools required to run a startup successfully. All the mentors had something unique to offer to each of us. Our product and business model evolved considerably through this process of interaction and feedback ”

– Chandni Rajendran, Design Innovator from IIT Bombay

the programme 'empoWer' that provides mentorship, industry connects, peer network, investor meets through a 6-week accelerator programme. Through this partnership, Capital First committed to providing a ₹ 10 lakhs grant to those innovators who are using technology to solve pressing social issues.

Impact

- After engaging with the accelerator cohort in multiple mentoring sessions taken by our Chairman, senior leadership and the CSR team, we chose two women-led enterprises – Tactopus and Periwinkle Technologies and awarded them a grant of ₹ 3 lakhs and ₹ 7 lakhs respectively

- The first idea we supported was Tactopus led by Chandi Rajendran, who developed an interactive ed-tech device for blind children to learn independently and through gamification using tangible objects and tactile material. Our support to this social enterprise was used towards hiring good quality talent, purchase of rare manufacturing equipment (Braille printer, desktop die-cutter) and refining the product prototype. We also connected Tactopus to our partner Bubbles Centre for Autism to explore synergies in similar products for children with autism

- The second innovative business idea we supported was by Periinkle Technologies led by Veena Moktali which is a med-tech startup that enables faster and better diagnostics and care. The Company has developed an affordable and effective device for cervical cancer diagnosis, with Tata Memorial Centre as clinical partner. Our support was used towards the building of the working prototype, conducting clinical trials and hiring good talent

10) Project Sambhavana

Background

Due to lack of legislation and policies to provide care and social protection to orphan children, they are often not able to realise their full potential. Capital First recognised that providing skills training to orphans is of vital importance as it serves as an empowering tool to enable them to become economically independent. We thus partnered with a non-profit called Catalysts for Social Action (CSA) and decided to run an 'Aftercare' programme focussing on those young adults who have to leave the shelter home once they turn 18. This group of youth finds it extremely challenging to sustain financially in the outside world and cannot afford good quality education or skills training.

Impact

- Through Project Sambhavana, Capital First covers the cost of course fees/coaching fees for higher education or skill training, cost of stay, travel, food, day-to-day expenses, etc. while on training and some period thereafter
- We successfully supported 39 young adults from across India as part of Project Sambhavana this year

WOMEN EMPOWERMENT

11) Saksham

Background

At Capital First, we recognise that financial independence and being a valuable contributor to one's home, community and nation are important facets of empowerment. Through Project Saksham, we focus on high-quality skills' training for women living in urban slums in Mumbai and market linkages for them to start earning a living. We run this programme in partnership with Animedh Charitable Trust and support 3 tailoring unit houses in and around the slum communities in Mumbai.

Impact

- This programme upgraded the skills and livelihood potential of 180 underprivileged women through a systematic



Mr. Pankaj Sanklecha inaugurated Saksham Centre 2 with Animedh Charitable Trust, Mumbai.

tailoring internship in a 'learn and earn' format

- We also launched 'The Uniform Project', where Animedh women trainees are working to tailor-make uniforms for a Govt.-run special needs school in Navi Mumbai
- We also organised two exhibitions in our Andheri and Thane branches where our employees were able to purchase products tailor-made by the women of Project Saksham to give them a platform to practice selling techniques

12) PRATHAM

Background

Women from rural, semi-urban, tribal and urban slums that come from economically disadvantaged background lack employment or entrepreneurship opportunities.

OUR SOCIAL RESPONSIBILITY

This is further exacerbated by lack of family support. To provide a platform for women from smaller towns and villages to pursue their dreams of setting up micro-enterprises, Capital First Limited has partnered with 'Pratham Institute' – the vocational training arm of Pratham. Under this programme, women who are trained in the 'Beautician Course' by Pratham Institute are given a seed fund to start their business which they then repay back to Pratham within a period of 2 years. We then plan to reinvest this grant money to support more such women entrepreneurs. This is our effort to build a self-sustainable model through CSR.

Impact

- Pratham Institute provides handholding and mentorship to women who are keen to set up their own beauty parlours in their respective localities



Mr. Nihal Desai and team at the launch of the women entrepreneurship programme with Pratham Institute, Mumbai

- On the special occasion of International Women's Day, we awarded 31 select women entrepreneurs of Pratham Institute with a seed capital of ₹ 50,000 each totalling ₹ 16,00,000

SWACHH WORLI KOLIWADA

Background

Poor sanitation and waste management significantly impair health. The groups at risk from improper disposal of waste mainly include – people living in areas where there is no proper waste disposal method, areas that live close to waste dumps and areas living close to water bodies that have become contaminated due to waste dumping.

Capital First, headquartered in the G-South Ward in Mumbai has



Workshop for children on Waste Management at Worli Koliwada, Mumbai

identified one such community in its vicinity – 'Worli Koliwada', one of the earliest fishing villages in Mumbai. The 'Kolis' – traditional inhabitants of this community are close to completely losing their income from fishing because of the amount of plastics and wastes dumped into the beautiful ocean. What used to be a source of pride and their daily sustenance has now become a breeding ground for diseases. In our endeavour to support the 'Swachh Bharat' mission,



Workshop for women on waste management by G5A at Worli Koliwada, Mumbai



Children's group 'Warriors of Waste' formed by G5A in Worli Koliwada, Mumbai

Capital First in partnership with G5A Foundation for Contemporary Culture and Municipal Corporation of Greater Mumbai plans to launch project 'Swachh Worli Koliwada' in FY18.

Impact

- This programme will focus on the implementation of best practices in solid and wet waste management at the



Children learn re-cycling in Worli Koliwada, Mumbai



Mr. V. Vaidyanathan and Mr. Adrian Andrade during a field-visit to Worli Koliwada, Mumbai clean-up under 'Swachh Bharat' mission

community and household level thereby helping reduce risks to overall health and decreasing exposure to biohazards

- Running 'Behaviour Change' campaigns using various artforms such as theatre and films focussing on engaging influencers such as women and youth from the community is a key element of this programme

- The aim of this programme is to build a model where community participation is key at every stage thereby ensuring sustainability of this programme in the long run

EMPLOYEE SOCIAL RESPONSIBILITY

Background

At Capital First, we believe that each and every one of us has the ability to influence and create social change in our own capacities. Under the 'Employee Social Responsibility' programme, we provide our employees from across all levels of the organisation to get a platform to utilise their skills for community welfare and get a deep sense of satisfaction, which enhances their leadership skills and motivates them to do more.

Impact

- We ran 'The Goodwill Challenge', a structured month-long volunteering programme, that encouraged employee volunteers to pitch causes and non-profits of their choice in their respective cities, which the CSR team then allocated funding to, post through due diligence
- In FY 2017-18, we are proud to share that 593 employees from across all our branches directly volunteered at creating an impact on 12,603 people from all over India

GOODWILL CHALLENGE (2017-18)

593
No. of CFL Employees
Volunteered*



12,603
Lives Impacted






10
States



Rajasthan
• Jaipur
• Udaipur
• Jodhpur



Punjab
• Ludhiana
• Chandigarh



Delhi



Madhya Pradesh
• Indore



Gujarat
• Ahmedabad
• Surat



West Bengal
• Kolkata



Maharashtra
• Mumbai TKP, H.O. Thane
• Nashik
• Pune



Andhra Pradesh
• Hyderabad



Karnataka
• Bangalore
• Mysore



Tamil Nadu
• Madurai
• Chennai
• Coimbatore

Map not to scale. For illustrative purposes only.

AWARDS & ACCOLADES

MR VAIDYANATHAN AWARDED ASIA PACIFIC ENTREPRENEUR AWARD (APEA) - ENTREPRENEUR OF THE YEAR 2017 - FINANCIAL SERVICES INDUSTRY AND THE MINT SAP - DIGITALIST AWARD 2017

CAPITAL FIRST AWARDED FINANCIAL SERVICES COMPANY OF THE YEAR 2017 BY VC CIRCLE

CAPITAL FIRST RECEIVED CFI AWARD - OUTSTANDING CONTRIBUTION TO FINANCIAL INCLUSION

CAPITAL FIRST AWARDED THE ECONOMIC TIMES BEST BFSI BRAND AWARD 2017

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report of your Company with the audited financial statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

The highlights of the Consolidated and Standalone Financial Statements of the Company for the financial years 2017-18 and 2016-17 are as under:

(₹ in Million)

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Total Income	38,120.46	28,008.64	36,282.52	27,268.55
Total Expenditure	33,180.80	24,433.80	31,736.84	23,945.70
Profit Before Tax and exceptional items	4,939.66	3,574.84	4,545.68	3,322.85
Exceptional items	-	-	293.68	-
Profit before tax	4,939.66	3,574.84	4,839.36	3,322.85
Provision For Tax	1,656.13	1,174.30	1,569.25	1,154.23
Profit after tax from continuing operations	3,283.53	2,400.54	3,270.11	2,168.62
Profit/(Loss) after tax from Discontinuing operations	(9.08)	(11.33)	-	-
Profit for the year	3,274.45	2,389.21	3,270.11	2,168.62
Profit/(Loss) brought forward from previous Year	4,326.27	2,383.66	4,304.04	2,569.14
Profit available for appropriation	7,600.72	4,772.87	7,574.15	4,737.76
Appropriations:				
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	(654.02)	(433.72)	(654.02)	(433.72)
Transfer to statutory reserve under Section 29C of the National Housing Bank Act, 1987	(22.16)	(12.88)	-	-
Dividend paid for F.Y. 2016-17 [#]	(254.09)	-	(254.09)	-
Dividend Tax thereon for F.Y. 2016-17 [#]	(51.73)	-	(51.73)	-
Transfer to General Reserve	-	-	-	-
Balance carried forward to Balance Sheet	6,618.72	4,326.27	6,614.31	4,304.04

[#] The proposed equity dividend and dividend distribution tax for FY 2017-18 are not accounted as liabilities in fiscal 2018 in accordance with revised AS-4 'Contingencies and events occurring after the Balance Sheet date'.

The Company is focused on providing retail loans to MSMEs and consumers, including long term loans secured by property,

business loans, personal loans, 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 ₹ 198.24 billion to ₹ 269.97 billion, a growth of 36%. The Retail Assets under Management has grown from ₹ 183.53 billion to ₹ 252.43 billion, a growth of 38%.

The Consolidated Net worth of the Company increased from ₹ 23.04 billion to ₹ 26.18 billion as at March 31, 2018.

Consolidated Net Interest Income increased by 53% from ₹ 13,008 million during the financial year ending March 31, 2017 to ₹ 19,870 million during the financial year ending March 31, 2018.

The profit after tax was up by 37% from ₹ 2,389 million to ₹ 3,274 million.

DIVIDEND

Keeping in mind the improved performance of the Company and the outlook for your Company, your Directors are pleased to recommend a dividend of ₹ 2.80/- (Rupees Two and Paise Eighty only) per share i.e. 28% on each Equity Share having face value of ₹ 10/- (Rupees Ten only) each.

DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has formulated a Dividend Distribution Policy.

The Policy is hosted on the website of the Company and can be viewed at <https://www.capitalfirst.com/investor/corporate-governance>.

CAPITAL ADEQUACY

The Company's capital adequacy ratio was 15.88% as on March 31, 2018, which is above the threshold limit of 15% as prescribed by the Reserve Bank of India ('RBI').

SHARE CAPITAL

During the year under review, the Company had issued and allotted 15,43,175 equity shares and subsequent to the year under review, 2,500 equity shares were allotted to the eligible employee(s) of the Company under various Employee Stock Option Schemes of the Company. The paid up equity share capital of the Company as on date stands at ₹ 98,96,77,440/- (Rupees

DIRECTORS' REPORT (CONTD.)

Ninety Eight Crore Ninety Six Lakhs Seventy Seven Thousand Four Hundred and Forty only) comprising of 9,89,67,744 equity shares of ₹ 10/- each.

SUBSIDIARIES

In accordance with the provisions of Section 136 of the Companies Act, 2013, the annual report of the Company, the annual financial statements and the related documents of the Company's subsidiary companies are placed on the website of the Company, <https://www.capitalfirst.com>.

Shareholders may download the annual financial statements and detailed information on subsidiary companies from the Company's website or may write to the Company for the same. Further, the documents shall be available for inspection by the shareholders at the registered office of the Company.

The Company has not made any loans or advances in the nature of loans to any of its subsidiary company or companies in which its directors are deemed to be interested, other than in the ordinary course of business.

The Company has obtained a certificate from its statutory auditors that it is in compliance with the provisions of Foreign Exchange Management Act, 1999 with respect to downstream investments made in/by its subsidiaries and in other companies during the year under review.

During the year under review, the subsidiary Company viz. Capital First Home Finance Limited raised funds through issue and allotment of 7,14,28,564 Equity Shares of ₹ 10/- each on a right basis, pursuant to receipt of subscription amount of ₹ 99,99,99,896/- (Rupees Ninety Nine Crore Ninety Nine Lakhs Ninety Nine Thousand Eight Hundred and Ninety Six only) issued at a price of ₹ 14/- per Equity Share (face value of ₹ 10/- each and premium of ₹ 4/- per share) to Capital First Limited.

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 guidelines and regulations and employs its best efforts towards achieving the same.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34 of the Listing Regulations and Circulars/ Notifications/ Directions issued by RBI 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.

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.

BUSINESS RESPONSIBILITY REPORT

In accordance with Regulation 34(2)(f) of the Listing Regulations, the inclusion of Business Responsibility Report (BRR) as a part of the Annual Report is mandated for top 500 listed entities for the year 2017-18 based on the market capitalization to be calculated as on March 31 of every financial year.

Since Capital First Limited is one of the top 500 listed companies by way of market capitalisation as on March 31, 2017, the Company has presented its BRR for the financial year 2017-18, which is part of this Annual Report. As a green initiative, the Company's BRR will be available on its website at the web link <http://www.capitalfirst.com/investor/corporate-governance>. Any shareholder interested in obtaining a physical copy of the same may write to the Company Secretary of the Company.

DIRECTORS & KEY MANAGERIAL PERSONNEL

a. Re-appointment

The Board of Directors at their Meeting held on March 29, 2017 on recommendation of Nomination & Remuneration Committee had re-appointed Mr. N. C. Singhal (DIN 00004916), Mr. M. S. Sundara Rajan (DIN 00169775) and Mr. Hemang Raja (DIN 00040769), as Non-Executive Independent Directors of the Company for a term of five years effective from April 01, 2017 to hold office up to March 31, 2022 and they shall not be liable to retire by rotation. The aforesaid re-appointment of Independent Directors was approved by the members in the 12th Annual General Meeting of the Company held on July 05, 2017.

DIRECTORS' REPORT (CONTD.)

During the financial year 2017-18, the term of Dr. (Mrs.) Brinda Jagirdar (DIN 06979864), Non-Executive Independent Director of the Company, who was appointed for a term of three years with effect from September 24, 2014, expired on September 23, 2017. The Board of Directors at its Meeting held on August 02, 2017 on recommendation of Nomination & Remuneration Committee had re-appointed Dr. (Mrs.) Brinda Jagirdar as Non-Executive Independent Director of the Company for a term of five years with effect from September 24, 2017 to hold office up to September 23, 2022 and she shall not be liable to retire by rotation. The aforesaid re-appointment of Dr. (Mrs.) Brinda Jagirdar as Non-Executive Independent Director was approved by members through Postal Ballot results on September 07, 2017.

Further, during the financial year 2017-18, Mr. Dinesh Kanabar (DIN 00003252), Non-Executive Independent Director of the Company, who was appointed for a term of three years with effect from January 06, 2015, expired on January 05, 2018. The Board of Directors at its Meeting held on October 31, 2017 on recommendation of Nomination & Remuneration Committee had re-appointed Mr. Dinesh Kanabar as Non-Executive Independent Director of the Company for a term of five years with effect from January 06, 2018 to hold office up to January 05, 2023 and he shall not be liable to retire by rotation. The aforesaid re-appointment of Mr. Dinesh Kanabar as Non-Executive Independent Director was approved by members through Postal Ballot results on January 21, 2018.

Further, subsequent to the year under review, the Board of Directors at their Meeting held on April 03, 2018 on recommendation of Nomination & Remuneration Committee had re-appointed Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) as Executive Directors who shall act as Whole Time Directors and Key Managerial Personnels of the Company for a term of one year with effect from April 04, 2018 to hold office up to April 03, 2019. The aforesaid re-appointment of Mr. Apul Nayyar and Mr. Nihal Desai shall be subject to the approval of members in the 13th Annual General Meeting of the Company.

The Board recommends re-appointment of Mr. Apul Nayyar and Mr. Nihal Desai as Executive Directors who shall act

as Whole Time Directors and Key Managerial Personnels of the Company.

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

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 re-appointment.

BOARD'S INDEPENDENCE

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

1. Mr. N. C. Singhal (DIN 00004916)
2. Mr. M. S. Sundara Rajan (DIN 00169775)
3. Mr. Hemang Raja (DIN 00040769)
4. Dr. (Mrs.) Brinda Jagirdar (DIN 06979864)
5. Mr. Dinesh Kanabar (DIN 00003252)

NUMBER OF MEETINGS OF THE BOARD

The Board met 7 times during the financial year 2017-18 viz., on May 10, 2017, July 05, 2017, August 02, 2017, October 31, 2017, December 18, 2017, January 13, 2018 and January 24, 2018. 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
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee

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

DIRECTORS' REPORT (CONTD.)

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

Pursuant to the provisions of the Companies Act, 2013 ("the Act"), Listing Regulations and requirements of the Reserve Bank of India, 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; and
- Ability to encourage and motivate the Management for continued performance and success.

The evaluation involves Self-Evaluation by the Board members 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.

The Board of Directors at their Meeting held on May 04, 2018 on recommendation of Nomination & Remuneration Committee had approved the payment of remuneration of ₹ 2.80 Crore (Rupees Two Crore and Eighty Lakhs Only) per annum payable to Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) respectively pursuant to

the proposed re-appointment and also bonus of ₹ 1.80 Crore (Rupees One Crore and Eighty Lakhs Only) for the financial year 2017-18 which shall be payable in financial year 2018-19 to them respectively subject to the approval of members in the 13th Annual General Meeting of the Company.

Further, subsequent to the year under review, the Board of Directors at their Meeting held on May 04, 2018 on recommendation of Nomination & Remuneration Committee had also approved increase in remuneration of Mr. V. Vaidyanathan (DIN 00082596), Chairman & Managing Director by 10%, consisting of Salary of ₹ 5.50 Crore (Rupees Five Crore and Fifty Lakhs Only) per annum effective from April 01, 2018, and approved bonus of ₹ 2.80 Crore (Rupees Two Crore and Eighty Lakhs Only) per annum being effective for the financial year 2017-18, and payable in financial year 2018-19 and thereafter for the remaining period of his tenure.

The aforesaid revision in remuneration and bonus payable to Mr. V. Vaidyanathan shall be subject to the approval of members in the 13th Annual General Meeting of the Company.

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

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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company 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;

DIRECTORS' REPORT (CONTD.)

- (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
- (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.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors at its meeting held on May 08, 2014 had constituted Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of Companies Act, 2013 read with rules formulated therein. The Company had carried out its CSR activities/ programs on the recommendation of the CSR Committee and duly approved by the Board of Directors and in accordance with the policy on CSR as per the identified core areas.

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 CSR during the financial year have been appended as **Annexure 3** to this Report.

RISK MANAGEMENT POLICY AND INTERNAL CONTROL

The Company has adopted a Risk Management Policy duly approved by the Board of Directors 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.

CREDIT RATING

During the year, Brickwork Ratings India Private Limited (Brickwork) reaffirmed the long term rating of "BWR AAA" (Triple A) of your Company. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing

of financial obligations. Such instruments carry lowest credit risk. During the year, CARE Ratings Limited (CARE) 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, Brickwork reaffirmed a rating of "BWR AAA" (Triple A) and the Company's rating of "CARE AA+" (Double A Plus) by CARE was reaffirmed.

Secured Redeemable Non-Convertible Debentures (NCDs): During the year, Brickwork reaffirmed the rating of "BWR AAA" (Triple A) and the rating of "CARE AA+" (Double A Plus) was reaffirmed by CARE.

Subordinated Non-Convertible Debentures (NCDs): During the year, Brickwork reaffirmed the rating of "BWR AAA" (Triple A) and CARE reaffirmed the rating of "CARE AA+" (Double A Plus).

Perpetual Non-Convertible Debentures (NCDs): During the year, Brickwork reaffirmed the rating of "BWR AA+" (Double A Plus) and CARE reaffirmed the "CARE AA" (Double A) rating.

Short-term borrowing program: During the year under review, CARE reaffirmed the "CARE 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, ICRA Limited (ICRA) assigned the rating of "A1+" (A One Plus) for the short term borrowing program. The rating is the highest rating issued by ICRA 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.

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 (ICAI).

STATUTORY AUDITORS AND THEIR REPORT

The term of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, having ICAI Firm Registration No. 301003E/ E300005 who were appointed as Statutory Auditors of your Company at the Ninth Annual General Meeting (AGM) held on June 18, 2014 expired at conclusion of Twelfth Annual General Meeting held on July 05, 2017.

DIRECTORS' REPORT (CONTD.)

Accordingly, the members of the company at Twelfth Annual General Meeting of the Company held on July 05, 2017, appointed M/s. B S R & Co. LLP, Chartered Accountants bearing Firm Registration No. 101248W/ W-100022 as the Statutory Auditors of the Company for a term of five years from conclusion of Twelfth Annual General Meeting till conclusion of Seventeenth Annual General Meeting in accordance with the applicable provisions of the Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations and applicable law. 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.

The Company has received the certificate(s) of eligibility in accordance with Section 139, Section 141 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, from M/s. B S R & Co. LLP, Chartered Accountants.

Accordingly, the appointment of M/s. B S R & Co. LLP, as Statutory Auditor of the Company is placed for ratification by the shareholders.

The Statutory Auditor's Report on financial statements for the financial year 2017-18 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 2017-18. The Secretarial Audit Report for financial year 2017-18, has been appended as **Annexure 5** to this Report.

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

The Board of the Directors at their Meeting held on May 04, 2018 have re-appointed M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2018-19.

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 arm's 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 Directors' Report.

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 behavior, 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.

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 made thereunder, the Company did not receive any complaint of sexual harassment during the year under review.

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.

COMPOSITE SCHEME OF AMALGAMATION

During the year under review, the Board of Directors of the Company at its meeting held on January 13, 2018, has approved a composite scheme of amalgamation, in terms of Sections 230-232 of Companies Act, 2013, of Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited (together the "Amalgamating Companies") with IDFC Bank Limited ("Amalgamated Company"). The Competition Commission

DIRECTORS' REPORT (CONTD.)

of India has, at its meeting held on March 07, 2018, considered the proposed combination and approved the same under sub-section (1) of Section 31 of the Competition Act, 2002. The National Housing Bank, vide its letter dated February 16, 2018, has intimated their no objection to the aforesaid amalgamation subject to compliance with the applicable provisions of relevant Acts, Rules, Regulations, etc. in the matter. BSE Limited ("BSE") has, vide its letter dated March 14, 2018, given its prior approval for the aforesaid amalgamation with respect to the Amalgamated Company's trading membership in the Currency Derivative Segment of BSE. National Stock Exchange of India Limited ("NSE") has, vide its letter dated March 26, 2018, given its prior approval for the aforesaid amalgamation with respect to the Amalgamated Company's trading membership in the Currency Derivative Segment of NSE. The said scheme remains subject to the receipt of approval from the Reserve Bank of India and other statutory and regulatory approvals, including the approvals of the relevant stock exchanges, Securities and Exchange Board of India, the National Company Law Tribunal, and the respective shareholders and creditors of the Amalgamating Companies and the Amalgamated Company.

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

The Competition Commission of India has, at its meeting held on March 07, 2018, considered the proposed amalgamation of Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited with IDFC Bank Limited ("Amalgamated Company") and passed an order to approve the same under sub-section (1) of Section 31 of the Competition Act, 2002. Additionally, the National Housing Bank (vide its letter dated February 16, 2018) has intimated its no-objection to the aforesaid amalgamation subject to compliance with the applicable provisions of law in the matter. BSE Limited ("BSE") has (vide its letter dated March 14, 2018) given its prior approval for the aforesaid amalgamation with respect to the Amalgamated Company's trading membership in the Currency Derivative Segment of BSE. National Stock Exchange of India Limited ("NSE") has (vide its letter dated March 26, 2018) given its prior approval for the aforesaid amalgamation with respect to the Amalgamated Company's trading membership in the Currency Derivative Segment of NSE. Other approvals and formalities in respect of the aforesaid amalgamation are under process.

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 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, 2018. The Members are requested to refer to the said Note for details in this regard.

PARTICULARS OF EMPLOYEES, EMPLOYEES STOCK OPTION SCHEME (ESOS) AND EMPLOYEES STOCK PURCHASE SCHEME (ESPS)

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 4**. 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.

The Stock Options have been granted to the employees under various CFL - Employees Stock Option Schemes. The said schemes are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (SEBI Regulations). The details and disclosures with respect to ESOS/ ESPS as required under SEBI Regulations are provided on the website of the Company and web link for the same is <http://www.capitalfirst.com/investor/corporate-governance>.

ACHIEVEMENTS

Your Company and Chairman & Managing Director won several award/ achieved rankings. Select few awards/ rankings are enumerated hereunder:

- Mr. Vaidyanathan received 'Entrepreneur of The Year - Financial Services Industry' in Asia Pacific Entrepreneur Award, 2017. He also received 'Digitalist Award' in Mint SAP Award.

DIRECTORS' REPORT (CONTD.)

- Capital First received 'Outstanding Contribution To Financial Inclusion India' in Capital Finance International Award - 2017.
- Capital First received 'Best BFSI Brand Award 2018' recognition in The Economic Times Best BFSI Brand Awards 2018.
- Capital First received 'Financial Services Company of the Year 2018' in VC Circle Awards 2018.

We wish to thank our bankers, investors, rating agencies, debenture trustees, 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.

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.

On behalf of the Board of Directors

Place: Mumbai
Date: May 04, 2018

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

ANNEXURE 1 TO THE DIRECTORS' REPORT

BRIEF PROFILE OF DIRECTORS

I. MR. V. VAIDYANATHAN (DIN 00082596)

Mr. V. Vaidyanathan, aged 50 years, founded Capital First Limited by acquiring an equity stake in an existing NBFC, and then executing a Management Buyout (MBO) by securing an equity backing of ₹ 810 Crore in 2012 from PE Warburg Pincus. The MBO included buyout of majority and minority shareholders through Open Offer to public, Fresh capital raise of ₹ 100 Crore into the company, Reconstitution of the Board of Directors, and Creation of a new brand "Capital First". He currently holds shares and options totaling 12.50% of the equity of the company on a fully diluted basis.

He believes that financing India's 50 mn 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, on acquiring control of the management, he exited legacy businesses of Real estate financing, Foreign Exchange, Broking, Investment management and instead transformed the company into a large retail financing institution with operations in more than 225 locations across India. Between March 2010 to March 2018, he has incumbently grown the retail financing book since inception to ₹ 25,243 Crore (\$3.88 billion), has grown the Equity Capital from ₹ 690 Crore (\$106 million) to ₹ 2,618 Crore (\$402.70 million), reduced Gross NPA and Net NPA from 5.36% & 3.78% to 1.62% & 1.00% respectively, got the long term credit rating upgraded to AAA. The market cap of the company has increased from ₹ 790 Crore (\$122 million) to ₹ 6,096 Crore (\$0.94 billion) in March 2018.

He was earlier the MD and CEO of ICICI Prudential Life Insurance Co (2009) and an Executive Director on the Board of ICICI Bank (2006). He started his career with Citibank India in 1990 and worked there till 2000, where he learnt the ropes in Consumer Banking.

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 built the Retail Banking Business for ICICI Limited since its inception, 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, built

a retail loan book of over ₹ 1.35 trillion (\$20 billion) in Mortgages, Auto loans, Commercial Vehicles among others.

During his career, he and his organization have received a large number of domestic and international awards. Awards during the stint at Capital First includes the prestigious CNBC Asia Innovative company of the year IBLA-2017, "Financial Services Company of the Year, 2018 – VC Circle", Entrepreneur of the Year Award at APEA 2017, "Outstanding contribution to Financial Inclusion, India, 2017" from Capital Finance International, London, Economic Times Most Promising Business Leaders of Asia, Asian Business Leaders Conclave 2016, 'Outstanding Entrepreneur Award' in Asia Pacific Entrepreneurship Awards 2016, Business Today – India's Most Valuable Companies 2016 & 2015, Economic Times 500 India's Future Ready Companies 2016, Fortune India's Next 500 Companies 2016, Dun & Bradstreet India's Top 500 Companies & Corporates 2016 & 2015.

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 20 half-marathons and 8 full 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, 2018 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	-	-

As part of disclosure requirement of nature of interest of Mr. V. Vaidyanathan in Capital First Limited, it is hereby disclosed that during the year, Mr. V. Vaidyanathan donated 5,00,000 fully paid up equity shares of Capital First Limited to Rukmani Social Welfare Trust for defined causes relating to education of slum children in Mumbai, medical assistance to minors, renovation of orphanage and such

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

activities. Though he is no longer a beneficiary of the said shares, it is hereby disclosed that he is a Trustee of the said Trust. Besides this, Mr. V. Vaidyanathan holds 40,40,576 fully paid up equity shares in the company as of March 31, 2018 and holds 89,50,000 stock options of the Company, translating to 12.50% holding in the company on a fully diluted basis.

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

Mr. N. C. Singhal, aged 81 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, 2018 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding Capital First Limited)	
		Audit Committee	Stakeholders Relationship Committee
1.	Aditya Birla Sun Life AMC Limited	-	-
2.	Tolani Shipping Company Limited	C	-
3.	Sun Pharma Laboratories Limited	M	-

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 45 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 working with Warburg Pincus India Pvt. Ltd. since 2006 and is a member of the firm's executive management group. Mr. Mahadevia also leads the firm's activities in India. Previously, he was a Principal at Greenbriar Equity Group, a fund focused on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, a New York-based private equity fund, and as a consultant with McKinsey & Company. He is a Director of Biba Apparels, Capital First, Ecom Express, Gangavaram Port, IMC Limited, Kaylan Jewellers, Stellar Value Chain, PVR Limited and ICICI Lombard. 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, 2018 are as follows:

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

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.	Kalyan Jewellers India Limited	M	-
4.	PVR Limited	-	-

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 68 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 39 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, 2018 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding Capital First Limited)	
		Audit Committee	Stakeholders Relationship Committee
1.	Royal Sundaram General Insurance Co. Limited	M	C
2.	The Clearing Corporation of India Limited	M	-
3.	Sharda Cropchem Limited	M	-
4.	Sundaram Trustee Company Limited	-	-
5.	Stock Holding Corporation of India Limited	-	-
6.	Capital First Home Finance Limited	C	-
7.	Continental Warehousing Corporation (Nhava Seva) Limited	C	C
8.	NSEIT Limited	C	-
9.	Madras Enterprises Limited	-	-

C - Chairman of the Committee

M - Member of the Committee

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

V. MR. HEMANG RAJA (DIN 00040769)

Mr. Hemang Raja, aged 59 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 also done an Advanced Management Program (AMP) from Oxford University, UK. He has a vast experience of over thirty seven years in financial services encompassing Private Equity and Fund Management business with Credit Suisse as MD and Head - India apart from fund based businesses

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

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, 2018 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	-
2.	Multi Commodity Exchange of India Limited	-	-

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 65 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 on corporate boards: Capital First Limited, Capital First Home Finance Limited, Rane Engine Valve Limited, Continental Warehousing and Multi Commodity Exchange Clearing Corporation Limited. She is a member of the Research Advisory Committee of the Indian Institute of Banking and Finance, Mumbai. She is on the Governing Council of Treasury Elite, a knowledge sharing platform for finance and treasury professionals, and on the Advisory Board of Bodhi Tree Corporate Advisors, a boutique investment bank specializing in credit rating evaluation and advisory and management consulting. She is a member of the Managing Committee of the All India Bank Depositors Association of the Forum of Free Enterprise. 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 Top Management team, Dr. Jagirdar's work at SBI involved leading the Department of Economic Research to track developments in the Indian and global economy and analyse policy implications for business. She was a member of the Bank's Asset Liability Committee and an invitee to the Central Management Committee meetings. She conducted research studies on relevant issues including financial inclusion, financial stability, 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 B.A. in Economics from Fergusson College, Pune. She has attended an Executive

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

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 regularly invited to make presentations and speak on topics relating to economy and banking at various fora including National Institute of Bank Management, Forum of Free Enterprise, business schools and colleges. She has contributed columns in business newspapers and business journals and is frequently invited to be a panellist on TV business channels.

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, 2018 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	-
3.	Continental Warehousing Corporation (Nhava Seva) Limited	-	M
4.	Multi Commodity Exchange Clearing Corporation 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 59 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.

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.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. Dinesh Kanabar (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2018 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding Capital First Limited)	
		Audit Committee	Stakeholders Relationship Committee
1.	National Stock Exchange of India Ltd.	C	-

C - Chairman of the Committee

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

VIII. MR. NARENDRA OSTAWAL (DIN 06530414)

Mr. Narendra Ostawal, aged 40 years, is a Non-Executive Director of the Company. He joined the Board of Directors of the Company in January, 2015.

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

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 MBA from Indian Institute of Management, Bangalore.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. Narendra Ostawal (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2018 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding Capital First Limited)	
		Audit Committee	Stakeholders Relationship Committee
1.	Laurus Labs Limited	M	C
2.	AU Small Finance Bank Limited	M	M
3.	D B Power Limited	-	-
4.	DB Power (Madhya Pradesh) Limited	-	-

C - Chairman of the Committee

M - Member of the Committee

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

IX. MR. APUL NAYYAR (DIN 01738973)

Mr. Apul Nayyar, aged 45 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 has more than 20 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, 2018 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 7,20,000 equity shares in the Company.

X. Mr. Nihal Desai (DIN 03288923)

Mr. Nihal Desai, aged 50 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 has more than 24 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.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. Nihal Desai (except Private Companies, Non-Profit Companies and Foreign Companies) as on March 31, 2018 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	-	-

Mr. Nihal Desai holds 75,000 equity shares in the Company.

On behalf of the Board of Directors

V. Vaidyanathan

Place : Mumbai

Date : May 04, 2018

Chairman & Managing Director

DIN: 00082596

ANNEXURE 2 TO THE DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS

Corporate Identity Number (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	One Indiabulls Centre, Tower 2A & 2B, 10 th Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013 Tel No.: +91 22 4042 3400 Fax No.: +91 22 4042 3401 E-mail ID: secretarial@capitalfirst.com Website: www.capitalfirst.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India Tel. No.: +91 22 4918 6270 Fax No.: +91 22 4918 6060 E-mail : rnt.helpdesk@linkintime.co.in Website: www.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.	Capital First Home Finance Limited One Indiabulls Centre, Tower 2A & 2B, 10 th Floor, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400 013	U65192MH2010PLC211307	Subsidiary	100%	2 (87)
2.	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)
3.	Capital First Commodities Limited Technopolis Knowledge Park, A-Wing, 4 th Floor, 401-407, Mahakali Caves Road, Chakala, Andheri (East), Mumbai - 400 093	U65990MH2008PLC181572	Subsidiary	100%	2 (87)

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

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

(a) Category-wise Shareholding

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	59.78	33937645	-	33937645	34.29	(25.49)
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
- Foreign Portfolio Investor	1247957	-	1247957	1.28	1247957	-	1247957	1.26	(0.02)
Sub-total (A) (2):	59485602	-	59485602	61.06	35185602	-	35185602	35.55	(25.51)
Total Public Shareholding (A) = (A)(1)+(A)(2)	59485602	-	59485602	61.06	35185602	-	35185602	35.55	(25.51)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	4235935	-	4235935	4.35	14215685	-	14215685	14.36	10.02
b) Banks/FI	236123	-	236123	0.24	418343	-	418343	0.42	0.18
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	1604181	-	1604181	1.65	510860	-	510860	0.52	(1.13)
g) FIs/ FPIs	8203627	-	8203627	8.42	19347787	-	19347787	19.55	11.13
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
- Alternate Investment Funds	-	-	-	-	227410	-	227410	0.23	0.23
Sub-total (B)(1):	14279866	-	14279866	14.66	34720085	-	34720085	35.08	20.43
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2106716	-	2106716	2.16	2299948	-	2299948	2.32	0.16
ii) Overseas	-	-	-	-	-	-	-	-	-

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) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7295177*	1975	7297152	7.49	10294758	957	10295715	10.40	2.91
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	7421257	-	7421257	7.62	8470879	-	8470879	8.56	0.94
c) Others (specify)									
- IEPF	-	-	-	-	29572	-	29572	0.03	0.03
- Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
- Non-Resident (Repat)	966423	-	966423	0.99	1116582	-	1116582	1.13	0.14
- Non-Resident (Non Repat)	134817	-	134817	0.14	296386	-	296386	0.30	0.16
- Clearing Member	375390	-	375390	0.39	628964	-	628964	0.64	0.25
- Trust	50489	-	50489	0.05	366323	-	366323	0.37	0.32
- Hindu Undivided Family	523748	-	523748	0.54	774259	-	774259	0.78	0.24
- Foreign Company	4780000	-	4780000	4.91	4780000	-	4780000	4.83	(0.08)
- Foreign National	609	-	609	0.00	929	-	929	0.00	0.00
Sub-total (B)(2):	23654626	1975	23656601	24.28	29058600	957	29059557	29.36	5.08
Total Public Shareholding (B) = (B)(1)+(B)(2)	37934492	1975	37936467	38.94	63778685	957	63779642	64.45	25.51
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	97420094*	1975	97422069	100.00	98964287	957	98965244	100.00	-

* Out of the above equity shares, 6250 equity shares were allotted to employee on March 30, 2017 pursuant to exercise under various Employees Stock Option Schemes and were transferred to depository account after March 31, 2017.

(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	59.78	-	33937645	34.29	-	(25.49)
2.	Dayside Investment Ltd	1247957	1.28	-	1247957	*1.26	-	(0.02)
	Total	59485602	61.06	-	35185602	35.55	-	(25.51)

*Decrease in the percentage of total shares of the Company is due to ESOS allotment during the financial year 2017-18.

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

(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
1.	Cloverdell Investment Ltd				
	At the beginning of the year	58237645	59.78	58237645	59.78
	May 17, 2017	(24300000)	24.94	33937645	34.84
	Sale of equity shares on the floor of stock exchange(s)				
	At the end of the year			33937645	34.29
2.	Dayside Investment Ltd				
	At the beginning of the year	1247957	1.28	1247957	1.28
	There was no change in shareholding of Dayside Investment Ltd in financial year 2017-18				
	At the end of the year			1247957	*1.26

*Decrease in the percentage of total shares of the Company is due to ESOS allotment during the financial year 2017-18.

(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 (01.04.2017 to 31.03.2018)	
		No. of Shares at beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Government of Singapore	66510	0.07	01-Apr-17				
				19-May-17	8701476	Purchase	8767986	9.00
		8767986	8.86	31-Mar-18				
2.	Aditya Birla Sun Life Trustee Private Limited	4058545	4.17	01-Apr-17				
	(various sub accounts)			07-Apr-17	619	Purchase	4059164	4.17
				14-Apr-17	-13800	Sale	4045364	4.15
				28-Apr-17	-7100	Sale	4038264	4.15
				05-May-17	-7512	Sale	4030752	4.14
				12-May-17	-15088	Sale	4015664	4.12
				19-May-17	258800	Purchase	4274464	4.39
				26-May-17	100000	Purchase	4374464	4.49
				02-Jun-17	2856	Purchase	4377320	4.48
				16-Jun-17	31200	Purchase	4408520	4.52
				30-Jun-17	11200	Purchase	4419720	4.52
				07-Jul-17	-20	Sale	4419700	4.52
				14-Jul-17	-178856	Sale	4240844	4.34
				21-Jul-17	170020	Purchase	4410864	4.51
				04-Aug-17	-9452	Sale	4401412	4.50
				25-Aug-17	1600	Purchase	4403012	4.50

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				01-Sep-17	181600	Purchase	4584612	4.69
				08-Sep-17	79200	Purchase	4663812	4.77
				15-Sep-17	3200	Purchase	4667012	4.77
				29-Sep-17	6400	Purchase	4673412	4.78
				06-Oct-17	5600	Purchase	4679012	4.78
				03-Nov-17	196000	Purchase	4875012	4.93
				10-Nov-17	20000	Purchase	4895012	4.95
				24-Nov-17	-12000	Sale	4883012	4.94
				01-Dec-17	-82582	Sale	4800430	4.86
				22-Dec-17	-54740	Sale	4745690	4.80
				12-Jan-18	-133058	Sale	4612632	4.66
				19-Jan-18	257529	Purchase	4870161	4.92
				02-Feb-18	-69900	Sale	4800261	4.85
				09-Feb-18	-58553	Sale	4741708	4.79
				16-Feb-18	-100000	Sale	4641708	4.69
				23-Feb-18	262000	Purchase	4903708	4.96
				02-Mar-18	36000	Purchase	4939708	4.99
				09-Mar-18	-73335	Sale	4866373	4.92
				16-Mar-18	60000	Purchase	4926373	4.98
				23-Mar-18	-58400	Sale	4867973	4.92
				31-Mar-18	65400	Purchase	4933373	4.98
		4933373	4.98	31-Mar-18				
3.	Caladium Investment Pte. Ltd.	4780000	4.91	01-Apr-17		Nil Movement during the year		
		4780000	*4.83	31-Mar-18				
4.	HDFC Trustee Company Ltd. (various sub accounts)	Nil	0.00	01-Apr-17				
				19-May-17	1603408	Purchase	1603408	1.65
				26-May-17	477392	Purchase	2080800	2.14
				02-Jun-17	95000	Purchase	2175800	2.23
				16-Jun-17	19200	Purchase	2195000	2.25
				23-Jun-17	144400	Purchase	2339400	2.39
				30-Jun-17	201800	Purchase	2541200	2.60
				21-Jul-17	88000	Purchase	2629200	2.69
				28-Jul-17	272000	Purchase	2901200	2.97
				04-Aug-17	100000	Purchase	3001200	3.07
				11-Aug-17	8800	Purchase	3010000	3.08
				18-Aug-17	23000	Purchase	3033000	3.10
				01-Sep-17	41600	Purchase	3074600	3.14
				15-Sep-17	143000	Purchase	3217600	3.29

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				22-Sep-17	200000	Purchase	3417600	3.49
				20-Oct-17	-1600	Sale	3416000	3.46
				15-Dec-17	8000	Purchase	3424000	3.46
				12-Jan-18	176800	Purchase	3600800	3.64
				19-Jan-18	160000	Purchase	3760800	3.80
				26-Jan-18	120000	Purchase	3880800	3.92
				02-Feb-18	-37600	Sale	3843200	3.88
				09-Feb-18	3200	Purchase	3846400	3.89
				16-Feb-18	61600	Purchase	3908000	3.95
				02-Mar-18	193600	Purchase	4101600	4.15
				09-Mar-18	4800	Purchase	4106400	4.15
		4106400	4.15	31-Mar-18				
5.	Government Pension Fund Global	2042179	2.10	01-Apr-17				
				04-Aug-17	-110987	Sale	1931192	1.98
				02-Mar-18	-390658	Sale	1540534	1.56
				09-Mar-18	-164375	Sale	1376159	1.39
				16-Mar-18	100486	Purchase	1476645	1.49
				23-Mar-18	99926	Purchase	1576571	1.59
		1576571	1.59	31-Mar-18				
6.	National Westminster Bank PLC as Trustee of The Jupiter India Fund	580181	0.60	01-Apr-17				
				19-May-17	630458	Purchase	1210639	1.24
				22-Sep-17	146511	Purchase	1357150	1.39
				09-Feb-18	12184	Purchase	1369334	1.38
		1369334	1.38	31-Mar-18				
7.	Kotak Equity Arbitrage Fund	Nil	0.00	01-Apr-17				
				07-Apr-17	112000	Purchase	112000	0.11
				21-Apr-17	15200	Purchase	127200	0.13
				28-Apr-17	65600	Purchase	192800	0.20
				05-May-17	8800	Purchase	201600	0.21
				12-May-17	20800	Purchase	222400	0.23
				19-May-17	75200	Purchase	297600	0.31
				26-May-17	-175200	Sale	122400	0.13
				09-Jun-17	4000	Purchase	126400	0.13
				16-Jun-17	-27200	Sale	99200	0.10
				23-Jun-17	-38400	Sale	60800	0.06

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				30-Jun-17	16000	Purchase	76800	0.08
				07-Jul-17	8000	Purchase	84800	0.09
				21-Jul-17	-12800	Sale	72000	0.07
				28-Jul-17	1600	Purchase	73600	0.08
				04-Aug-17	-33600	Sale	40000	0.04
				11-Aug-17	240000	Purchase	280000	0.29
				18-Aug-17	-16000	Sale	264000	0.27
				25-Aug-17	-32000	Sale	232000	0.24
				01-Sep-17	20000	Purchase	252000	0.26
				08-Sep-17	-3200	Sale	248800	0.25
				15-Sep-17	94400	Purchase	343200	0.35
				22-Sep-17	-163200	Sale	180000	0.18
				29-Sep-17	-800	Sale	179200	0.18
				06-Oct-17	7200	Purchase	186400	0.19
				13-Oct-17	-800	Sale	185600	0.19
				20-Oct-17	-9600	Sale	176000	0.18
				27-Oct-17	47200	Purchase	223200	0.23
				03-Nov-17	241600	Purchase	464800	0.47
				10-Nov-17	-4800	Sale	460000	0.47
				17-Nov-17	-56800	Sale	403200	0.41
				24-Nov-17	3200	Purchase	406400	0.41
				01-Dec-17	29600	Purchase	436000	0.44
				08-Dec-17	-11200	Sale	424800	0.43
				22-Dec-17	48800	Purchase	473600	0.48
				29-Dec-17	164000	Purchase	637600	0.64
				05-Jan-18	18400	Purchase	656000	0.66
				12-Jan-18	116800	Purchase	772800	0.78
				19-Jan-18	-28800	Sale	744000	0.75
				26-Jan-18	80000	Purchase	824000	0.83
				02-Feb-18	13600	Purchase	837600	0.85
				16-Feb-18	4800	Purchase	842400	0.85
				23-Feb-18	4000	Purchase	846400	0.86
				02-Mar-18	28000	Purchase	874400	0.88
				16-Mar-18	327200	Purchase	1201600	1.21
				23-Mar-18	24000	Purchase	1225600	1.24
				31-Mar-18	-18400	Sale	1207200	1.22
		1207200	1.22	31-Mar-18				
8.	College Retirement Equities Fund - Stock Account	6893	0.01	01-Apr-17				
				02-Jun-17	13714	Purchase	20607	0.02

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				07-Jul-17	109110	Purchase	129717	0.13
				14-Jul-17	478894	Purchase	608611	0.62
				21-Jul-17	172802	Purchase	781413	0.80
				28-Jul-17	24395	Purchase	805808	0.82
				04-Aug-17	82850	Purchase	888658	0.91
				11-Aug-17	780700	Purchase	1669358	1.71
				24-Nov-17	44300	Purchase	1713658	1.73
				08-Dec-17	-1028	Sale	1712630	1.73
				19-Jan-18	-716599	Sale	996031	1.01
		996031	1.01	31-Mar-18				
9.	TIAA-CREF FUNDS - TIAA-CREF EMERGING MARKETS EQUITY FUND	Nil	0.00	01-Apr-17				
				28-Jul-17	69067	Purchase	69067	0.07
				04-Aug-17	234568	Purchase	303635	0.31
				11-Aug-17	258365	Purchase	562000	0.57
				24-Nov-17	186900	Purchase	748900	0.76
		748900	0.76	31-Mar-18				
10.	HDFC Standard Life Insurance Company Limited	1598324	1.64	01-Apr-17				
				07-Apr-17	848	Purchase	1599172	1.64
				14-Apr-17	-77754	Sale	1521418	1.56
				21-Apr-17	-108017	Sale	1413401	1.45
				28-Apr-17	-4698	Sale	1408703	1.45
				19-May-17	736678	Purchase	2145381	2.20
				26-May-17	75395	Purchase	2220776	2.28
				16-Jun-17	10000	Purchase	2230776	2.28
				23-Jun-17	-178	Sale	2230598	2.28
				30-Jun-17	29084	Purchase	2259682	2.31
				14-Jul-17	9561	Purchase	2269243	2.32
				21-Jul-17	-3676	Sale	2265567	2.32
				28-Jul-17	823	Purchase	2266390	2.32
				04-Aug-17	-25050	Sale	2241340	2.29
				11-Aug-17	-1156	Sale	2240184	2.29
				18-Aug-17	-25000	Sale	2215184	2.27
				15-Sep-17	-3704	Sale	2211480	2.26
				22-Sep-17	-2705	Sale	2208775	2.26
				29-Sep-17	13898	Purchase	2222673	2.27
				06-Oct-17	2048	Purchase	2224721	2.27

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				20-Oct-17	-42051	Sale	2182670	2.21
				27-Oct-17	-2424	Sale	2180246	2.21
				03-Nov-17	-443270	Sale	1736976	1.76
				10-Nov-17	-331265	Sale	1405711	1.42
				24-Nov-17	-140000	Sale	1265711	1.28
				01-Dec-17	-15000	Sale	1250711	1.27
				08-Dec-17	-387552	Sale	863159	0.87
				15-Dec-17	-50000	Sale	813159	0.82
				22-Dec-17	-50000	Sale	763159	0.77
				12-Jan-17	-125000	Sale	638159	0.65
				09-Mar-17	-100000	Sale	538159	0.54
		538159	0.54	31-Mar-18				

* Decrease in the percentage of total shares of the Company is due to ESOS allotment during the financial year 2017-18.

(e) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	V. Vaidyanathan Chairman and Managing Director	3549576	3.64	01-Apr-17				
				17-Oct-17	991000	ESOS Allotment	4540576	4.59
				16-Jan-18	*-500000	Donation	4040576	4.08
		4040576	4.08	31-Mar-18				
2.	Apul Nayyar Executive Director	665000	0.68	01-Apr-17				
				01-Jun-17	45000	ESOS Allotment	710000	0.73
				10-Aug-17	10000	ESOS Allotment	720000	0.74
		720000	0.73	31-Mar-18				
3.	Nihal Desai Executive Director	80000	0.08	01-Apr-17				
				01-Jun-17	15000	ESOS Allotment	95000	0.10
				06-Sep-17	-20000	Market Sale	75000	0.08
		75000	0.08	31-Mar-18				

* Donation of 5,00,000 equity shares of Capital First Limited by Mr. V. Vaidyanathan, Chairman & Managing Director to Rukmani Social Welfare Trust for social cause/ charitable purpose.

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
4.	Pankaj Sanklecha Chief Financial Officer and Head – Corporate Centre	235255	0.24	01-Apr-17				
				01-Jun-17	50000	ESOS Allotment	285255	0.29
				16-Jun-17	-10000	Market Sale	275255	0.28
				22-Jun-17	20000	ESOS Allotment	295255	0.30
				14-Jul -17	-20000	Market Sale	275255	0.28
				10-Aug-17	20000	ESOS Allotment	295255	0.30
				06-Sep-17	-10000	Market Sale	285255	0.29
				12-Sep-17	-10000	Market Sale	275255	0.28
				13-Sep-17	-5000	Market Sale	270255	0.28
				05-Dec-17	50000	ESOS Allotment	320255	0.32
				17-Jan-18	28000	ESOS Allotment	348255	0.35
		348255	0.35	31-Mar-18				
5.	Satish Gaikwad Head - Legal, Compliance and Company Secretary	2990	0.00	01-Apr-17				
				01-Jun-17	4000	ESOS Allotment	6990	0.01
				13-Sep-17	-500	Market Sale	6490	0.01
				18-Sep-17	-500	Market Sale	5990	0.01
				21-Sep-17	1500	ESOS Allotment	7490	0.01
		7490	0.01	31-Mar-18				

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	1,15,744	19,775	-	1,35,518
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,350	243	-	1,593
Total (i + ii + iii)	1,17,094	20,017	-	1,37,111
Change in Indebtedness during the financial year				
Addition	3,21,654	51,968	-	3,73,622
Reduction	2,73,877	37,934	-	3,11,811
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	1,63,520	33,809	-	1,97,329
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,319	383	-	3,702
Total (i + ii + iii)	1,66,839	34,192	-	2,01,031

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration Paid during FY 2017-18	Name of Chairman & Managing Director	Name of Executive Director	Name of Executive Director
		Mr. V. Vaidyanathan	Mr. Apul Nayyar	Mr. Nihal Desai
1.	Gross salary*			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	^ ₹ 7,58,21,918	^ ₹ 3,87,90,532	^ ₹ 3,79,63,998
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NA	NA	NA
2.	Stock Option granted during FY 2017-18	24,50,000 options	50,000 options	50,000 options
3.	Sweat Equity	NA	NA	NA
4.	Commission			
	- as % of profit	NA	NA	NA
	- others, specify...	NA	NA	NA
5.	Others, please specify	NA	NA	NA
	Total	₹ 7,58,21,918	₹ 3,87,90,532	₹ 3,79,63,998
	Ceiling as per the Act	₹ 50,26,05,986		

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

^ Includes bonus paid for the financial year 2016-17 in financial year 2017-18, and excludes perquisite value consequent to exercise of stock options.

B. REMUNERATION TO OTHER DIRECTORS

Sr. No.	Particulars of Remuneration Paid during FY 2017-18	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	₹ 9,70,000	₹ 5,50,000	₹ 7,50,000	₹ 4,70,000	₹ 4,20,000	₹ 31,60,000
	Commission Paid during FY 2017-18	₹ 20,00,000	₹ 20,00,000	₹ 20,00,000	₹ 20,00,000	₹ 20,00,000	₹ 1,00,00,000
	Others, please specify	-	-	-	-	-	-
	Total (1)	₹ 29,70,000	₹ 25,50,000	₹ 27,50,000	₹ 24,70,000	₹ 24,20,000	₹ 1,31,60,000
Sr. No.	Particulars of Remuneration Paid during FY 2017-18	Name of Directors				Total Amount	
		Vishal Mahadevia		Narendra Ostawal			
2.	Non-Executive Directors						
	Fee for attending board/ committee meetings	Not Applicable					Not Applicable
	Commission						
	Others, please specify						
	Total (2)						-
	Total (B)=(1+2)						₹ 1,31,60,000
	Overall Ceiling as per the Act for Non-Executive Directors						₹ 5,02,60,599
	Overall Ceiling as per the Act for all Directors						₹ 55,28,66,585

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

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

Sr. No.	Particulars of Remuneration Paid during FY 2017-18	Key Managerial Personnel(s)	
		Pankaj Sanklecha Chief Financial Officer	Satish Gaikwad Company Secretary
1.	Gross salary*		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	^ ₹ 2,43,59,770	^ ₹ 82,26,940
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NA	NA
2.	Stock Option granted during FY 2017-18	30,000 options	12,000 options
3.	Sweat Equity	NA	NA
4.	Commission - as % of profit - others, specify...	NA	NA
5.	Others, please specify	NA	NA
	Total	₹ 2,43,59,770	₹ 82,26,940

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

^ Includes bonus for the financial year 2016-17 paid in financial year 2017-18 and excludes perquisite value consequent to exercise of stock options.

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 04, 2018

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/investor/corporate-governance
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	₹ 2,71,49,65,618/-
4.	Prescribed CSR Expenditure (two per cent of the amount as in Item No. 3 above)	₹ 5,42,99,312/-
5.	Details of CSR spent during the financial year: a) Total amount spent for the financial year b) Amount Unspent, if any	₹ 5,45,41,137/- Nil

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	Direct or through implementing agency
1.	BALM Scholarship	Education	Chennai, Tamil Nadu	₹ 20,00,000	Direct expense: ₹ 19,02,000 Overhead: Nil	₹ 19,02,000	Implementing agency: BALM
2.	Capital First Ltd. Woman of Substance	Skill/ Vocational training	Delhi	₹ 15,00,000	Direct expense: ₹ 12,48,973 Overhead: Nil	₹ 12,48,973	Implementing agency: Etasha Society
3.	Om Creations Trust	Skill/ Vocational training	Mumbai, Maharashtra	₹ 38,00,000	Direct expense: ₹ 39,84,000 Overhead: Nil	₹ 39,84,000	Implementing agency: Om Creations Trust
4.	Navneet	Education	Pune District, Maharashtra	₹ 40,00,000	Direct expense: ₹ 43,99,117 Overhead: Nil	₹ 43,99,117	Implementing agency: Navneet
5.	SAMPARC Vocational Training program & Heritage Walk at Bhaje Caves.	Skilling/ Vocational training	Lonavala, Maharashtra	₹ 20,00,000	Direct expense: ₹ 25,00,000 Overhead: Nil	₹ 25,00,000	Implementing agency: SAMPARC
6.	Project Sambhavna – EduBridge Learning Pvt. Ltd.	Education/ Vocational training	Maharashtra/ Goa	₹ 9,87,500	Direct expense: ₹ 9,87,500 Overhead: ₹ 86,200	₹ 10,73,700	Implementing agency: EduBridge Learning Pvt. Ltd.

ANNEXURE 3 TO THE DIRECTORS' REPORT (CONTD.)

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	Direct or through implementing agency
7.	CFL Scholarship Timespro Program –MBA	Education	Delhi/ Karnataka/ Tamil Nadu/ Maharashtra/ Andhra Pradesh	₹ 1,60,00,000	Direct expense: ₹ 75,00,000 Overhead: Nil	₹ 75,00,000	Implementing agency: TimesPro
8.	Project Saksham	Women empowerment/ Vocational training	Mumbai, Maharashtra	₹ 40,00,000	Direct expense: ₹ 34,67,700 Overhead: ₹ 20,000	₹ 34,87,700	Implementing agency: Animedh Charitable Trust
9.	Edubridge	Employability	Lonavala, Maharashtra	₹ 23,00,000	Direct expense: ₹ 23,40,000 Overhead: Nil	₹ 23,40,000	Implementing agency: EduBridge
10.	Pune City Connect- Light House	Livelihoods	Pune, Maharashtra	₹ 15,00,000	Direct expense: ₹ 15,00,000 Overhead: Nil	₹ 15,00,000	Direct
11.	Nasscom-DLC	Digital Literacy/ Education	Pune, Maharashtra	₹ 21,40,500	Direct expense: ₹ 21,40,500 Overhead: Nil	₹ 21,40,500	Implementing agency: Pune City Connect
12.	Bubbles (BISWA GAURI)	Disability/ Vocational Training/ Education	Bangalore, Karnataka	₹ 18,41,000	Direct expense: ₹ 18,41,000 Overhead: ₹ 24,785	₹ 18,65,785	Implementing agency: Bubbles (BISWA GAURI)
13.	Zone Start ups	Women Empowerment	PAN India	₹ 10,00,000	Direct expense: ₹ 10,00,000 Overhead: 10,000	₹ 10,10,000	Implementing agency: Zone start ups
14.	CFL Employees undertaken CSR Activities (Goodwill challenge)	Education/ Health/ Women empowerment/ Animal Health/ Promoting Culture	PAN India	₹ 50,00,000	Direct expense: ₹ 57,37,495 Overhead: ₹ 2,50,158	₹ 59,87,653	Various NGO's and Trust's
15.	Police Pressure socks (Yogi Kripa)	Health	Mumbai, Maharashtra	₹ 24,00,000	Direct expense: 19,45,000 Overhead: 21,909	₹ 19,66,909	Direct
16.	CFL Scholarship – Open Scholarship	Education	PAN India	₹ 75,00,000	Direct expense : 89,00,000 Overhead: ₹ 4,31,516	₹ 93,31,516	Direct

ANNEXURE 3 TO THE DIRECTORS' REPORT (CONTD.)

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	Direct or through implementing agency
17.	Indian Cancer Institute	Health	Mumbai, Maharashtra	₹ 7,50,000	Direct expense: ₹ 7,50,000 Overhead: NIL	₹ 7,50,000	Implementing agency: Indian Cancer Institute
18.	CSR Administrative Expenses	Overheads	Mumbai Delhi Chennai Bangalore Pune	₹ 15,53,284	Direct expense: NIL Overhead: 15,53,284	₹ 15,53,284	

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 organization 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.

ETASHA society provides vocational training, placement, employability skills training and career guidance to the youth from disadvantaged sections of the society. ETASHA's community mobilization 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.

Social Action for Manpower Creation (SAMPARC) is a NGO which runs an orphanage, community education projects and vocational training. SAMPARC aims to change the life of under privileged youth from below poverty level and from social and economic backwardness to develop the youth for skill development, to help them to gain confidence and to make them employable.

Catalysts for Social Action (CSA) is a Not-For-Profit organization dedicated to the cause of child welfare and rehabilitation for children living in orphanages.

CSA works as a "catalyst" focusing on a holistic approach to child care and optimal rehabilitation outcomes. Over the past 13 years, CSA has become a very respected NGO with a solid body of field work. It has created scalable innovative and effective programmes to help orphaned children with a better life. CSA has enormous proven credibility and reputation for highest levels of transparency and governance.

ANNEXURE 3 TO THE DIRECTORS' REPORT (CONTD.)

Animedh Charitable Trust (ACT) is a non-profit organization, based in Mumbai. The Objectives of ACT are to provide financial support and social services to needy women as well as children.

TimesPro is an education initiative of the Times of India group aimed at revolutionizing professional education. TimesPro is a 100% subsidiary of The Times Group, India's oldest and largest media house.

Pune City Connect is a platform for collaboration between corporates and the Pune Municipal Corporation (PMC). The Lighthouse programs provides the underprivileged youth of Pune a chance to explore the possibilities available, and eventually take up a vocation that would encourage them to pursue a meaningful career. This process will play out in stages, with programs designed to include technology, music and art, which will ensure the youth enjoys this transformative journey.

Bubbles Centre for Autism is a unit of Biswa Gouri Charitable Trust which provides educational programs for children with learning difficulties. The Centre focusses on working with children in the Autism Spectrum and other neuro developmental disorders.

Zone start up is an accelerator which provides hands-on strategic and tactical guidance for startups looking to drive market validation and customer acquisition, as well as access to investors, corporate partners, and advisors. The accelerator program provides startups with strategic and tactical guidance, opportunities for strategic partnerships, pilots, collaboration and helps them connect with high-potential startups working on innovative and disruptive technologies and ideas.

empoWer is India's exclusive accelerator program for women entrepreneurs to support them in scaling their tech startups. It aims to identify women entrepreneurs who can build great, fundable businesses. It is a 6-week program comprising of mentoring, workshops, case studies of successful women led startups, industry connect, peer network, investor connect and over INR 60 Lakhs in cash & professional services as takeaways.

Nasscom Foundation's mission is responsible business, promote and develop social and environmental solutions, build capacities of individuals and organizations to achieve these, and influence policy making and create thought leadership, using the capacities and competencies of the ecosystem of the IT-BPM industry in India.

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: **Not Applicable**
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.

On behalf of the Board of Directors

V. Vaidyanathan

Chairman & Managing Director
DIN: 00082596

Hemang Raja

Chairman of Corporate Social Responsibility Committee
DIN: 00040769

Place : Mumbai

Date : May 04, 2018

ANNEXURE 4 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 2017-18
Mr. V. Vaidyanathan, <i>Chairman & Managing Director</i>	127.8:1	2.5
Mr. Apul Nayyar, <i>Executive Director</i>	65.4:1	10.4
Mr. Nihal Desai, <i>Executive Director</i>	64:1	19.2
Mr. N. C. Singhal, <i>Non-Executive Independent Director</i>	5:1	18.3
Mr. Vishal Mahadevia, <i>Non-Executive Director</i> [@]	N.A.	N.A.
Mr. Hemang Raja, <i>Non-Executive Independent Director</i>	4.6:1	25.6
Mr. M. S. Sundara Rajan, <i>Non-Executive Independent Director</i>	4.3:1	17.0
Dr. (Mrs.) Brinda Jagirdar, <i>Non-Executive Independent Director</i>	4.2:1	12.8
Mr. Dinesh Kanabar, <i>Non-Executive Independent Director</i>	4.1:1	14.2
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.	12.1
Mr. Satish Gaikwad, <i>Head – Legal, Compliance & Company Secretary</i>	N.A.	35.4

Percentage increase reflects remuneration paid in FY 2016-17 and FY 2017-18.

@ Not paid any remuneration.

N.A. : Not applicable

- b) The percentage increase in the median remuneration of employees in the financial year was 2.2%.
- c) The Company has 2,590 permanent employees on the rolls of Company as on March 31, 2018.
- d) Average percentage increase made in the salaries of employees other than the managerial personnel in the FY 2017-18 as compared to FY 2016-17 was 11.0%. The increase in the managerial remuneration for the same financial year was 4.31%. The average increases every year is an outcome of Company's market competitiveness, our reward philosophy and benchmarking results.
- e) 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 04, 2018

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

ANNEXURE 5 TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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
One Indiabulls Centre, Tower 2A & 2B,
10th Floor, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400013

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 31st March, 2018 (hereinafter called the ‘**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 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (**‘SCRA’**) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment (**Overseas Direct Investment and External Commercial Borrowing are not applicable 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, 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 (Share Based Employee Benefits) Regulations, 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**);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the audit period**); and

ANNEXURE 5 TO THE DIRECTORS' REPORT (CONTD.)

- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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) Listing Agreement entered with the Stock Exchanges.

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

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 either unanimously or majority 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 47,910 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 July 05, 2017 under Section 180 (1) (c) of the Companies Act, 2013 for an amount not exceeding ₹ 30000 crore over and above the aggregate, for the time being, of the paid up capital and free reserves of the Company.
- (c) During the Audit Period, the Board of Directors of the Company at their meeting held on January 13, 2018 approved the composite scheme of amalgamation ("**Scheme**") of Capital First Limited ("**Amalgamating Company 1**"), Capital First Home Finance Limited ("**Amalgamating Company 2**") and Capital First Securities Limited ("**Amalgamating Company 3**") (collectively the "**Amalgamating Companies**") with IDFC Bank Limited ("**Amalgamated Company**") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Amalgamation**"), subject to receipt of applicable regulatory approvals including the stock exchanges, SEBI, the National Company Law Tribunal, and the respective shareholders and creditors of Amalgamating Companies and the Amalgamated Company.

For Makarand M. Joshi & Co.
Practicing Company Secretaries

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place : Mumbai

Date : May 04, 2018

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

ANNEXURE 5 TO THE DIRECTORS' REPORT (CONTD.)

'ANNEXURE A'

To

The Members

Capital First Limited

One Indiabulls Centre, Tower 2A & 2B,
10th Floor, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400013

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Makarand M. Joshi & Co
Practicing Company Secretaries

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place : Mumbai

Date : May 04, 2018

REPORT ON CORPORATE GOVERNANCE

(The Report on Corporate Governance forms part of the Directors' Report for the year ended March 31, 2018)

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 extant laws and regulations. The Company believes that good governance brings sustained corporate growth and long-term benefits for stakeholders.

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

- 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 half of the Board comprises of Independent Board Members. Further, the constitution of Board

Committees satisfies all statutory requirements of 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, 2018, the Board of Directors of the Company consisted of five Independent Directors, two Non-Executive Directors and three Executive Directors.

The Board of Directors at their Meeting held on March 29, 2017 had *inter alia* approved re-appointment of Mr. Naresh Chand Singhal (DIN 00004916), Mr. Swaminathan Sundararajan Mittur (DIN 00169775) and Mr. Hemang Harish Raja (DIN 00040769) as Non-Executive Independent Directors for a term of five consecutive years with effect from April 01, 2017 to hold office up to March 31, 2022 and the same were approved by members in the 12th Annual General Meeting.

During the financial year 2017-18, the term of Dr. (Mrs.) Brinda Jagirdar (DIN 06979864), Non-Executive Independent Director of the Company who was appointed for a term of three years with effect from September 24, 2014, expired on September 23, 2017. The Board of Directors at its Meeting held on August 02, 2017 on recommendation of Nomination & Remuneration Committee had re-appointed Dr. (Mrs.) Brinda Jagirdar as Non-Executive Independent Director of the Company for a term of five years with effect from September 24, 2017 to hold office up to September 23, 2022 and she shall not be liable to retire by rotation. The aforesaid re-appointment of Dr. (Mrs.) Brinda Jagirdar as Non-Executive Independent Director was approved by members through Postal Ballot results on September 07, 2017.

Further, during the financial year 2017-18, Mr. Dinesh Kanabar (DIN 00003252) Non-Executive Independent Director of the Company who was appointed for a term of three years with effect from January 06, 2015, expired on January 05, 2018. The Board of Directors at its Meeting held on October 31, 2017 on recommendation of Nomination & Remuneration Committee had re-appointed Mr. Dinesh Kanabar as Non-Executive Independent Director of the Company for a term of five years with effect from January 06, 2018 to hold office up to January 05, 2023 and he shall not be liable to retire by rotation. The aforesaid re-appointment of Mr. Dinesh Kanabar as Non-Executive

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Independent Director was approved by members through Postal Ballot results on January 21, 2018.

Post financial year 2017-18, the term of Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923), Executive Directors of the Company who were appointed for a term of two years with effect from April 04, 2016 expired on April 03, 2018. The Board of Directors at their Meeting held on April 03, 2018 on recommendation of Nomination & Remuneration Committee had re-appointed Mr. Apul Nayyar and Mr. Nihal Desai as Executive Directors who shall act as Whole Time Directors and Key Managerial Personnels of the Company for a term of one year with effect from April 04, 2018 to hold office up to April 03, 2019. The aforesaid re-appointment of Mr. Apul Nayyar and Mr. Nihal Desai shall be subject to the approval of members in the 13th Annual General Meeting of the Company.

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, 2018 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, 2018. None of the Directors had any relationships inter-se.

During the financial year 2017-18, seven Meetings of the Board of Directors were held on following days:

May 10, 2017, July 05, 2017, August 02, 2017, October 31, 2017, December 18, 2017, January 13, 2018 and January 24, 2018 with the time gap between any two consecutive Meetings being not more than one hundred and twenty days at any point in time.

The details of the number of Board and Annual General Meeting attended by each Director during the financial year 2017-18 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, 2018, 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	07	07	Yes	01	-	01
Mr. N. C. Singhal	Non-Executive & Independent Director	07	07	Yes	03	01	03
Mr. Vishal Mahadevia	Non-Executive Director	07	05	Yes	04	-	04
Mr. M. S. Sundara Rajan	Non-Executive & Independent Director	07	07	Yes	09	05	09
Mr. Hemang Raja	Non-Executive & Independent Director	07	07	Yes	02	01	02
Dr. (Mrs.) Brinda Jagirdar	Non-Executive & Independent Director	07	07	Yes	04	01	04
Mr. Dinesh Kanabar	Non-Executive & Independent Director	07	06	*No	01	02	02
Mr. Narendra Ostawal	Non-Executive Director	07	06	No	04	01	04
Mr. Apul Nayyar	Executive Director	07	06	Yes	01	-	01
Mr. Nihal Desai	Executive Director	07	07	Yes	01	-	-

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.

* Mr. Dinesh Kanabar, Chairman of Audit Committee of Capital First Limited (CFL), due to unavoidable circumstances was not able to attend the 12th Annual General Meeting of the Company held on Wednesday, July 05, 2017 and he had authorized in his absence, Mr. N. C. Singhal, Non-Executive Independent Director and member of Audit Committee of CFL, to represent on his behalf and accordingly the same was represented.

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 & Remuneration Committee and Corporate Social Responsibility (CSR) Committee

REPORT ON CORPORATE GOVERNANCE (CONTD.)

have been constituted pursuant to and in accordance with the provisions of the Companies Act, 2013, Listing Regulations, rules and regulations prescribed by Reserve Bank of India and other applicable laws.

The details of Committees of Board of Directors 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. Evaluation of internal financial controls and risk management systems;
4. Reviewing the internal audit function of the Company; and
5. Such other matters as specified under Listing Regulations, 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 at Meeting:

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

- | | |
|----------------------------|------------|
| 1. Mr. Dinesh Kanabar | - Chairman |
| 2. Mr. N. C. Singhal | - Member |
| 3. Mr. Vishal Mahadevia | - Member |
| 4. 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 six times, i.e. May 10, 2017, July 05, 2017, August 02, 2017, October 31, 2017, January 13, 2018 and January 24, 2018.

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

Name	Number of Audit Committee Meetings Attended
Mr. Dinesh Kanabar	05
Mr. N. C. Singhal	06
Mr. Vishal Mahadevia	04
Mr. M. S. Sundara Rajan	05

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.

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 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 and Attendance at Meeting:

The Stakeholders Relationship Committee comprises of the

REPORT ON CORPORATE GOVERNANCE (CONTD.)

following three Members and two of them are Independent Directors:

1. Dr. (Mrs.) Brinda Jagirdar - Chairperson
2. Mr. Hemang Raja - Member
3. 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 09, 2017, August 02, 2017, October 31, 2017 and January 24, 2018.

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

Name	Number of Stakeholders Relationship Committee Meetings 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, 2018, the Company has 1,37,683 shareholders.

At the beginning of the year, there were no complaints/ correspondences which were pending. During the year under review, the Company and Link Intime India Private Limited, the Registrar and Share Transfer Agent, received 01 complaint/ correspondence/ grievance. All the complaints/ correspondence/ grievances were resolved/ replied during the year and none are pending as on March 31, 2018.

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 and Attendance at Meeting:

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

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 May 09, 2017.

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 Attended
Mr. Hemang Raja	01
Dr. (Mrs.) Brinda Jagirdar	01
Mr. Vishal Mahadevia	Nil
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.

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 Director(s)/ Independent Director(s) 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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

- Such other matters as specified under Listing Regulations, 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 Meeting:

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

- | | |
|----------------------------|------------|
| 1. Mr. N. C. Singhal | - Chairman |
| 2. Mr. Hemang Raja | - Member |
| 3. Mr. M. S. Sundara Rajan | - Member |
| 4. 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 five times, i.e. on May 09, 2017, August 02, 2017, September 13, 2017, October 31, 2017 and December 18, 2017.

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

Name	Number of Nomination and Remuneration Committee Meetings Attended
Mr. N. C. Singhal	05
Mr. Vishal Mahadevia	03
Mr. Hemang Raja	05
Mr. M. S. Sundara Rajan	04

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

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.

Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Regulations, a separate Meeting of Independent Directors was held on May 09, 2017 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. All the Independent

Directors were present at the aforesaid meeting held on May 09, 2017.

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 Circulars/ Notifications/ 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 <https://www.capitalfirst.com/investor/corporate-governance>.

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.

The Notice period of Executive Directors shall be governed as per Company's Policy.

The Board of Directors at their Meeting held on April 03, 2018 on recommendation of Nomination & Remuneration Committee, had re-appointed Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) as Executive Directors who shall act as Whole Time Directors and Key Managerial Personnels of the Company for a term of one year with effect from April 04, 2018 to hold office up to April 03, 2019. The Board at their Meeting held on May 04, 2018 also approved the payment of remuneration of ₹ 2.80 Crore (Rupees Two Crore and Eighty Lakhs Only) per annum payable to Mr. Apul Nayyar and Mr. Nihal Desai respectively pursuant to the said re- appointment and also the bonus of ₹ 1.80 Crore (Rupees One Crore and Eighty Lakhs Only) for the financial year 2017-18 which shall be payable in financial year 2018-19 to them respectively. The aforesaid re-appointment of Mr. Apul Nayyar and Mr. Nihal Desai and remuneration and bonus shall be subject to the approval of members in the 13th Annual General Meeting of the Company.

The Board of Directors at their Meeting held on May 04, 2018 on recommendation of Nomination & Remuneration Committee, had also approved increase in remuneration of Mr. V. Vaidyanathan (DIN 00082596), Chairman & Managing Director by 10%, consisting of Salary of ₹ 5.50 Crore (Rupees Five Crore and Fifty Lakhs Only) per annum from April 01, 2018 and bonus of ₹ 2.80 Crore (Rupees Two Crore and Eighty Lakhs Only) per annum being effective for the financial year 2017-18 and payable in financial year 2018-19 and thereafter for the remaining period of his tenure.

The aforesaid revision in remuneration and bonus payable to Mr. V. Vaidyanathan shall be subject to the approval of members in the 13th Annual General Meeting of the Company.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Details of Equity Shares and Stock Options held and remuneration of Directors for the year ended March 31, 2018:

Name of the Director	Equity Shares held (Nos.)	Stock Options Held (Nos.)	Sitting Fees (in ₹)	^Gross Remuneration (in ₹)	Gross Commission for FY 2016-17 paid during FY 2017-18 (in ₹)	Gross Commission for FY 2017-18 payable during FY 2018-19 (in ₹)
Mr. V. Vaidyanathan	40,40,576*	89,50,000	N.A.	7,58,21,918	N.A.	N.A.
Mr. N. C. Singhal	N.A.	N.A.	9,70,000	N.A.	20,00,000	22,00,000
Mr. Vishal Mahadevia	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. M. S. Sundara Rajan	N.A.	N.A.	5,50,000	N.A.	20,00,000	22,00,000
Mr. Hemang Raja	N.A.	N.A.	7,50,000	N.A.	20,00,000	22,00,000
Dr. (Mrs.) Brinda Jagirdar	N.A.	N.A.	4,70,000	N.A.	20,00,000	22,00,000
Mr. Dinesh Kanabar	N.A.	N.A.	4,20,000	N.A.	20,00,000	22,00,000
Mr. Narendra Ostawal	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Apul Nayyar	7,20,000	1,30,000	N.A.	3,87,90,532	N.A.	N.A.
Mr. Nihal Desai	75,000	5,55,000	N.A.	3,79,63,998	N.A.	N.A.

^ Gross Remuneration includes salary, leave encashment and bonus but does not include provident fund.

* Excludes 5,00,000 fully paid up equity shares of Capital First Limited donated by Mr. V. Vaidyanathan to Rukmani Social Welfare Trust during the year.

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 and the web link is <http://www.capitalfirst.com/investor/corporate-governance>

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 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, the 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/investor/corporate-governance>

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/investor/corporate-governance>

GENERAL BODY MEETINGS

During last three years, Tenth, Eleventh and Twelfth 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
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.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

General Meeting	Date, Time and Venue	Special Resolutions passed
		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.
Eleventh Annual General Meeting	July 05, 2016 at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	a) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013. b) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis. c) Approval of 'CFL Employee Stock Option Scheme 2016' for Employees of the Company. d) Approval of 'CFL Employee Stock Option Scheme 2016' for Employees of Capital First Limited Subsidiary(ies).
Twelfth Annual General Meeting	July 05, 2017 at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	a) Approval for re-appointment of Mr. N. C. Singhal (DIN 00004916) as Non-Executive Independent Director of the Company. b) Approval for re-appointment of Mr. M. S. Sundara Rajan (DIN 00169775) as Non-Executive Independent Director of the Company. c) Approval for re-appointment of Mr. Hemang Raja (DIN 00040769) as Non-Executive Independent Director of the Company. d) Approval for 'CFL Employee Stock Option Scheme 2017' for Employees of the Company. e) Approval for 'CFL Employee Stock Option Scheme 2017' for Employees of Capital First Limited Subsidiary(ies). f) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013. g) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis. h) Approval for raising of funds through issue of Securities. i) Approval for change in place of keeping, maintaining, preserving and inspection of registers, returns etc.

POSTAL BALLOT

During the financial year 2017-18, the Company has passed the following resolutions by Postal Ballots:

Sr. No.	Date of Declaration of Postal Ballot Results	Special Resolutions	Votes in favour of the resolution		Votes against the resolution	
			No. of votes	% to total votes	No. of votes	% to total votes
1.	September 08, 2017	Increased the shareholding limit for Registered Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) upto an aggregate limit of 50% of the paid-up equity share capital of the Company.	71257100	99.9989	806	0.0011
		# Invalid votes cast were 25017 shares				

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Sr. No.	Date of Declaration of Postal Ballot Results	Special Resolutions	Votes in favour of the resolution		Votes against the resolution	
			No. of votes	% to total votes	No. of votes	% to total votes
		Approved re-appointment of Dr. (Mrs.) Brinda Jagirdar (DIN 06979864) as Non-Executive Independent Director of the Company. # Invalid votes cast were 25017 shares	71265056	99.9973	1947	0.0027
2.	January 22, 2018	Approved formulation of CMD Stock Option Scheme viz. 'CMD Stock Option Scheme - 2017' # Invalid votes cast were 67 shares	69876085	96.4009	2608808	3.5991
		Approved Grant of stock options exceeding more than 1% of paid up capital under CMD Stock Option Scheme - 2017 # Invalid votes cast were 475 shares	69872559	96.3971	2611566	3.6029
		Approved re-appointment of Mr. Dinesh Kanabar (DIN 00003252) as Non-Executive Independent Director of the Company. # Invalid votes cast were 475 shares	72637955	99.9975	1833	0.0025

M/s. Parikh & Associates, Company Secretaries, were appointed as the scrutinizer for carrying out the aforesaid postal ballot(s) process in a fair and transparent manner.

Resolution(s), if any, to be passed through Postal Ballot during the financial year 2018-19 will be taken up as and when necessary.

PROCEDURE FOR POSTAL BALLOT

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company has engaged the services of NSDL.

Postal ballot notices and forms are dispatched, along with prepaid postage business reply envelopes to registered members/ beneficiaries. The same notice is sent by email to members who have opted for receiving communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer completes his scrutiny and submits his report to the Chairman, and the consolidated results of the voting are announced by the Chairman/ authorized officer. The results are also displayed on the Company website, www.capitalfirst.com,

besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last date for the receipt of postal ballot forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

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, 2018. 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/investor/corporate-governance>.

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.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

iii) Compliance

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations.

Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of Corporate Governance as on March 31, 2018 and are in compliance with the requirements of Corporate Governance as per Listing Regulations 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, half yearly and annual 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 2017-18.

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.

6. CEO / CFO Certificate:

The MD and the CFO have certified to the Board, as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with regard to the financial statements.

and are widely published in a prominent English newspaper and in a regional language newspaper. The quarterly/ half yearly/ annual results are also displayed on the Company's website www.capitalfirst.com soon after their declaration. All official press releases, presentations to analysts & 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 : Wednesday, July 04, 2018; 3:00 p.m.

- Venue : Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

2. Financial Year : The financial year of the Company is from April 01 to March 31 of the following year.

- First Quarter Results : Fourth week of July, 2018

- Second Quarter Results : Fourth week of October, 2018

- Third Quarter Results : Fifth week of January, 2019

- Fourth Quarter Results : First week of May, 2019

Note: The above dates are indicative

3. Dates of Book Closure : June 28, 2018

4. Dividend Payment Date : On or after July 05, 2018, subject to the approval by shareholders at the ensuing Annual General Meeting.

5. Listing Details

A. Equity Shares

The Company's Equity Shares are listed on:

BSE Limited (BSE)	National Stock Exchange of India Limited (NSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	Exchange Plaza, 5 th Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

Stock Code

BSE : 532938

NSE : CAPF

The requisite Listing fees have been paid in full to both the Stock Exchanges.

International Securities Identification Number (ISIN):

INE688I01017

MEANS OF COMMUNICATION

Quarterly/ Half yearly/ 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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

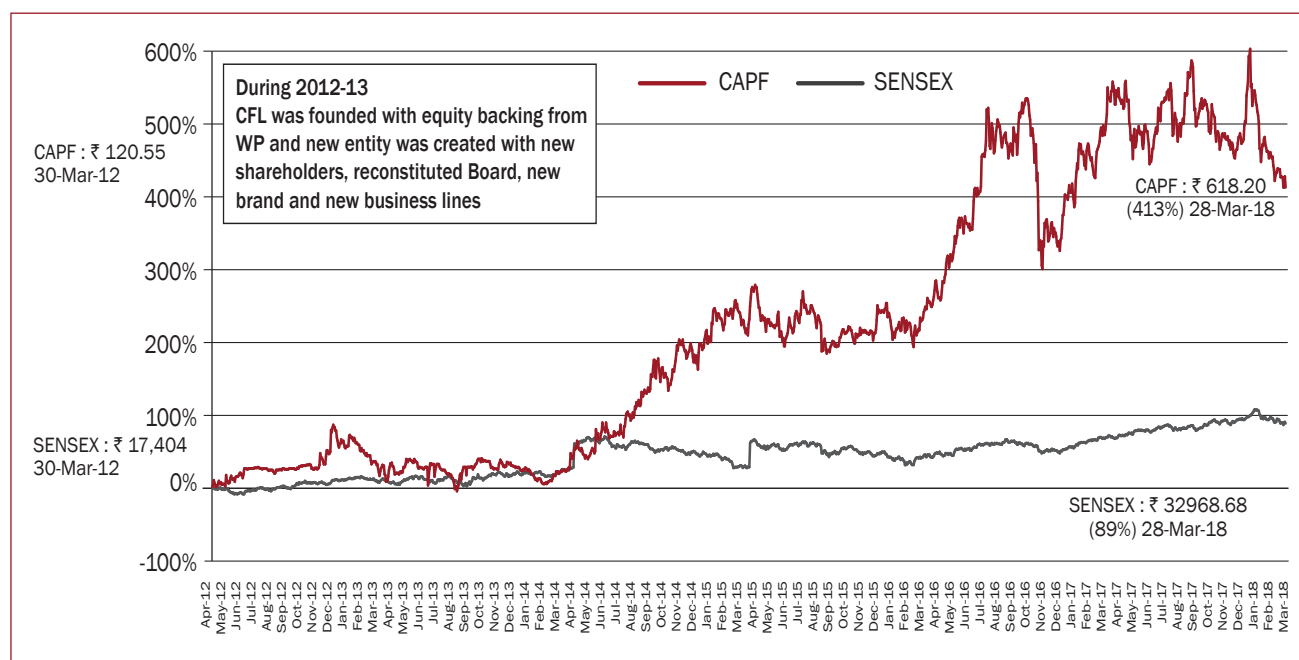
B. Non-Convertible Debentures

The Non-Convertible Debentures (NCDs) of the Company are listed on the Debt Segment of NSE, Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. The Company has paid the requisite Listing fees in full.

6. Market Price Data during the financial year ended March 31, 2018:

Month	BSE		NSE	
	High (Amount in ₹)	Low (Amount in ₹)	High (Amount in ₹)	Low (Amount in ₹)
April, 2017	809.00	737.85	813.45	737.90
May, 2017	814.80	648.00	814.00	647.00
June, 2017	737.40	643.00	737.80	642.10
July, 2017	789.00	663.00	790.00	662.05
August, 2017	798.90	678.60	798.90	677.00
September, 2017	839.00	713.00	839.00	712.00
October, 2017	773.00	702.05	772.90	701.55
November, 2017	764.95	658.05	765.65	657.70
December, 2017	713.65	658.70	713.60	657.80
January, 2018	902.00	691.20	901.85	692.10
February, 2018	742.45	633.75	743.00	635.95
March, 2018	682.00	610.00	681.50	609.80

Performance of the share price of the Company in comparison with BSE SENSEX:



REPORT ON CORPORATE GOVERNANCE (CONTD.)

7. Distribution of equity shareholdings as at March 31, 2018:

Sr. No.	Category (No. of Shares)			Shareholders		Share Amount	
				Number	% to Total	In ₹	% to Total
	(1)			(2)	(3)	(4)	(5)
1	Upto	-	500	1,33,210	96.75	5,74,33,800	5.80
2	501	-	1,000	2,262	1.64	1,74,48,340	1.76
3	1,001	-	2,000	1,087	0.79	1,60,39,830	1.62
4	2,001	-	3,000	345	0.25	87,09,160	0.88
5	3,001	-	4,000	164	0.12	58,37,210	0.59
6	4,001	-	5,000	122	0.09	56,13,890	0.57
7	5,001	-	10,000	214	0.16	1,53,95,220	1.56
8	10,001	and	above	279	0.20	86,31,74,990	87.22
	Total			1,37,683	100.00	98,96,52,440	100.00

8. Categories of equity shareholdings as on March 31, 2018:

Category	No. of Shares	%
Promoter and Promoter Group	3,51,85,602	35.55
Mutual Funds	1,42,15,685	14.37
Banks, Financial Institutions, Insurance Companies	9,29,203	0.94
Foreign Portfolio Investors / Foreign Institutional Investors	1,93,47,787	19.55
Bodies Corporate	22,99,948	2.32
Foreign Company	47,80,000	4.83
Individuals	1,87,66,594	18.96
Non-Resident Individuals	14,13,897	1.43
Others*	20,26,528	2.05
Total	9,89,65,244	100.00

* Includes Clearing Members, Hindu Undivided Family, IEPF Account, Alternate Investment Funds and Trusts.

9. Registrar and Share Transfer Agents

: **Link Intime India Private Limited**
C 101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083,
Maharashtra, India
Tel. No.: +91 22 4918 6270
Fax No.: +91 22 4918 6060
E-mail : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

10. Dematerialisation of shares and liquidity

: Equity shares of the Company are under compulsory Demat trading. As on March 31, 2018, a total of 9,89,64,287 equity shares aggregating to 99.99% of the total issued, subscribed and paid-up equity share capital of the Company, are in dematerialised form.

11. Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

: Not Applicable

12. 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.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

13. Plant Locations : Not Applicable
14. Address for correspondence : **Capital First Limited**
One Indiabulls Centre, Tower 2A & 2B, 10th Floor,
Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013.
Tel. No.: +91 22 4042 3400
Fax No.: +91 22 4042 3401
Website: www.capitalfirst.com
E-mail: secretarial@capitalfirst.com
CIN: L29120MH2005PLC156795
- Registrar and Share Transfer Agent**
Link Intime India Private Limited
C 101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai 400 083,
Maharashtra, India
Tel. No.: +91 22 4918 6270
Fax No.: +91 22 4918 6060
E-mail : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in
15. 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: itsl@idbitrustee.com
Website: <http://www.idbitrustee.com>
- Catalyst Trusteeship Limited**
(Erstwhile GDA Trusteeship Limited)
GDA House, Plot No. 85,
Bhusari Colony (Right), Paud Road,
Pune 411 038
Tel. No.: +91 20 2528 0081
Fax No.: +91 20 2528 0275
E-mail: dt@ctltrustee.com
Website: www.catalysttrustee.com
16. Designated E-mail ID : secretarial@capitalfirst.com
17. 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.)

18. 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	362	2896
Number of shareholders who approached for transfer of shares during the year	5	40
Number of shareholders to whom shares were transferred from suspense account during the year	5	40
Outstanding shares in the suspense account at the end of the year [#]	357	2856

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.

[#]During the financial year 2017-18, the Company transferred the aforesaid 2856 outstanding shares lying in the Unclaimed suspense account to Investor Education and Protection Fund Account.

On behalf of the Board of Directors

V. Vaidyanathan

Chairman & Managing Director

DIN: 00082596

Place : Mumbai

Date : May 04, 2018

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 2017-18.

For Capital First Limited

V. Vaidyanathan

Chairman & Managing Director

DIN 00082596

Place : Mumbai

Date : May 04, 2018

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, 2018, as stipulated in 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 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.

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.,
Practicing Company Secretaries**

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

Place : Mumbai
Date : May 04, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Capital First Limited

Report on the standalone financial statements

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

Management's responsibility for the standalone 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 state of affairs, profit/loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Other matter

The comparative financial information of the Company for the year ended 31 March 2017 as included in these standalone financial statements have been audited by the predecessor auditor who had audited the standalone financial statements for the year ended 31 March 2017. The report of the predecessor auditor on the comparative financial information dated 10 May 2017 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

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 "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
- e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 39 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 40 to the standalone financial statements;
 - iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund; and
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited standalone financial statements for the year ended 31 March 2017 have been disclosed.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Place : Mumbai

Date : May 04, 2018

ANNEXURE TO AUDITOR'S REPORT

"Annexure A" to the Independent Auditor's Report - 31 March 2018

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have not been physically verified by management during the year. The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is in the business of lending and consequently, does not hold any inventory. Accordingly paragraph 3(ii) of the Order is 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 Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and securities granted.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified. Therefore, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, in respect of the services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, good and services tax, employee state insurance, sales tax, value added tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of customs duty, excise duty and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, good and services tax, employee state insurance, sales tax, value added tax and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of any disputes.

Name of the statute	Nature of dues	Amount (₹ In Lakh)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	31.26	AY 2008-09	CIT(A)
Income Tax Act, 1961	Income Tax	160.54	AY 2009-10	CIT(A)
Income Tax Act, 1961	Income Tax	111.72	AY 2010-11	CIT(A)

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

- viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank, government or debenture holder during the year.
- ix. According to the information and explanations given to us and based on our examination of records of the Company, the term loans taken by the Company have been applied for the purpose for which they were raised. During the year, there were no money raised by way of initial public offer or further public offer.
- x. According to the information and explanations given to us and based on our examination of the records of the Company no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year and accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanation given to us, the Company is registered, as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Place : Mumbai

Date : May 04, 2018

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

"Annexure B" to the Independent Auditor's Report 31 March 2018

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

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

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and 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 and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of internal financial controls over financial reporting

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

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

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 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Place : Mumbai

Date : May 04, 2018

BALANCE SHEET AS AT MARCH 31, 2018

₹ in Lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	9,896.52	9,742.21
Reserves and surplus	4	245,100.22	213,979.17
		254,996.74	223,721.38
Share application money pending allotment	3	4.13	-
Non-current liabilities			
Long-term borrowings	5	1,353,626.94	860,458.72
Other long-term liabilities	6	10,182.98	7,145.03
Long-term provisions	7	17,103.10	11,430.30
		1,380,913.02	879,034.05
Current liabilities			
Short-term borrowings	8	370,223.16	250,569.06
Trade payables	9		
(i) Micro and Small Enterprises		-	-
(ii) Other than Micro and Small Enterprises		31,056.13	17,508.58
Other current liabilities	10	340,933.61	308,384.60
Short term provisions	11	20,035.25	14,217.67
		762,248.15	590,679.91
TOTAL		2,398,162.04	1,693,435.34
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	6,123.47	4,764.63
- Intangible assets	12	2,164.64	1,699.33
- Intangible assets under development		1,240.19	-
		9,528.30	6,463.96
Non - current investments	13	54,705.83	29,532.05
Deferred tax assets (Net)	14	8,758.73	6,912.61
Long term loans and advances	15	1,358,666.03	880,715.76
Other non current assets	16	29,155.87	13,300.44
		1,460,814.76	936,924.82
Current assets			
Current investments	17	754.33	2,440.24
Trade receivables	18	6,721.68	6,153.18
Cash and bank balances	19	117,938.73	152,049.14
Short term loans and advances	20	778,075.58	564,216.82
Other current assets	21	33,856.96	31,651.14
		937,347.28	756,510.52
TOTAL		2,398,162.04	1,693,435.34
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 B S R & Co. LLPICAI Firm Registration No. 101248 W/W-100022
Chartered Accountants**Manoj Kumar Vijai**Partner
Membership No.046882Place: Mumbai
Date : May 04, 2018For 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 CentrePlace: Mumbai
Date : May 04, 2018**Hemang Raja**Director
DIN No.00040769**Satish Gaikwad**Head - Legal, Compliance &
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations	22	359,296.21	270,076.03
Other income	23	3,528.96	2,609.45
Total revenue		362,825.17	272,685.48
Expenses			
Employee benefits expense	24	31,621.52	23,319.39
Finance costs	25	129,406.17	112,791.21
Depreciation and amortisation expense	26	2,789.12	1,663.32
Other expenses	27	153,551.58	101,683.03
Total expenses		317,368.39	239,456.95
Profit before exceptional items and tax		45,456.78	33,228.53
Exceptional Items	28	(2,936.75)	-
Profit before tax		48,393.53	33,228.53
Tax expense:			
- Current tax		17,572.62	13,040.04
- Deferred tax credit		(1,846.12)	(1,476.71)
- Tax for earlier years		(33.98)	(21.00)
		15,692.52	11,542.33
Profit after tax		32,701.01	21,686.20
Earning per equity share:	29		
[Face value - ₹10/- per share]			
- Basic		33.29	23.20
- Diluted		31.96	21.76
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 B S R & Co. LLPICAI Firm Registration No. 101248 W/W-100022
Chartered Accountants**Manoj Kumar Vijai**Partner
Membership No.046882

Place: Mumbai

Date : May 04, 2018

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 04, 2018

Hemang RajaDirector
DIN No.00040769**Satish Gaikwad**Head - Legal, Compliance &
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	48,393.53	33,228.53
Adjustments for :		
Depreciation/ amortisation	2,789.12	1,663.32
Provision for doubtful loans and advances	4,743.55	3,326.36
Provision for diminution in value of investments	(2,936.75)	(183.59)
Contingent provisions against standard assets	3,476.07	1,464.22
Bad loans and trade receivables written off	53,619.38	39,482.46
Provision for employee benefits	429.82	148.98
Profit on sale of investments	(3,425.79)	(1,503.16)
Dividend income	(43.84)	(38.93)
Loss on sale of fixed assets	9.99	123.39
Interest on investments	(212.23)	-
	58,449.32	44,483.05
Operating profit before working capital changes	106,842.85	77,711.58
Adjustment for changes in working capital:		
(Increase)/Decrease in trade receivables	(568.50)	(3,485.49)
(Increase)/Decrease in loans and advances	(746,208.92)	(271,885.92)
(Increase)/Decrease in other assets	(17,840.62)	8,092.46
(Increase)/Decrease in trade payables and other liabilities	42,760.71	30,998.58
Cash used in operations	(615,014.48)	(158,568.79)
Direct taxes paid (net of refund)	(12,503.58)	(4,573.92)
Net Cash (used in) operating activities (A)	(627,518.06)	(163,142.71)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including intangible assets and capital work in progress	(6,239.97)	(5,410.19)
Sale proceeds from fixed assets	50.65	10.50
Purchase of investments	(4,316,094.49)	(2,682,500.24)
Sale proceeds from investments	4,299,181.39	2,677,630.75
Dividend income	43.84	38.93
Net Cash (used in) investing activities (B)	(23,058.58)	(10,230.25)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	154.32	618.43
Proceeds from securities premium on issue of equity share capital	3,169.69	36,456.05
Proceeds from share application money pending allotment	4.13	(14.96)
Payment of securities issue expenses	(1,691.53)	(999.09)
Payment of dividend	(2,540.86)	(2,189.91)
Payment of dividend tax	(517.26)	(445.81)
Proceeds from long term borrowings	789,335.00	550,293.00
Repayment of long term borrowings	(290,884.70)	(449,150.25)
Proceeds from short term borrowings	2,712,508.38	453,791.32
Repayment of short term borrowings	(2,592,854.28)	(358,466.37)
Net Cash generated from financing activities (C)	616,682.89	229,892.41
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	(33,893.75)	56,519.45
Cash and cash equivalents at beginning of the year (Refer note 3 below)	150,845.66	94,326.21
Cash and cash equivalents at the end of the year	116,951.91	150,845.66

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Particulars	₹ in Lakhs	
	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents comprises of :		
Cash in hand	2,287.80	1,398.90
Cheques on hand	-	195.22
Balance with banks:		
- in current accounts (Refer note 3 below)	114,664.11	149,251.54
Total	116,951.91	150,845.66

Notes:

1. The above Standalone 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 Rule 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
2. Cash and cash equivalents in the balance sheet comprises of Cash in hand and Cash at bank.
3. The balances in unclaimed dividend accounts is not available for use by the Company and hence the same have been excluded.

As per our report of even date

For B S R & Co. LLPICAI Firm Registration No. 101248 W/W-100022
Chartered Accountants**Manoj Kumar Vijai**Partner
Membership No.046882

Place: Mumbai

Date : May 04, 2018

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 04, 2018

Hemang RajaDirector
DIN No.00040769**Satish Gaikwad**Head - Legal, Compliance &
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. CORPORATE INFORMATION

Capital First Limited (the 'Company' or 'CFL') is a public limited company domiciled in India and incorporated on October 18, 2005 under the provisions of the Companies Act, 1956. 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.

- 1.1** During the current year, the Board of Directors of the Company at its meeting held on January 13, 2018, has approved a composite scheme of amalgamation, in terms of Sections 230-232 of Companies Act, 2013, of the Company, Capital First Home Finance Limited and Capital First Securities Limited (together the "Amalgamating Companies") with IDFC Bank Limited ("Amalgamated Company"). The Competition Commission of India has, at its meeting held on March 07, 2018, considered the proposed combination and approved the same under sub-section (1) of Section 31 of the Competition Act, 2002. The National Housing Bank, vide its letter dated February 19, 2018, has intimated their no objection to the aforesaid amalgamation subject to compliance with the applicable provisions of relevant Acts, Rules, Regulations, etc. in the matter. BSE Limited ("BSE") has, vide its letter dated March 14, 2018, given its prior approval for the aforesaid amalgamation with respect to the Amalgamated Company's trading membership in the Currency Derivative Segment of BSE. National Stock Exchange of India Limited ("NSE") has, vide its letter dated March 26, 2018, given its prior approval for the aforesaid amalgamation with respect to the Amalgamated Company's trading membership in the Currency Derivative Segment of NSE. The said scheme remains subject to the receipt of approval from the Reserve Bank of India and other statutory and regulatory approvals, including the approvals of the relevant stock exchanges, Securities & Exchange Board of India, the National Company Law Tribunal, and the respective shareholders and creditors of the Amalgamating Companies and the Amalgamated Company.

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

Classification of non-performing assets ('NPA')

RBI vide its notification no DNBR. 011/CGM (CDS)-2015 dated March 27, 2015 had revised the asset classification norms for non-performing assets ('NPA') and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ended March 31, 2016. This has resulted in increase in gross non-performing assets by ₹ 8,541.21 lakhs. However, there is no significant impact of this change on provision for year ended March 31, 2018.

(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 management to make judgments, estimates and assumptions that affect the reported amounts of revenues,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on 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 for standard assets

The Company has accounted for provision on standard assets as per Reserve Bank of India ('RBI') notification no. RBI/2014-15/299 dated November 10, 2014, which requires increased provision on standard assets in a phased manner over a period of three years commencing from March 31, 2016. As a result of which provision for standard assets as at March 31, 2018 is higher by ₹ 1,073.54 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 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. 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, 2018

(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
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
Vehicles	4 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(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.

(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 and unrealised interest recognised as income in the previous period is reversed in the month in which the asset is classified as Non-performing, as per NBFC prudential norms.

Interest income on all other assets is recognised on time proportion 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 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

In case of assignment of loans the loans are derecognized as all the rights, title, future receivable and interest thereof are assigned to the purchaser. On derecognition, the difference between the book value of loans assigned and the consideration to be received as reduced by the estimated provision for loss/ expenses and incidental expense related to the transaction is recognized as gain or loss arising on assignment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

Profit/ loss on sale of investments

Profit or loss on sale of investments is determined on the basis of FIFO carrying amount of investments disposed off.

(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

Provident fund

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 benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. 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'.

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 on internal rate of return ('IRR') basis. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 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.

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-Systemically important Non-Deposit accepting Company and Deposit accepting Company (Reserve Bank) Directions, 2016.

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 three months or more.

Contingent Provisions against standard assets

Contingent provision against standard assets has been made @ 0.40% which is in accordance with Reserve Bank of India ('RBI') guidelines.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(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).

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortised over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

(v) Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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 period 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, 2018

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
3. Share Capital		
Authorised:		
113,000,000 (Previous Year: 113,000,000) Equity shares of ₹ 10/- each	11,300.00	11,300.00
	11,300.00	11,300.00
Issued, subscribed and fully paid up:		
98,965,244 (Previous Year : 97,422,069) Equity shares of ₹ 10/- each	9,896.52	9,742.21
	9,896.52	9,742.21

Note:

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 17, 2018.

Note:

- 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, 2018		As at March 31, 2017	
	Number	₹	Number	₹
At the beginning of the reporting year	97,422,069	9,742.21	91,237,744	9,123.77
Issued during the year				
- Under employees stock option scheme	1,543,175	154.31	1,404,325	140.44
- Under preferential allotment (Refer note no. 42)	-	-	4,780,000	478.00
At the close of the reporting year	98,965,244	9,896.52	97,422,069	9,742.21

- 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, 2018		As at March 31, 2017	
	Number	₹	Number	₹
Equity shares of ₹ 10/- each				
Cloverdell Investment Ltd-Holding Company*	33,937,645	3,393.76	58,237,645	5,823.76
Dayside Investment Ltd*	1,247,957	124.80	1,247,957	124.80

* Ceased to be holding company and the subsidiary of the ultimate holding company from May 17, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

	As at March 31, 2018		As at March 31, 2017	
	Number	%	Number	%
Cloverdell Investment Ltd	33,937,645	34.29%	58,237,645	59.78%
Government of Singapore	8,767,986	8.86%	66,510	0.07%

	As at	
	March 31, 2018	March 31, 2017
e. Securities convertible into equity shares	NIL	NIL
f. Shares reserved for issue under Employee Stock Option Scheme (Refer note no. 32)	11,857,950	10,227,325
g. Aggregate number of shares issued for a consideration other than cash during the period of five years immediately preceeding the reporting date	NIL	NIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
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	16,089.35	11,752.11
Add: Transferred from Surplus in the statement of Profit and loss	6,540.20	4,337.24
	22,629.55	16,089.35
Securities premium reserve		
Balance as per last balance sheet	144,697.23	109,240.27
Add: Received during the year	3,169.69	36,456.05
Less: Securities issue expenses (net of tax)	(1,691.53)	(999.09)
	146,175.39	144,697.23
General reserve		
Balance as per last balance sheet	4,227.26	4,227.26
Surplus in the Statement of Profit and Loss		
Balance as per last balance sheet	43,040.33	25,691.37
Add: Profit for the year	32,701.01	21,686.20
<u>Less: Appropriations:</u>		
Transfer to statutory reserve pursuant to section 45-IC of the RBI Act, 1934 (refer note no.(i))	(6,540.20)	(4,337.24)
Dividend on equity shares (refer note no.(ii))	(2,540.86)	-
Dividend tax thereon	(517.26)	-
	66,143.02	43,040.33
	245,100.22	213,979.17

Note:

- (i) As per Section 45-IC of Reserve Bank of India Act, 1934 every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank of India within twenty-one days from the date of such withdrawal. The said amount has been transferred at the end of the Financial Year.
- (ii) The Board of Directors, at its meeting held on May 10, 2017 recommended a dividend of ₹ 2.60/- per Equity Share. The dividend had been declared in the Annual General Meeting held on July 4, 2017 and has been paid on and after July 06, 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	Non-current portion		Current maturities*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
5. Long-Term Borrowings				
Secured				
Redeemable non convertible debentures	787,320.00	372,220.00	36,000.00	20,000.00
Term loans				
- from banks	321,206.94	276,983.72	147,096.22	197,956.14
- from others	127,600.00	98,300.00	37,700.00	26,200.00
Unsecured				
Redeemable non convertible perpetual debentures	36,000.00	28,000.00	-	-
Redeemable non convertible debentures (Subordinated debt)	74,000.00	54,000.00	-	-
Term loans				
- from banks (Subordinate debt)	7,500.00	27,500.00	20,000.00	-
- from banks	-	-	5,000.00	-
- from others (related party)	-	3,455.00	3,642.00	-
	1,353,626.94	860,458.72	249,438.22	244,156.14

* Amount disclosed under the head 'Other current liabilities' (Refer note no. 10)

a. Security details for secured redeemable non-convertible debentures

- 1 Debentures of ₹ 74,000.00 lakhs (Previous Year: ₹ 94,000.00 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 ₹ 749,320.00 lakhs (Previous Year: 298,220.00 lakhs) 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.
- 3 The total asset cover required thereof has been maintained as per the terms and conditions stated in the respective Debenture Trust Deeds.

b. Particulars of secured redeemable non convertible debentures

₹ in Lakhs

Date of redemption	Quantity (Face value of ₹ 10 Lakh)	Non current portion		Current maturities	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
June 15, 2027	750	7,500.00	-	-	-
September 18, 2026	250	2,500.00	2,500.00	-	-
May 15, 2026	800	8,000.00	8,000.00	-	-
May 3, 2024	700	7,000.00	-	-	-
July 19, 2023	352	3,520.00	3,520.00	-	-
June 13, 2023	70	700.00	700.00	-	-
May 31, 2023	200	2,000.00	2,000.00	-	-
December 8, 2022	1,800	18,000.00	-	-	-
July 14, 2022	4,750	47,500.00	-	-	-
June 27, 2022	500	5,000.00	-	-	-
May 3, 2022	1,850	18,500.00	-	-	-
April 13, 2022	500	5,000.00	-	-	-
April 5, 2022	3,000	30,000.00	-	-	-
December 21, 2021	1,000	10,000.00	10,000.00	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. Long-Term Borrowings (Contd.)

₹ in Lakhs

Date of redemption	Quantity (Face value of ₹ 10 Lakh)	Non current portion		Current maturities	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
October 28, 2021	200	2,000.00	2,000.00	-	-
September 20, 2021	150	1,500.00	1,500.00	-	-
September 15, 2021	200	2,000.00	2,000.00	-	-
June 30, 2021	100	1,000.00	1,000.00	-	-
May 31, 2021	1,740	17,400.00	8,500.00	-	-
May 28, 2021	3,500	35,000.00	35,000.00	-	-
March 23, 2021	5,650	56,500.00	-	-	-
February 22, 2021	1,020	10,200.00	-	-	-
January 29, 2021	500	5,000.00	5,000.00	-	-
January 22, 2021	2,100	21,000.00	21,000.00	-	-
December 22, 2020	500	5,000.00	5,000.00	-	-
November 27, 2020	2,150	21,500.00	-	-	-
October 23, 2020	150	1,500.00	1,500.00	-	-
August 14, 2020	1,400	14,000.00	-	-	-
June 5, 2020	500	5,000.00	-	-	-
May 19, 2020	1,500	15,000.00	-	-	-
May 18, 2020	500	5,000.00	-	-	-
May 15, 2020	1,500	15,000.00	-	-	-
May 15, 2020	500	5,000.00	-	-	-
April 30, 2020	850	8,500.00	-	-	-
April 13, 2020	1,850	18,500.00	-	-	-
April 3, 2020	2,000	20,000.00	-	-	-
March 23, 2020	5,950	59,500.00	-	-	-
March 13, 2020	950	9,500.00	9,500.00	-	-
January 24, 2020	5,000	50,000.00	-	-	-
January 17, 2020	5,000	50,000.00	50,000.00	-	-
December 27, 2019	3,000	30,000.00	30,000.00	-	-
October 28, 2019	250	2,500.00	2,500.00	-	-
October 10, 2019	5,750	57,500.00	57,500.00	-	-
September 30, 2019	2,500	25,000.00	25,000.00	-	-
September 30, 2019	2,500	25,000.00	25,000.00	-	-
September 20, 2019	100	1,000.00	1,000.00	-	-
September 13, 2019	800	8,000.00	8,000.00	-	-
July 19, 2019	1,100	11,000.00	11,000.00	-	-
June 28, 2019	450	4,500.00	4,500.00	-	-
June 13, 2019	50	500.00	500.00	-	-
May 31, 2019	250	2,500.00	2,500.00	-	-
January 4, 2019	3,000	-	30,000.00	30,000.00	-
December 21, 2018	350	-	3,500.00	3,500.00	-
June 29, 2018	250	-	2,500.00	2,500.00	-
March 20, 2018	1,000	-	-	-	10,000.00
February 15, 2018	1,000	-	-	-	10,000.00
		787,320.00	372,220.00	36,000.00	20,000.00

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.

Interest rate range from 8.08% p.a to 10.00% p.a as at March 31, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. Long-Term Borrowings (Contd.)

c. Security details for secured term loans

1. Term loans of ₹ 514,936.50 lakhs (Previous year: ₹ 487,939.86 lakhs) is secured by way of first pari passu charge on receivables of retail, wholesale credit and current assets of the Company.
2. Term loans of ₹ 118,666.66 lakhs (Previous Year: ₹ 111,500.00 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

Issue Date	Quantity (Face value of ₹ 10 Lakh)	Non current portion		Current maturities	
		As at	As at	As at	As at
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
September 18, 2017	800	8,000.00	-	-	-
June 6, 2016	300	3,000.00	3,000.00	-	-
March 1, 2016	600	6,000.00	6,000.00	-	-
September 23, 2014	500	5,000.00	5,000.00	-	-
May 24, 2013	150	1,500.00	1,500.00	-	-
March 14, 2013	250	2,500.00	2,500.00	-	-
March 8, 2013	1,000	10,000.00	10,000.00	-	-
		36,000.00	28,000.00	-	-

₹ in Lakhs

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Funds raised through perpetual debentures	8,000.00	3,000.00
Amount outstanding as at the end of the year	36,000.00	28,000.00
Percentage of perpetual debt instrument to total tier I capital	12.99%	11.53%
Financial year in which interest on perpetual debt instrument is not paid on account of Lock-in-clause	NA	NA

Interest rate range from 8.60% p.a to 11.00% p.a as at March 31, 2018

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

Date of redemption	Quantity (Face value of ₹ 10 Lakh)	Non current portion		Current maturities	
		As at	As at	As at	As at
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
May 17, 2028	500	5,000.00	5,000.00	-	-
August 24, 2027	2,000	20,000.00	-	-	-
July 24, 2026	300	3,000.00	3,000.00	-	-
February 5, 2026	1,000	10,000.00	10,000.00	-	-
December 29, 2025	350	3,500.00	3,500.00	-	-
December 15, 2025	250	2,500.00	2,500.00	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. Long-Term Borrowings (Contd.)

Date of redemption	Quantity (Face value of ₹ 10 Lakh)	₹ in Lakhs			
		Non current portion		Current maturities	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
November 20, 2025	250	2,500.00	2,500.00	-	-
October 30, 2025	750	7,500.00	7,500.00	-	-
September 29, 2025	500	5,000.00	5,000.00	-	-
February 28, 2023	1,000	10,000.00	10,000.00	-	-
February 28, 2023	500	5,000.00	5,000.00	-	-
		74,000.00	54,000.00	-	-

Interest rate range from 8.25% p.a to 10.30% p.a as at March 31, 2018

f. Details of unsecured term loans from others:

The Company had raised ₹ 3,642.00 Lakhs at the rate of 8.50% (Previous Year ₹ 3,455.00 lakhs at the rate of 8.50%) by way of Term Loan from Others, which is repayable on March 31, 2019 (Previous Year March 31, 2019) i.e. 2 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.

g. Terms of repayment:

Term loans from banks and others - Secured

As at March 31, 2018

Tenor	Rate of interest	Repayment details	₹ in Lakhs	
			Non-current portion	Current maturities
More than 60 Months	8.00% to 8.10%	Quarterly instalments	47,200.00	2,800.00
48-60 months	8.05% to 8.50%	Semi-annual & quarterly instalments	170,872.22	32,372.22
36-48 months	8.05% to 8.30%	Quarterly instalments	99,880.56	37,816.67
24-36 months	8.15% to 8.60%	Semi-annual & quarterly instalments	91,791.66	48,583.33
12-24 months	8.10% to 8.76%	Semi-annual & quarterly instalments	39,062.50	45,000.00
Upto 12 months	8.15% to 8.65%	Quarterly instalments	-	18,224.00
Grand total			448,806.94	184,796.22

As at March 31, 2017

Tenor	Rate of interest	Repayment details	₹ in Lakhs	
			Non-current portion	Current maturities
More than 60 Months	8.50%	Semi-annual & quarterly instalments	41,800.00	10,200.00
48-60 months	8.20% to 9.35%	Quarterly instalments	152,697.22	26,102.78
36-48 months	9.35% to 9.60%	Semi-annual & quarterly instalments	119,375.00	41,250.00
24-36 months	9.49% to 9.65%	Quarterly instalments	27,187.50	15,312.50
12-24 months	8.40% to 9.55%	Quarterly instalments	34,224.00	46,848.00
Upto 12 months	8.40% to 9.70%	Quarterly instalments	-	84,442.86
Grand total			375,283.72	224,156.14

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. Long-Term Borrowings (Contd.)

Term loan from bank and others- unsecured

As at March 31, 2018

				₹ in Lakhs
Tenor	Rate of interest	Repayment details	Non-current portion	Current maturities
24-36 months	NA	NA	-	-
12-24 months	8.65%	Bullet	7,500.00	-
Upto 12 months	7.90% to 8.65%	Bullet	-	28,642.00
Grand total			7,500.00	28,642.00

As at March 31, 2017

Tenor	Rate of interest	Repayment details	Non-current portion	Current maturities
24-36 months	9.75%	Bullet	7,500.00	-
12-24 months	8.50% to 11.2%	Bullet	23,455.00	-
Upto 12 months	NA	NA	-	-
Grand total			30,955.00	-

		₹ in Lakhs	
Particulars		As at March 31, 2018	As at March 31, 2017
6. Other Long-Term Liabilities			
Unamortised processing fees/ subvention income (Refer Note No. 37 (c))		10,182.98	7,145.03
		10,182.98	7,145.03

7. Long-Term Provisions

For contingent provisions against standard assets	5,439.25	3,097.29
For doubtful loans	8,153.79	4,175.25
For doubtful advances	238.68	277.48
For foreclosure/ credit loss on assignment	2,435.98	3,348.95
Provision for employee benefits		
- Gratuity (Refer note no. 31)	835.40	531.33
	17,103.10	11,430.30

8. Short-Term Borrowings

Secured		
Loans repayable on demand *		
- from banks	178,277.59	165,777.74
Unsecured		
Commercial papers		
Face value	196,500.00	86,500.00
Less: Unmatured discounting charges	(4,554.43)	(1,708.68)
	191,945.57	84,791.32
	370,223.16	250,569.06

* Additional Information:

- Cash credit (including working capital demand loan) of ₹ 153,272.40 lakhs (Previous Year: ₹ 155,725.21 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 ₹ 25,005.19 lakhs (Previous Year: ₹ 10,052.53 lakhs) is secured by way of first exclusive charge on receivables of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3. Terms of repayment of secured cash credit and working capital demand loan from bank: ₹ in Lakhs

Data of maturity	As at March 31, 2018	As at March 31, 2017
Sep-18	7,500.00	-
Aug-18	17,500.00	-
May-18	45,000.00	-
Apr-18	2,500.00	-
Feb-18	-	11,000.00
Aug-17	-	10,000.00
On demand	105,777.59	144,777.74
	178,277.59	165,777.74

4. Terms of repayment of commercial papers: ₹ in Lakhs

Data of maturity	As at March 31, 2018	As at March 31, 2017
Mar-19	10,000.00	-
Nov-18	14,000.00	-
Oct-18	5,000.00	-
Sep-18	32,000.00	-
Aug-18	7,500.00	-
Jul-18	7,000.00	-
Jun-18	60,000.00	-
May-18	61,000.00	-
Mar-18	-	500.00
Oct-17	-	2,500.00
Sep-17	-	12,500.00
Aug-17	-	12,500.00
Jul-17	-	3,500.00
Jun-17	-	25,000.00
May-17	-	30,000.00
	196,500.00	86,500.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	₹ in Lakhs	
	As at March 31, 2018	As at March 31, 2017
9. Trade Payables		
(i) Micro and Small Enterprises	-	-
(ii) Other than Micro and Small Enterprises	31,056.13	17,508.58
	31,056.13	17,508.58
Disclosure under Micro, Small and Medium Enterprises Development Act, 2006		
Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at March 31, 2018.		
10. Other Current Liabilities		
Current maturities of long term borrowings (Refer note no. 5)	249,438.22	244,156.14
Interest accrued but not due on borrowings	37,011.99	15,927.25
Income received in advance	105.18	357.67
Overdrawn book balance	2,243.88	230.34
Unamortised processing fees/ subvention income (Refer note no. 37(c))	25,881.19	22,774.34
Unclaimed dividends	27.56	23.59
Other liabilities (includes statutory liabilities and payables under assignment activity)	26,225.59	24,915.27
	340,933.61	308,384.60
11. Short-Term Provisions		
Provision for employee benefits		
- Gratuity (Refer note no. 31)	99.07	6.59
- Leave encashment and availment	131.76	98.48
For contingent provisions against standard assets	3,142.48	2,008.36
For doubtful loans	5,345.91	5,267.83
For doubtful advances	63.27	30.89
For doubtful debts	1,245.90	552.55
For foreclosure/ credit loss on assignment	423.35	598.15
For taxation	9,583.51	5,654.82
	20,035.25	14,217.67

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

12. Fixed Assets

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at April 1, 2017	Additions	Deductions/ Adjustments	As at March 31, 2018	As at April 1, 2017	For the year	Deductions/ Adjustments	As at March 31, 2018	As at March 31, 2017
Tangible Assets									
Own assets									
Freehold land *	6.25	-	-	6.25	-	-	-	6.25	6.25
Computers, servers and printers	2,782.60	943.38	4.77	3,721.21	1,894.90	553.67	2.38	2,446.19	887.70
Office equipment	773.80	173.29	9.86	937.23	538.19	110.11	7.38	640.92	235.61
Furnitures & fixtures	1,233.57	266.37	15.94	1,484.00	395.15	213.73	8.53	600.35	838.42
Electrical installation	249.57	70.10	3.56	316.11	39.80	31.25	1.12	69.93	209.77
Air conditioners	344.04	133.45	0.31	477.18	71.44	88.17	0.21	159.40	317.78
Leasehold improvements	1,907.49	490.43	8.55	2,389.37	314.32	456.13	5.34	765.11	1,593.17
Vehicles	766.91	1,173.31	54.80	1,885.42	45.80	377.78	12.18	411.40	721.11
	8,064.23	3,250.33	97.79	11,216.77	3,299.60	1,830.84	37.14	5,093.30	4,764.63
Intangible assets									
Domain names and trade names	16.31	0.06	-	16.37	16.24	0.12	-	16.36	0.07
Data processing software	3,191.18	1,423.53	-	4,614.71	1,491.92	958.16	-	2,450.08	1,699.26
	3,207.49	1,423.59	-	4,631.08	1,508.16	958.28	-	2,466.44	1,699.33
Total	11,271.72	4,673.92	97.79	15,847.85	4,807.76	2,789.12	37.14	7,559.74	6,463.96

*Mortgaged as security against secured non convertible debentures

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at April 1, 2016	Additions	Deductions/ Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	Deductions/ Adjustments	As at March 31, 2017	As at March 31, 2016
Tangible Assets									
Own assets									
Freehold land *	6.25	-	-	6.25	-	-	-	6.25	6.25
Computers, servers and printers	2,199.92	644.27	61.59	2,782.60	1,575.32	372.57	52.99	1,894.90	624.60
Office equipment	785.23	105.55	116.98	773.80	505.44	137.48	104.73	538.19	279.79
Furnitures & fixtures	642.67	649.64	58.74	1,233.57	237.67	191.91	34.43	395.15	405.00
Electrical installation	309.42	95.36	155.21	249.57	70.81	39.42	70.43	39.80	238.61
Air conditioners	103.93	242.38	2.27	344.04	24.35	48.99	1.90	71.44	79.58
Leasehold improvements	712.01	1,567.81	372.33	1,907.49	402.92	280.16	368.76	314.32	309.09
Vehicles	-	766.91	-	766.91	-	45.80	-	45.80	-
	4,759.43	4,071.92	767.12	8,064.23	2,816.51	1,116.33	633.24	3,299.60	1,942.92
Intangible assets									
Domain names and trade names	16.31	-	-	16.31	16.17	0.07	-	16.24	0.14
Data processing software	1,925.94	1,265.24	-	3,191.18	945.00	546.92	-	1,491.92	1,699.26
	1,942.25	1,265.24	-	3,207.49	961.17	546.99	-	1,508.16	1,699.33
Total	6,701.68	5,337.16	767.12	11,271.72	3,777.68	1,663.32	633.24	4,807.76	2,924.00

*Mortgaged as security against secured non convertible debentures

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs				
Name of the company	Quantity	As at March 31, 2018	Quantity	As at March 31, 2017
13. Non-current investments (At cost unless specified)				
Investments in equity instruments (Trade, Unquoted):				
<i>Investments in subsidiaries:</i>				
In fully paid up equity shares of ₹10 each				
Capital First Securities Limited	55,355,600	7,852.23	55,355,600	7,852.23
Capital First Home Finance Limited	137,733,079	14,821.55	66,304,515	4,821.55
		22,673.78		12,673.78
<i>Investments in others:</i>				
In fully paid up equity shares of ₹ 10 each				
Sienna Systems Resources Pvt. Ltd.	6,772,203	399.56	-	-
Sienna Systems Resources Pvt. Ltd.-Share Warrants	1,693,051	24.97	-	-
Monexo Fintech Pvt. Ltd.	33,548	260.00	-	-
		684.53		-
Investments in equity instruments (Non-Trade, Quoted):				
In fully paid up equity shares of ₹2 each				
Arshiya Ltd	2,775,000	3,052.50	-	-
		3,052.50		-
Investments in preference shares (Trade, Unquoted):				
<i>Investments in subsidiaries:</i>				
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
<i>Investments in others:</i>				
In fully paid up preference shares of ₹10 each				
Satin Creditcare Network Limited	1,230,098	3,500.00	-	-
		4,700.00		1,200.00
Investments in Non-convertible debentures (Non-Trade, Quoted)				
14.95% Equitas Small Finance Bank Limited SR13 (FV ₹ 10 Lakhs)	400	4,000.00	400	4,000.00
14.00% MAS Financial services Ltd LOA (FV ₹ 10 Lakhs)	400	4,000.00	400	4,000.00
Satin Creditcare Network Limited SR-F BR (FV ₹ 10 Lakhs)	250	2,500.00	250	2,500.00
15.85% Suryoday Small Finance Bank Limited SR-F-011 (FV ₹ 10 Lakhs)	150	1,500.00	150	1,500.00
		12,000.00		12,000.00
Investments in subordinated debentures (Trade, Quoted)				
8.80% Unsecured non-convertible subordinated debentures issued by Capital First Home Finance Limited (FV ₹ 10 Lakhs)	500	5,000.00		-
		5,000.00		-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs				
Name of the company	Quantity	As at March 31, 2018	Quantity	As at March 31, 2017
Investments in Other Instruments (Non-Trade, Unquoted):				
Alternate Investment Fund:				
Strugence Small and Medium Real Estate Fund	1,000	1,000.00	1,000	1,000.00
Security Receipts:				
EARC TRUST-SC-240 Series-I	850,000	8,500.00	850,000	8,500.00
		9,500.00		9,500.00
Less: Provision for diminution in value of investments **		(2,904.98)		(5,841.73)
		54,705.83		29,532.05
Additional Information:				
Aggregate value of quoted investments:		20,052.50		12,000.00
Aggregate value of unquoted investments:		37,558.31		23,373.78
Aggregate market value of quoted investment*		19,025.75		12,000.00
Aggregate provision for diminution in value of investments:		2,904.98		5,841.73

*Book value of Non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

**In earlier years, the Board of Directors decided to discontinue broking business carried on through its subsidiary Capital First Securities Limited (CFSL). At the time of discontinuance of broking business of CFSL, the Company was carrying impairment provision of ₹ 5,841.73 lakhs. Thereafter CFSL started other business activity which has resulted in consistent income and profitability. The management believes that the provision for diminution needs to be reversed to the extent of CFSL's net worth. Accordingly ₹ 2,936.75 lakhs has been reversed. However, this has no impact on the consolidated financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

		₹ in Lakhs
Particulars	As at March 31, 2018	As at March 31, 2017
14. Deferred tax assets (Net)		
Deferred tax asset:		
On account of depreciation on fixed assets	718.73	488.60
On other disallowances under Income Tax Act, 1961 :		
Retirement benefit	323.40	186.17
Provision for doubtful debts	431.18	191.23
Provision for doubtful retail loans and advances	3,887.13	2,716.31
Unamortised processing fees	12,481.09	10,354.49
Contingent provisions against standard assets	2,969.96	1,766.96
Merger expenses	154.10	-
Other items	-	164.87
	20,965.59	15,868.63
Deferred tax liability:		
Unamortised loan origination cost	11,836.21	8,467.25
Unamortised borrowing costs	370.65	488.77
	12,206.86	8,956.02
Net Deferred tax assets	8,758.73	6,912.61
15. Long-Term Loans and Advances		
<i>Secured, considered good</i>		
Loans and advances relating to financing activity*	832,540.13	549,478.98
<i>Secured, considered doubtful</i>		
Loans and advances relating to financing activity	17,422.02	12,910.40
<i>Unsecured, considered good</i>		
Capital advances	1,473.77	1,147.90
Security deposits	1,392.18	927.51
Loans and advances relating to financing activity	500,412.62	311,515.55
Receivables under loans assigned	124.01	110.93
Advances recoverable in cash or in kind or for value to be received	306.87	339.98
Advance taxes (net of provision for tax)	227.26	1,333.62
	503,936.71	315,375.49
<i>Unsecured, considered doubtful</i>		
Loans and advances relating to financing activity	4,572.33	2,614.89
Receivables under loans assigned	157.10	298.25
Advances recoverable in cash or in kind or for value to be received	37.74	37.75
	1,358,666.03	880,715.76
*Includes loans to director ₹135.46 lakhs (Previous year ₹141.35 lakhs).		
16. Other Non-current Assets		
Unamortised loan origination cost (Refer note no. 37(a))	28,459.89	10,960.36
Unamortised borrowing costs (Refer note no. 37(b))	616.36	732.49
Balances with banks		
- in deposit accounts exceeding twelve months maturity * (Refer note no. 19)	79.62	1,607.59
	29,155.87	13,300.44

* includes under lien ₹ 67.12 lakhs (Previous year ₹ 1,605.00 lakhs) relating to assignment, ₹ 12.50 lakhs (Previous Year ₹ NIL) placed with Bank towards guarantee, ₹ Nil (Previous Year: ₹ 2.43 lakhs) placed with VAT authorities and ₹ Nil (Previous Year: ₹ 0.16 lakhs) placed with Consumer Dispute Forum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs				
Name of the company	Quantity	As at March 31, 2018	Quantity	As at March 31, 2017
17. Current Investments				
Investments in Equity Instruments (Quoted): (Valued at Cost or Market Value whichever is less)				
In fully paid up equity shares of ₹ 1/- each				
Tata Coffee Limited	788,014	754.33	2,549,214	2,440.24
		754.33		2,440.24
Additional information:				
Aggregate value of quoted investments		754.33		2,440.24
Aggregate value of unquoted investments		-		-
Aggregate market value of quoted investment		890.46		3,217.11

₹ in Lakhs		
Particulars	As at March 31, 2018	As at March 31, 2017
18. Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, considered doubtful	641.50	552.55
	641.50	552.55
Other debts		
- Unsecured, considered good	4,787.99	5,600.63
- Unsecured, considered doubtful	1,292.19	-
	6,080.18	5,600.63
	6,721.68	6,153.18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	₹ in Lakhs	
	As at March 31, 2018	As at March 31, 2017
19. Cash and Bank Balances		
Cash and cash equivalents		
Cash on hand *	2,287.80	1,398.90
Cheques on hand	-	195.22
Balances with banks		
- in unclaimed dividend accounts	27.56	23.59
- in current accounts	114,664.11	149,251.54
	116,979.47	150,869.25
Other bank balances		
Deposit with original maturity for more than three months but less than twelve months*	959.26	1,179.89
	117,938.73	152,049.14
Amount disclosed under non-current assets (Refer note no. 16)	79.62	1,607.59
*Includes cash in transit amounting to ₹ 983.52 (Previous year ₹ 381.04 lakhs).		
# includes under lien ₹ 955.67 lakhs (Previous Year: ₹ 1,101.89 lakhs) relating to assignment and ₹ 3.43 lakhs (Previous Year: ₹ 1.00 lakhs) placed with VAT authorities and ₹ 0.16 lakhs (Previous Year: ₹ Nil) placed with Consumer Dispute Forum.		
20. Short-Term Loans and Advances		
<i>Secured, considered good</i>		
Loans and advances relating to financing activity *	468,439.38	374,782.48
<i>Secured, considered doubtful</i>		
Loans and advances relating to financing activity *	8,874.28	5,310.92
<i>Unsecured, considered good</i>		
Loans and advances relating to financing activity *	283,842.19	177,074.68
Receivables under loans assigned	7.50	3.26
Advances recoverable in cash or in kind or for value to be received	12,925.99	2,545.03
Security deposits	95.12	123.32
<i>Unsecured, considered doubtful</i>		
Loans and advances relating to financing activity *	3,834.59	4,342.51
Advances recoverable in cash or in kind or for value to be received	49.23	11.49
Security deposits	4.09	4.09
Receivables under loans assigned	3.21	19.04
	778,075.58	564,216.82
*Includes current maturities of long term loans and advances and overdue loan and advances.		
21. Other Current Assets		
Interest accrued but not due	24,173.97	15,795.73
Unamortised loan origination cost (Refer note no. 37(a))	5,740.90	13,505.79
Unamortised borrowing costs (Refer note no. 37(b))	454.63	679.82
Unbilled subvention income	3,487.46	1,669.80
	33,856.96	31,651.14

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

		₹ in Lakhs	
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	
22. Revenue from Operations			
Interest income	303,296.14	232,533.03	
Other financial services:			
Fee income	37,486.33	30,460.73	
Income from assignment of loans	14,648.13	5,558.76	
Commission and brokerage income	3,865.61	1,523.51	
	359,296.21	270,076.03	
23. Other Income			
Dividend income	43.84	38.93	
Profit on sale of investments	3,425.79	1,503.16	
Interest on income tax refund	17.03	1,027.36	
Other non operating income	42.30	40.00	
	3,528.96	2,609.45	
24. Employee Benefits Expense			
Salaries and wages	29,592.03	22,005.01	
Contribution to provident and other funds	1,144.43	711.63	
Staff welfare expenses	885.06	602.75	
	31,621.52	23,319.39	
25. Finance Costs			
Interest expense	118,997.62	103,044.47	
Other borrowing costs	10,408.55	9,746.74	
	129,406.17	112,791.21	
26. Depreciation and Amortisation Expense			
Depreciation on fixed assets	1,830.84	1,116.33	
Amortisation of intangible assets	958.28	546.99	
	2,789.12	1,663.32	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
27. Other Expenses		
Rent	2,992.61	2,210.17
Repairs others	6,828.02	2,686.94
Insurance	55.81	59.60
Rates and taxes	636.49	324.45
Auditors remuneration		
- as auditor	78.00	78.00
- Tax audit fees	3.00	3.00
- for certification	9.70	11.00
- for reimbursement of expenses	6.09	5.15
Commission and brokerage	1,112.73	295.91
Travelling expenses	2,131.78	1,560.45
Communication expenses	1,967.15	1,517.29
Printing and stationery	889.82	388.19
Recruitment expenses	835.67	268.83
Membership and subscription	101.77	76.56
Advertisement and publicity expenses	3,634.54	2,576.40
Electricity charges	592.64	461.65
Amortised loan origination cost	32,349.22	23,493.47
Provision and Write offs:		
Provision for doubtful loans and advances	4,743.55	3,326.36
Provision for diminution in investments	-	(183.59)
Contingent provisions against standard assets	3,476.07	1,464.22
Bad loans and trade receivables written off (net of recovery)	53,619.38	39,482.46
	61,839.00	44,089.45
Loss on sale of fixed asset (including write off) (net)	9.99	123.39
Donations (Refer Note (i) below)	557.41	386.74
Legal and professional charges	11,837.50	7,735.76
CMS charges	2,438.25	1,508.90
Directors sitting fees	31.60	24.40
Collection expenses	21,415.42	11,176.09
Remuneration to non whole time directors		
- Commission	110.00	100.00
Miscellaneous expenses	1,087.37	521.24
	153,551.58	101,683.03
28. Exceptional Items		
Provision for diminution in value of investments (Refer Note (ii) below)	(2,936.75)	-
	(2,936.75)	-

Note (i)

(A) During the year, the company has contributed ₹ 545.41 Lakhs (Previous Year: ₹ 365.18 lakhs) towards Corporate Social Responsibility ('CSR') expenditure being revenue in nature.

(B) Details of CSR spent during the financial year:

a) Gross amount required to be spent by the company during the year is ₹ 542.99 lakhs

b) Amount spent during the year on:

₹ in Lakhs

Particulars	In Cash	Yet to be paid in cash	Total
i) Construction/acquistion of any asset	-	-	-
ii) On purposes other than (i) above	545.41	-	545.41

c) Details of related party transaction as per Accounting Standard (AS-18), "Related Party Disclosures" is ₹ Nil.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note (ii)

In earlier years, the Board of Directors decided to discontinue broking business carried on through its subsidiary Capital First Securities Limited (CFSL). At the time of discontinuance of broking business of CFSL, the Company was carrying impairment provision of ₹ 5,841.73 lakhs. Thereafter CFSL started other business activity which has resulted in consistent income and profitability. The management believes that the provision for diminution needs to be reversed to the extent of CFSL's net worth. Accordingly ₹ 2,936.75 lakhs has been reversed. However, this has no impact on the consolidated financial statements of the Company.

₹ in Lakhs		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
29. Earnings per equity share ('EPS')		
Basic EPS		
Profit for the year after tax	32,701.01	21,686.20
Weighted average number of equity shares	98,216,142	93,488,147
Nominal value per equity share	10.00	10.00
Earning per equity share - Basic	33.29	23.20
Diluted EPS		
Net profit considered for basic EPS calculation	32,701.01	21,686.20
Weighted average number of equity shares	98,216,142	93,488,147
Add: Weighted number of equity shares under options	4,111,551	6,195,000
Weighted average number of diluted equity shares	102,327,693	99,683,147
Nominal value per equity share	10.00	10.00
Earning per equity share - Diluted	31.96	21.76

30. Contingent liabilities and capital commitments

a. Contingent Liabilities not provided for in respect of:

₹ in Lakhs		
Particulars	As at March 31, 2018	As at March 31, 2017
Guarantee given by company to banks	901.00	901.00
Disputed claims against the company not acknowledged as debts	128.09	-
Guarantee given by banks	25.00	-
Income-tax matters under dispute*	303.53	329.04

* 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, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,587.75	1,214.31
Commitments relating to loans sanctioned but undrawn	10,911.46	11,603.02

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

31. Post-Employment Benefit Plans

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 summaries 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, 2018	For the year ended March 31, 2017
Present value of the obligation as at the beginning of the year	537.92	409.84
Interest cost	40.06	31.38
Current service cost	228.19	156.97
Benefit paid	(36.82)	(30.16)
Actuarial (gain)/ loss on obligations	165.12	(30.11)
Present value of the obligation as at the end of the year	934.47	537.92

B. Amount recognised in the Statement of profit and loss ₹ in Lakhs

Particulars	Gratuity (Unfunded)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest cost	40.06	31.38
Current service cost	228.19	156.97
Actuarial (gain)/ loss on obligations	165.12	(30.11)
Total expense/ (income) recognised in the statement of profit and loss	433.37	158.24

C. Reconciliation of balance sheet ₹ in Lakhs

Particulars	Gratuity (Unfunded)	
	Year ended March 31, 2018	Year ended March 31, 2017
Present value of the obligation as at the beginning of the year	537.92	409.84
Total expense recognised in the statement of profit and loss	433.37	158.24
Benefits paid	(36.82)	(30.16)
Present Value of the obligation as at the end of the year	934.47	537.92

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

Assumptions	Gratuity (Unfunded)	
	March 31, 2018	March 31, 2017
Discount rate	7.87%	7.70%
Increase in compensation cost	9.69% - 11.36%	8.00%
Employee turnover	2% - 22%	2.00%

Experience adjustments

	Gratuity (Unfunded)				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Experience adjustments on plan liabilities [gain/(loss)]	(71.82)	29.57	65.13	16.32	67.82
Experience adjustments on plan assets [gain/(loss)]	-	-	-	-	-

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

32. Employee Stock Option Scheme ('ESOS')

For the year ended March 31, 2018

Particulars of options	ESOP 2007	ESOP 2008	ESOP 2009	ESOP 2011	ESOP 2012	ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2017-CMD
Outstanding as at the beginning of the year	344,000	223,000	21,700	956,625	1,277,000	6,500,000	905,000	-	-
Granted during the year	-	-	-	-	-	-	-	1,870,000	1,500,000
Forfeited/ Cancelled during the year	-	15,000	1,275	21,925	33,500	-	64,000	60,500	-
Lapsed during the year	-	-	-	-	-	-	-	-	-
Exercised/ Allotted during the year	344,000	71,000	425	713,800	343,950	-	70,000	-	-
Outstanding as at the end of the year	-	137,000	20,000	220,900	899,550	6,500,000	771,000	1,809,500	1,500,000
Exercisable at the end of the year	-	35,000	6,725	23,075	510,750	-	98,200	-	-
Weighted average remaining contractual life (in years)	-	8.40	10.00	10.00	7.92	7.24	6.67	5.00	5.00
Weighted average fair value of options granted (₹)	-	99.90	220.13	175.66	156.47	117.24	259.76	270.60	261.64
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity

For the year ended March 31, 2017

Particulars of options	ESOP 2007	ESOP 2008	ESOP 2009	ESOP 2011	ESOP 2012	ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2017-CMD
Outstanding as at the beginning of the year	344,000	376,000	322,125	1,174,275	2,045,750	6,500,000	-	-	-
Granted during the year	-	-	-	-	-	-	920,000	-	-
Forfeited/ Cancelled during the year	-	9,000	-	14,000	12,500	-	15,000	-	-
Lapsed during the year	-	-	-	-	-	-	-	-	-
Exercised/ Allotted during the year	-	144,000	300,425	203,650	756,250	-	-	-	-
Outstanding as at the end of the year	344,000	223,000	21,700	956,625	1,277,000	6,500,000	905,000	-	-
Exercisable at the end of the year	344,000	35,000	4,000	669,400	564,950	-	-	-	-
Weighted average remaining contractual life (in years)	3.48	8.60	10.00	6.25	7.65	7.54	7.00	-	-
Weighted average fair value of options granted (₹)	146.37	106.06	220.13	98.51	145.80	117.24	260.00	-	-
Method of settlement	Equity	Equity	Equity	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

No further options were granted during the year under this scheme. 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

No further options were granted during the year under this scheme. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

ESOS 2011

No further options were granted during the year under this scheme. 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

No further options were granted during the year under this scheme. 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 2014

No further options were granted during the year under this scheme. All the options are exercisable on completion of 5 years from the effective grant date (i.e April 2, 2014) but prior to expiry of 10 years from the effective grant date.

ESOS 2016

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after expiry of 1,2,3,4 and 5 years respectively. All the options are exercisable on completion of 5 years from the date of grant or 6 months from the date of vesting whichever is later.

ESOS 2017

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated July 13, 2017 has granted options in respect of 910,000 equity shares at an exercise price of ₹ 709.75 to eligible employees, Circular Resolution dated September 14, 2017 has granted options in respect of 950,000 equity shares at an exercise price of ₹ 799.85 to eligible employees, Circular Resolution dated December 6, 2017, has granted options in respect of 10,000 equity shares at an exercise price of ₹ 695.55 to eligible employees. The options will vest in graded proportion of 20% each year after expiry of 1,2,3,4 and 5 years for stock options granted on July 13, 2017, December 6, 2017 and for stock options granted on September 14, 2017, Options will vest completely after one year from the date of grant. All the options are exercisable within a period of 5 years from the date of grant or 6 months from the date of vesting of respective options, whichever is later.

ESOS 2017-CMD

The Nomination and Remuneration Committee of the Board of Directors at its meeting held on December 18, 2017, has granted options in respect of 15,00,000 equity shares to Chairman and Managing Director at an exercise price of ₹ 799.85. All the options granted under this scheme (viz.100% of Options) shall vest after five years from Effective Date of Grant and shall be capable of being Exercised within a period of 1 (One) years from the Date of Vesting of Options.

The fair value of the stock options granted during the year have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	ESOP 2017	ESOP 2017-CMD
Exercise price	ESOS 2017- 910,000 options, 950,000 options and 10,000 stock options with exercise price of ₹ 709.75, ₹ 799.85 and ₹ 699.55 respectively.	ESOS 2017-CMD - 1,500,000 stock options with exercise price of ₹ 799.85
Historical volatility	39.18% - 43.64%	38.05%
Life of the options granted (Vesting and exercise period) in years	Vesting schedule: ESOS 2017- 920,000 stock options will vest 20% each year from the end of 1, 2, 3, 4 and 5 years of the date of grant respectively.	Vesting schedule: ESOS 2017-CMD - 100% at the end of 5 years from the date of grant.
	950,000 stock options will vest 100% after 1 year from the date of grant	
	Exercise period: ESOS 2017- Within 5 years from the date of grant or 6 months from the date of vesting whichever is later.	Exercise period: ESOS 2017-CMD - Within 1 year from the date of vesting.
Dividend yield	0.37%	0.33%
Average risk-free interest rate	6.39% - 6.63%	6.33%

The fair value of options has been calculated using Black Scholes options pricing formula.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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, 2018	For the year ended March 31, 2017
Net profit after tax as reported	32,701.01	21,686.20
Less: Employee stock compensation cost under fair value method (Refer Note below)	4,833.24	2,802.96
Total	27,867.77	18,883.24
Basic earnings per share as reported	33.29	23.20
Proforma Basic earnings per share	28.37	20.20
Diluted earnings per share as reported	31.96	21.76
Proforma Diluted earnings per share	27.23	18.94

Note:

Employee stock compensation cost includes ₹ NIL (Previous Year: ₹ 30.86 lakhs) pertaining to incremental fair value pursuant to modification of exercise period done in earlier years.

33. 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.

34. 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. (upto May 17, 2017)
Subsidiaries	Capital First Home Finance Limited Capital First Securities Limited
Step Subsidiary	Capital First Commodities Limited

Names of other related parties :

Relationship	Name of the party
Fellow subsidiaries	Dayside Investment Ltd. (upto May 17, 2017)
Key Management Personnel	Mr. V. Vaidyanathan - Chairman and Managing Director Mr. Apul Nayyar - Executive Director (Wef April 4, 2016) Mr. Nihal Desai - Executive Director (Wef April 4, 2016)

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, 2018

35. Operating Leases

The Company's significant leasing arrangements are in respect of operating leases are for premises (residential and office) 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, 2018	For the year ended March 31, 2017
Lease payments recognized in the statement of profit and loss	2,992.61	2,210.17

Details of non-cancellable leases are as follows:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Minimum lease payments:		
Not later than one year	808.99	1,307.63
Later than one year but not later than five years	46.12	600.30
Later than five years	-	-

36. Foreign Currency

Expenditures in foreign currency (Accrual basis)	₹ in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Travelling	88.78	14.50
Membership & subscription	5.34	1.51
Repairs and maintenance	2,140.11	1,396.87
Recruitment expenses	12.69	8.39
Legal & professional fees	369.16	47.97
Advertisement and publicity expenses	21.08	8.13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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, 2018	For the year ended March 31, 2017
Total loan origination cost deferred	42,083.86	28,656.97
Cost amortised and charged to Statement of profit and loss during the year	32,349.22	23,493.47
Unamortised cost shown into balance sheet :		
- Current	5,740.90	13,505.79
- Non-current	28,459.89	10,960.36

b. Borrowing cost		₹ in Lakhs
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Total borrowing cost deferred	899.59	1,080.77
Cost amortised and charged to statement of profit and loss during the year	1,240.91	1,780.07
Unamortised borrowing cost shown into balance sheet :		
- Current	454.63	679.82
- Non-current	616.36	732.49

c. Processing fees and subvention income		₹ in Lakhs
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Total unamortised income from processing fees/ subvention income deferred	63,284.95	51,640.80
income amortised and credited to statement of profit and loss during the year		
- Fee income	16,851.42	16,076.14
- Interest income	40,288.73	28,603.79
Unamortised processing fees/ subvention income shown into balance sheet:		
- Current	25,881.19	22,774.34
- Non-current	10,182.98	7,145.03

38. Pursuant to circular no RBI/2017-18/129- DBR.No.BP.BC.100/21.04.048/2017-18 dated February 7, 2018 issued by the Reserve Bank of India (RBI) which permits regulated entities to defer the down grade of an account of micro, small and medium enterprise under the Micro, Small and Medium Enterprises (MSME) Act, 2006, that was standard as on January 31, 2018, the Company has not opted for 180 days relaxation intended by RBI for recognition of loan as Non-Performing Assets ('NPA').
39. 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, 2018. Refer note 30 for details on contingent liabilities.
40. 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.
41. The Board of Directors have recommended dividend of ₹ 2.80 per share (28%) on each equity share having face value of ₹10/- each. The proposed equity dividend and dividend distribution tax thereon are not accounted as liabilities in fiscal 2017-18 in accordance with revised AS-4 "Contingencies and events occurring after balance sheet date".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- 42.** During previous year, the Board of Directors vide Circular Resolution dated December 14, 2016 had allotted 4,780,000 equity shares of the Company of ₹ 10/- each, at the premium of ₹702.70 per equity shares on preferential basis amounting to ₹ 34,067.06 lakhs. The aforesaid allotment was subject to lock-in requirements as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, with regard to said Preferential Issue.
- 43.** 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.
- 44.** The disclosures regarding details of specified bank notes (SBN) held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited Standalone financial statements for the year ended 31 March 2017 have been disclosed:

₹ in Lakhs			
Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	177.14	149.93	327.07
(+) Permitted receipts	-	3,541.45	3,541.45
(+) Non Permitted receipts	405.33	-	405.33
(-) Permitted payments	-	3.24	3.24
(-) Amount deposited in Banks (Refer note below)	582.47	3,220.14	3,802.61
Closing cash in hand as on 30.12.2016	-	468.00	468.00

In the ordinary course of business, Company's collection agencies had collected cash and customers had directly deposited cash amounting to ₹ 3,802.61 lakhs as part of the loan repayments in the collection bank account of the Company during the period from November 9, 2016 to December 30, 2016. The denomination wise details of such cash had been confirmed by the Company's bankers.

- 45.** Previous year's amounts have been audited by predecessor auditors.
- 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, 2018

Annexure 1

Transactions with Related parties for the year ended March 31, 2018

Relationship	₹ in Lakhs			
	Subsidiaries		Key Management Personnel	
Particulars/ Year	2017-18	2016-17	2017-18	2016-17
Commission and brokerage expenses paid	1,212.21	1,102.62	-	-
Interest expenses paid	294.82	321.85	-	-
Reimbursement of expenses	957.23	545.93	-	-
Interest income	61.41	251.71	12.15	14.58
Loans/ advances given	16,599.12	20,220.96	-	-
Loans/ advances repayment received	19,792.64	19,558.22	5.89	3.46
Inter corporate deposits given	1,500.00	7,650.00	-	-
Inter corporate deposits received back	1,500.00	7,650.00	-	-
Inter corporate deposits taken	235.00	3,697.00	-	-
Inter corporate deposits repaid	48.00	3,486.00	-	-
Purchase of loans	997.95	-	-	-
Subordinate debt given	5,000.00	-	-	-
Directors remuneration	-	-	1,604.31	1,483.24
Closing Balances: Receivable/(Payable)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Term loans/ inter corporate deposits receivable/(payable)	(3,642.00)	(3,455.00)	135.46	141.35
Subordinate debt receivable/(payable)	5,000.00	-	-	-
Advances recoverable/(payable)	(3,189.91)	(673.97)	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Annexure-1A

Transactions with related parties for the year ended March 31, 2018

Particulars	₹ in Lakhs	
	April 01, 2017 to March 31, 2018	April 01, 2016 to March 31, 2017
Commission & brokerage expenses paid		
Capital First Securities Limited	1,212.21	1,102.62
Total	1,212.21	1,102.62
Interest expenses paid		
Capital First Commodities Limited	294.82	321.85
Total	294.82	321.85
Reimbursement of expenses from		
Capital First Home Finance Limited	846.35	442.09
Capital First Securities Limited	110.88	103.84
Total	957.23	545.93
Interest income		
Capital First Home Finance Limited	61.41	251.71
Mr. Nihal Desai	12.15	14.58
Total	73.56	266.29
Loans/ advances given		
Capital First Home Finance Limited	16,528.85	20,173.91
Capital First Commodities Limited	15.02	1.40
Capital First Securities Limited	55.25	45.65
Total	16,599.12	20,220.96
Loans/ advances repayment received		
Capital First Home Finance Limited	19,225.12	19,510.61
Capital First Commodities Limited	15.02	1.97
Capital First Securities Limited	552.50	45.64
Mr. Nihal Desai	5.89	3.46
Total	19,798.53	19,561.68
Inter corporate deposits given		
Capital First Home Finance Limited	1,500.00	7,650.00
Total	1,500.00	7,650.00
Inter corporate deposits received back		
Capital First Home Finance Limited	1,500.00	7,650.00
Total	1,500.00	7,650.00
Inter corporate deposits taken		
Capital First Commodities Limited	235.00	3,697.00
Total	235.00	3,697.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	₹ in Lakhs	
	April 01, 2017 to March 31, 2018	April 01, 2016 to March 31, 2017
Inter corporate deposits repaid		
Capital First Commodities Limited	48.00	3,486.00
Total	48.00	3,486.00
Purchase of loans		
Capital First Home Finance Limited	997.95	-
Total	997.95	-
Subordinate debt given		
Capital First Home Finance Limited	5,000.00	-
Total	5,000.00	-
Managerial remuneration		
Mr. V. Vaidyanathan	780.00	758.22
Mr. Apul Nayyar	416.20	366.32
Mr. Nihal Desai	408.11	358.70
Total	1,604.31	1,483.24

Closing Balance	₹ in Lakhs	
	As at March 31, 2018	As at March 31, 2017
Term loans/ inter corporate deposits receivable/ (payable)		
Capital First Commodities Limited	(3,642.00)	(3,455.00)
Mr. Nihal Desai	135.46	141.35
Total	(3,506.54)	(3,313.65)
Subordinate debt receivable / (payable)		
Capital First Home Finance Limited	5,000.00	-
Total	5,000.00	-
Advances recoverable / (payable)		
Capital First Home Finance Limited	(2,386.03)	(73.90)
Capital First Securities Limited	(803.88)	(600.07)
Total	(3,189.91)	(673.97)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Annexure 2 of the Note No. 43 to the Financial Statements for the year ended March 31, 2018

A. Capital to Risk Assets Ratio (CRAR)

Particulars	₹ in Lakhs	
	Current Year	Previous Year
i) CRAR (%)	15.88%	20.34%
ii) CRAR - Tier I capital (%)	12.32%	15.97%
iii) CRAR - Tier II capital (%)	3.56%	4.37%
iv) Amount of subordinated debt raised as Tier-II capital	20,000.00	3,000.00
v) Amount raised by issue of perpetual debt instruments	8,000.00	3,000.00

B. Investments

Particulars	₹ in Lakhs	
	Current Year	Previous Year
1) Value of Investments		
i) Gross Value of Investments		
(a) In India	58,365.14	37,814.02
(b) Outside India	-	-
ii) Provision for Depreciation		
(a) In India	2,904.98	5,841.73
(b) Outside India	-	-
iii) Net Value of Investments		
(a) In India	55,460.16	31,972.29
(b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
i) Opening balance	5,841.73	6,025.32
ii) Add: Provisions made during the year	-	-
iii) Less: Write-off/ write-back of excess provisions during the year	2,936.75	183.59
iv) Closing balance	2,904.98	5,841.73

C. Derivatives

The Company has no transactions/ exposure in derivative during the current and previous year.

The company has no unhedged foreign currency exposure as on March 31, 2018 (Previous Year: ₹ Nil)

D. Disclosures relating to Securitisation

i) The Company has not entered into Securitisation transactions during the current and previous year.

ii) Details of financial assets sold to Securitisation/ Reconstruction Company for Asset Reconstruction:

The company has not sold any financial assets to Securitisation/ Reconstruction Company for Asset Reconstruction in the current year.

Particulars	₹ in Lakhs	
	Current Year	Previous Year
1. No. of accounts sold	-	1
2. Aggregate outstanding	-	10,149.51
3. Aggregate consideration received	-	10,000.00

iii) Details of assignment transactions:

Particulars	₹ in Lakhs	
	Current Year	Previous Year
(i) No. of accounts	4,246	8,138
(ii) Aggregate value (net of provisions) of accounts sold	138,591.67	286,521.31
(iii) Aggregate consideration	138,591.67	286,521.31
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

iv) a) Details of non-performing financial assets purchased.

		₹ in Lakhs	
Particulars		Current Year	Previous Year
1. (a) No. of accounts purchased during the year		52	-
(b) Aggregate outstanding		997.95	-
2. (a) Of these, number of accounts restructured during the year		-	-
(b) Aggregate outstanding		-	-

b) Details of non-performing financial assets sold

The Company has not sold any non-performing financial assets during the current year.

E. 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	6,375.00 (39,499.98)	52,187.00 (10,312.00)	26,243.06 (28,652.97)	73,721.72 (61,825.14)	191,847.03 (223,443.79)
Market borrowings	2,850.00 (1,500.00)	60,295.02 (29,735.04)	64,000.59 (27,097.41)	57,211.37 (35,340.40)	84,930.59 (37,318.47)
Assets					
Advances*	97,431.68 (77,984.73)	80,530.95 (57,288.74)	76,315.05 (55,579.00)	207,361.28 (159,053.08)	303,351.48 (211,605.04)
Investments	- -	- -	- -	- -	754.33 (2,440.24)

₹ in Lakhs				
Particulars	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities				
Borrowings from banks	253,931.94 (229,211.50)	74,775.00 (75,272.22)	- -	679,080.75 (668,217.60)
Market borrowings	646,350.00 (324,255.00)	262,450.00 (129,800.00)	116,120.00 (101,920.00)	1,294,207.57 (686,966.32)
Assets				
Advances*	716,192.43 (477,203.51)	180,616.80 (103,464.36)	458,137.87 (295,851.95)	2,119,937.54 (1,438,030.41)
Investments	1,000.00 (1,000.00)	12,000.00 (8,000.00)	41,705.83 (20,532.05)	55,460.16 (31,972.29)

* 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, 2018

F. Exposures

i) Exposures to real estate sector

		₹ in Lakhs	
Items		Current Year	Previous Year
a) Direct exposure			
(i) Residential Mortgages –		538,628.23	357,308.77
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;			
(ii) Commercial Real Estate –		54,414.98	72,551.77
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose 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;			
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –			
a. Residential,		-	-
b. Commercial Real Estate.		14,500.00	9,500.00
Total Exposure to Real Estate		607,543.21	439,360.54

ii) Exposure to Capital Market

		₹ in Lakhs	
Particulars		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;		28,960.15	10,472.28
(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;		12,712.72	9,375.00
(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)		-	-
iii) 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.			
iv) Unsecured Advances			
During the year, the Company has not given any advance against collateral of rights, licenses, authority, etc.			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

G. Miscellaneous

i) 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

ii) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

iii) Related Party Transactions

Refer note no. 34 for transactions with related party transactions

iv) Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	Previous year
(a) Commercial Paper	CARE : A1+ & ICRA : A1+
(b) Debentures	
- Perpetual Debentures	CARE : AA & Brickworks : AA+
- Subordinated Debt	CARE : AA+ & Brickworks : AAA
- Other Debentures	CARE : AA+ & Brickworks : AAA
(c) Other Bank Loan facilities	CARE : AA+ & Brickworks : AAA
v) Remuneration of Directors (Non-executive)	₹ in Lakhs
- Sitting fees	31.60
- Commission	110.00

H. Additional Disclosures

i) Provisions and Contingencies

	₹ in Lakhs	
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	Current Year	Previous Year
Provisions for depreciation on investment	(2,936.75)	(183.59)
Provision towards NPA	4,056.62	3,033.30
Provision made towards income tax	15,692.52	11,542.33
Other provision and contingencies		
Provision against receivable from manufacture and distribution debtors	686.93	293.06
Provision for foreclosure/ credit loss on assignment	(1,087.77)	(980.27)
Provision for gratuity	396.55	128.08
Provision for leave encashment and availment	33.28	20.90
Contingent provisions against standard assets	3,476.07	1,464.22

ii) Draw Down from Reserves

During the year, the Company has not drawn down any amount from Reserves.

iii) Concentration of Advances, Exposures and NPAs

₹ in Lakhs

a) Concentration of Advances	
Total advances to twenty largest borrowers	154,967.22
Percentage of advances to twenty largest borrowers to total advances of the NBFC	7.24%
b) Concentration of Exposures	
Total exposures to twenty largest borrowers	155,062.67
Percentage of exposures to twenty largest borrowers to total exposures of the NBFC	7.21%
c) Concentration of NPAs	
Total exposures to top four NPA accounts	7,068.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

d) Sector-wise NPAs

Sector	Total (₹ in Lakhs)	% of NPAs to Total Advances in that sector
1. Agriculture & allied activities	-	-
2. MSME	20,685.60	2.13%
3. Corporate borrowers	5,410.08	1.51%
4. Services	-	-
5. Unsecured personal loans	2,844.93	1.16%
6. Auto loans	3,647.78	1.05%
7. Other personal loans	2,114.84	1.03%

e) Movement of NPAs

Particulars	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	1.00%	0.30%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	13,830.93	13,088.45
(b) Additions during the year	33,319.61	22,708.86
(c) Reductions during the year	(12,447.31)	(11,816.87)
(d) Sold to assets reconstruction company	-	(10,149.51)
(e) Closing balance	34,703.23	13,830.93
(iii) Movement of Net NPAs		
(a) Opening balance	4,387.85	6,678.67
(b) Additions during the year	20,745.11	13,701.05
(c) Reductions during the year	(3,929.43)	(15,991.87)
(d) Closing balance	21,203.53	4,387.85
(iv) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
(a) Opening balance	9,443.08	6,409.78
(b) Provisions made during the year	12,574.50	9,007.81
(c) Write-off / write-back of excess provisions	(8,517.88)	(5,974.51)
(d) Closing balance	13,499.70	9,443.08

f) Overseas Assets

Name of the Subsidiary	None
Country	NA
Total Assets	Nil

g) Off Balance Sheet SPV sponsored

The Company does not have any off balance sheet SPV sponsored.

I. Disclosure of Customer Complaints

i) Customer Complaints

(a) No. of complaints pending at the beginning of the year	42
(b) No. of complaints received during the year	3,265
(c) No. of complaints redressed during the year	3,230
(d) No. of complaints pending at the end of the year	77

J. Disclosure of Restructured Accounts

Particulars	Current Year	Previous Year
i. Details of accounts restructured on a cumulative basis excluding the standard restructured accounts which cease to attract higher provision and risk weight.	-	-
ii. Provisions made on restructured accounts under various categories; and	-	-
iii. Details of movement of restructured accounts.	NA	NA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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	823,320.00	-
- Unsecured	110,000.00	-
b. Deferred Credits	-	-
c. Term Loans	666,103.16	-
d. Inter-corporate loans and borrowings	3,642.00	-
e. Commercial Paper	191,945.57	-
f. Other Loans - Demand loans	178,277.59	-
* 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		1,327,275.81
b. Unsecured		792,953.55
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		754.33
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		-
iv. Government Securities		-
v. Others		-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

		₹ in Lakhs
Long Term Investments		Amount Outstanding
1. Quoted		
i. Shares - Equity		3,052.50
- Preference		-
ii. Debentures and Bonds		17,000.00
iii. Units of mutual funds		-
iv. Government Securities		-
v. Others		-
2. Unquoted		
i. Shares - Equity		20,453.33
- Preference		4,700.00
ii. Debentures and Bonds		-
iii. Units of mutual funds		-
iv. Government Securities		-
v. Others		9,500.00

5. Borrower group-wise classification of assets financed as in (2) and (3) above:

		₹ in Lakhs		
Category		Amount net of provision		
		Secured	Unsecured	Total
1. Related Parties**				
a. Subsidiaries		-	-	-
b. Companies in the same group		-	-	-
c. Other related parties		-	-	-
2. Other than related parties		1,327,275.81	792,953.55	2,120,229.36
Total		1,327,275.81	792,953.55	2,120,229.36

6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 2 below

		₹ in Lakhs	
Category		Market Value/Break up of fair value or NAV	Book Value (Net of Provisions)
1. Related Parties**			
a. Subsidiaries		31,747.45	25,968.80
b. Companies in the same group		-	-
c. Other related parties		-	-
2. Other than related parties		28,600.74	29,491.36
Total		60,348.19	55,460.16

** As per Accounting Standard of ICAI

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

7. Other information		₹ in Lakhs
Particulars		Amount
i. Gross Non-Performing Assets		
a. Related Parties		-
b. Other than related parties		34,703.23
ii. Net Non-Performing Assets		
a. Related Parties		-
b. Other than related parties		21,203.53
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.
- 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 Audit of Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Capital First Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (the Holding Company and its subsidiary companies together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

Opinion

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

Other Matter

The comparative financial information of the Group for the year ended 31 March 2017 as included in these consolidated financial statements have been audited by the predecessor auditor who has audited the consolidated financial statements for the year ended 31 March 2017. The report of the predecessor auditor on the comparative consolidated financial information dated 10 May 2017 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act;
 - e) On the basis of the written representations received from the respective directors of the Holding Company and its subsidiary companies in India as on 31 March 2018 taken on record by the respective Board of Directors of the Holding Company and its subsidiary companies, none of the directors of the Holding Company and its subsidiary companies in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 40 to the consolidated financial statements;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 41 to the consolidated financial statements;
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies in India during the year ended 31 March 2018.
 - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. Corresponding amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Place : Mumbai

Date : May 04, 2018

ANNEXURE TO AUDITOR'S REPORT

"Annexure – A" 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")**

We have audited the internal financial controls over financial reporting of Capital First Limited ("the Holding Company") and its subsidiary companies (the Holding Company and its subsidiary companies together referred to as "the Group"), as of 31 March 2018 in conjunction with our audit of the consolidated financial statements of the Holding Company and its subsidiary companies for the year ended on that date.

Management's responsibility for internal financial controls

The respective Board of Directors of the Holding Company and its subsidiary companies, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of internal financial controls over financial reporting

The Group'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. The Group'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 Group; (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 Group are being made only in accordance with authorisations of management and directors of the respective companies within the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group'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 Group 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 31 March 2018, based on the internal control over financial reporting criteria established by the Group, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Place : Mumbai

Date : May 04, 2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

₹ in Lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	9,896.52	9,742.21
Reserves and surplus	4	251,855.77	220,641.88
		261,752.29	230,384.09
Share application money pending allotment		4.13	-
Non-current liabilities			
Long-term borrowings	5	1,489,193.19	894,448.72
Other long-term liabilities	6	13,107.43	8,017.59
Long-term provisions	7	19,642.38	11,906.99
		1,521,943.00	914,373.30
Current Liabilities			
Short-term borrowings	8	404,490.80	259,900.82
Trade payables	9		
(i) Micro and Small Enterprises		-	-
(ii) Other than Micro and Small Enterprises		33,818.10	18,052.17
Other current liabilities	10	374,473.47	328,433.66
Short-term provisions	11	20,275.06	14,373.40
		833,057.43	620,760.05
TOTAL		2,616,756.85	1,765,517.44
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	6,142.94	4,764.63
- Intangible assets	12	2,164.64	1,699.33
- Intangible assets under development		1,240.19	-
		9,547.77	6,463.96
Non-current investments	13	28,737.03	21,500.00
Deferred tax assets (Net)	14	9,847.91	7,223.63
Long-term loans and advances	15	1,555,493.56	940,877.34
Other non-current assets	16	30,736.33	13,845.49
		1,634,362.60	989,910.42
Current assets			
Current investments	17	4,454.33	4,365.24
Trade receivables	18	6,736.95	6,199.51
Cash and bank balances	19	142,634.93	159,362.81
Short-term loans and advances	20	792,169.02	573,301.54
Other current assets	21	36,399.02	32,377.92
		982,394.25	775,607.02
TOTAL		2,616,756.85	1,765,517.44
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 and on behalf of the Board of Directors of
Capital First Limited

For B S R & Co. LLP

ICAI Firm Registration No. 101248W/W-100022
Chartered Accountants

Manoj Kumar Vijai

Partner
Membership No.046882

Place : Mumbai
Date : May 04, 2018

V. Vaidyanathan

Chairman & Managing Director
DIN No. 00082596

Pankaj Sanklecha

Chief Financial Officer &
Head - Corporate Centre

Place : Mumbai
Date : May 04, 2018

Hemang Raja

Director
DIN No. 00040769

Satish Gaikwad

Head - Legal, Compliance &
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations	22	377,062.05	277,287.07
Other income	23	4,142.52	2,799.36
Total revenue		381,204.57	280,086.43
Expenses			
Employee benefits expense	24	33,476.66	23,939.35
Finance costs	25	138,244.23	116,060.08
Depreciation and amortisation expense	26	2,789.12	1,663.32
Other expenses	27	157,297.99	102,675.25
Total expenses		331,808.00	244,338.00
Profit before tax		49,396.57	35,748.43
Tax expense:			
- Current tax		18,750.77	13,518.78
- Minimum Alternate Tax (MAT)		467.10	-
- Deferred tax credit		(2,624.28)	(1,763.31)
- Tax for earlier years		(32.29)	(12.48)
		16,561.30	11,742.99
Profit for the year from continuing operations	(A)	32,835.27	24,005.44
Profit/(loss) before tax from discontinuing operations		(7.36)	(4.38)
Tax expense of discontinuing operations		83.44	108.95
Profit/(loss) from discontinuing operations (after tax)	(B)	(90.80)	(113.33)
Profit for the year	(A)+(B)	32,744.47	23,892.11
Earning per equity share:	28		
- Basic (Face value of ₹ 10/- each)		33.34	25.56
- Diluted (Face value of ₹ 10/- each)		32.00	23.97
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 B S R & Co. LLPICAI Firm Registration No. 101248W/W-100022
Chartered Accountants**Manoj Kumar Vijai**Partner
Membership No.046882Place : Mumbai
Date : May 04, 2018For 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 CentrePlace : Mumbai
Date : May 04, 2018**Hemang Raja**Director
DIN No. 00040769**Satish Gaikwad**Head - Legal, Compliance &
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

Particulars	₹ in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	49,396.57	35,748.43
Profit before tax from discontinuing operations	(7.36)	(4.38)
	49,389.21	35,744.05
Adjustments for :		
Depreciation/ amortisation on continuing operation	2,789.12	1,663.32
Provision for doubtful loans and advances	6,281.60	3,623.15
Provision for diminution in value of investments	-	(183.59)
Contingent provisions against standard assets	4,034.23	1,547.79
Bad loans and trade receivables written off	53,864.57	40,307.68
Provision for employee benefits	482.84	150.64
Dividend income	(43.84)	(38.93)
Profit on sale of investments	(4,022.32)	(1,668.81)
Loss on sale of fixed assets	9.99	123.39
Excess provision written back	-	(5.71)
	63,396.19	45,518.93
Operating profit before working capital changes	112,785.40	81,262.98
Adjustment for changes in working capital:		
Increase in trade receivables	(537.44)	(3,531.75)
Increase in loans and advances	(888,094.78)	(293,875.66)
Increase in other assets	(20,691.32)	7,338.84
Increase in trade payables and other liabilities	45,800.18	32,286.94
Cash used in operations	(750,737.96)	(176,518.65)
Direct taxes paid (net of refund)	(14,272.31)	(5,233.61)
Net Cash (used in) operating activities (A)	(765,010.27)	(181,752.26)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(6,259.44)	(5,410.19)
Sale proceeds from fixed assets	50.65	10.50
Sale proceeds from investments	4,604,285.68	2,727,000.88
Purchase of investments	(4,607,589.48)	(2,732,650.73)
Dividend income	43.84	38.93
Net Cash (used in) investing activities (B)	(9,468.75)	(11,010.61)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	154.32	618.43
Proceeds from share application money pending allotment	4.13	(14.96)
Proceeds from securities premium on issue of equity share capital	3,169.69	36,456.05
Payment of securities issue expenses	(1,642.16)	(918.55)
Payment of dividend	(2,540.86)	(2,189.91)
Payment of dividend tax	(517.26)	(445.81)
Proceeds from long term borrowings	934,835.00	581,093.00
Repayment of long term borrowings	(320,085.03)	(467,942.75)
Proceeds from short term borrowings	2,971,194.97	523,450.05
Repayment of short term borrowings	(2,826,605.00)	(421,279.21)
Net Cash generated from financing activities (C)	757,967.80	248,826.34
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	(16,511.22)	56,063.47
Cash and cash equivalents at beginning of the year (Refer note 3 below)	158,159.33	102,095.86
Cash and cash equivalents at the end of the year	141,648.11	158,159.33

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents comprises of :		
Cash in hand	2,401.56	1,483.90
Cheques on hand	-	195.23
Balance with banks		
- in current account (Refer note 3 below)	139,246.55	156,480.20
Total	141,648.11	158,159.33

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 Rule 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
- Cash and cash equivalents in the balance sheet comprises of Cash in hand and Cash at bank.
- The balances in unclaimed dividend accounts is not available for use by the Company and hence the same have been excluded.

As per our report of even date

For B S R & Co. LLPICAI Firm Registration No. 101248W/W-100022
Chartered Accountants**Manoj Kumar Vijai**Partner
Membership No.046882

Place : Mumbai

Date : May 04, 2018

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 04, 2018

Hemang RajaDirector
DIN No. 00040769**Satish Gaikwad**Head - Legal, Compliance &
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 accordance with the Accounting Standards ('AS') notified under section 133 of the Companies Act, 2013 (the 'Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules 2016 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') and National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions 2010 ('NHB 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 and NHB Regulation.

- b) During the current year, the Board of Directors of the Company at its meeting held on 13 January 2018, has approved a composite scheme of amalgamation, in terms of Sections 230-232 of Companies Act, 2013, of the Company, Capital First Home Finance Limited and Capital First Securities Limited (together the "Amalgamating Companies") with IDFC Bank Limited ("Amalgamated Company"). The Competition Commission of India has, at its meeting held on March 07, 2018, considered the proposed combination and approved the same under sub-section (1) of Section 31 of the Competition Act, 2002. The National Housing Bank, vide its letter dated February 19, 2018, has intimated their no objection to the aforesaid amalgamation subject to compliance with the applicable provisions of relevant Acts, Rules, Regulations, etc. in the matter. BSE Limited ("BSE") has, vide its letter dated March 14, 2018, given its prior approval for the aforesaid amalgamation with respect to the Amalgamated Company's trading membership in the Currency Derivative Segment of BSE. National Stock Exchange of India Limited ("NSE") has, vide its letter dated March 26, 2018, given its prior approval for the aforesaid amalgamation with respect to the Amalgamated Company's trading membership in the Currency Derivative Segment of NSE. The said scheme remains subject to the receipt of approval from the Reserve Bank of India and other statutory and regulatory approvals, including the approvals of the relevant stock exchanges, Securities & Exchange Board of India, the National Company Law Tribunal, and the respective shareholders and creditors of the Amalgamating Companies and the Amalgamated Company.

c) 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' and the Companies (Accounting Standards) Amendment Rules 2016. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- ii. The subsidiary companies considered in the presentation of the condensed consolidated financial statements are:

Particulars	Country of incorporation	Proportion of ownership interest as at March 31, 2018	Proportion of ownership interest as at March 31, 2017	Financial year ends on
Subsidiaries :				
Capital First Home Finance Limited	India	100%	100%	March 31
Capital First Securities Limited	India	100%	100%	March 31
Capital First Commodities Limited	India	100%	100%	March 31

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Change in accounting policy

Classification of Non performing assets ('NPA')

RBI vide its notification no DNBR. 011/CGM (CDS)-2015 dated March 27, 2015 had revised the asset classification norms for non-performing assets ('NPA') and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ended March 31, 2016. This has resulted in increase in gross non-performing assets by ₹ 8,541.21 lakhs. However, there is no significant impact of this change on provision for year ended March 31, 2018.

(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.

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 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.

(c) Change in estimates

Provisioning for standard assets

The Company has accounted for provision on standard assets as per Reserve Bank of India ('RBI') notification no. RBI/2014-15/299 dated November 10, 2014, which requires increased provision on standard assets in a phased manner over a period of three years commencing from March 31, 2016. As a result of which provision for standard assets as at March 31, 2018 is higher by ₹ 1,073.54 lakhs.

(d) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 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.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. 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.

(f) 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
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
Vehicles	4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(g) Loans

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

(h) 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.

(i) 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.

(j) 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.

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.

(k) 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.

(l) 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, 2018

(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.

(m) 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 and unrealised interest recognised as income in the previous period is reversed in the month in which the asset is classified as Non-performing, as per NBFC prudential norms and NHB Regulations.

Interest income on all other assets is recognised on time proportion 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 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

In case of assignment of loans the loans are derecognized as all the rights, title, future receivable and interest thereof are assigned to the purchaser. On derecognition, the difference between the book value of loans assigned and the consideration to be received as reduced by the estimated provision for loss/expenses and incidental expense related to the transaction is recognized as gain or loss arising on assignment.

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 and NHB regulation.

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 and NHB Regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(n) Profit/loss on sale of investments

Profit or loss on sale of investments is determined on the basis of FIFO carrying amount of investments disposed off.

(o) Securities issue expenses

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

(p) Retirement and other employee benefits

Provident fund

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 benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. 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'.

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 on internal rate of return ('IRR') basis. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(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 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.

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-Systemically important Non-Deposit accepting Company and Deposit accepting Company (Reserve Bank) Directions, 2016 and as per NHB regulation.

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 three months or more.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Contingent Provisions against standard assets

Contingent provision against standard assets has been made in accordance with Reserve Bank of India ('RBI') guidelines and as per NHB regulation.

(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).

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortised over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

v) Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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 period 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

		₹ in Lakhs	
Particulars		As at March 31, 2018	As at March 31, 2017
3. Share Capital			
Authorized:			
113,000,000 (Previous Year: 113,000,000) Equity shares of ₹ 10/- each		11,300.00	11,300.00
		11,300.00	11,300.00
Issued, subscribed and fully paid up:			
98,965,244 (Previous Year : 97,422,069) Equity shares of ₹ 10/- each		9,896.52	9,742.21
		9,896.52	9,742.21

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, 2018		As at March 31, 2017	
	Number	₹ in Lakhs	Number	₹ in Lakhs
At the beginning of the year	97,422,069	9,742.21	91,237,744	9,123.78
Issued during the year-Under Employees Stock Option Scheme	1,543,175	154.31	1,404,325	140.43
Issued during the year (Refer note no. 35)	-	-	4,780,000	478.00
At the close of the reporting year	98,965,244	9,896.52	97,422,069	9,742.21

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, 2018		As at March 31, 2017	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Equity shares of ₹ 10/- each				
Cloverdell Investment Ltd - Holding Company*	33,937,645	3,393.76	58,237,645	5,823.76
Dayside Investment Ltd*	1,247,957	124.80	1,247,957	124.80

* Ceased to be holding company and the subsidiary of the ultimate holding company from May 17, 2017

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

	As at March 31, 2018		As at March 31, 2017	
	Number	%	Number	%
Cloverdell Investment Ltd	33,937,645	34.29%	58,237,645	59.78%
Government of Singapore	8,767,986	8.86%	66,510	0.07%

	As at March 31, 2018	As at March 31, 2017
e. Securities convertible into equity shares:	Nil	Nil
f. Shares reserved for issue under Employee Stock Option Scheme (Refer note no. 31)	11,857,950	10,227,325
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 17, 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
4. Reserves and Surplus		
Capital reserve		
Balance as per last balance sheet	5,925.00	5,925.00
Statutory reserve under to section 45-IC of the RBI Act, 1934		
Balance as per last balance sheet	16,155.66	11,818.42
Add: Transferred from surplus in the statement of profit & loss	6,540.20	4,337.24
	22,695.86	16,155.66
Statutory reserve under Section 29C of the National Housing Bank Act, 1987		
Balance as per last balance sheet	328.33	199.56
Add: Transferred from Surplus in the statement of profit & loss	221.63	128.77
	549.96	328.33
Securities premium reserve		
Balance as per last balance sheet	150,742.92	115,205.43
Add : Received during the period	3,169.69	36,456.05
Less: Securities issue expenses (net of tax)	(1,642.15)	(918.56)
	152,270.46	150,742.92
General reserve		
Balance as per last balance sheet	4,227.26	4,227.26
Surplus in the Statement of Profit and Loss		
Balance as per last balance sheet	43,262.71	23,836.61
Add: Profit for the year	32,744.47	23,892.11
Less: Appropriations:		
Transfer to statutory reserve under to section 45-IC of the RBI Act, 1934 (refer note no.(i))	(6,540.20)	(4,337.24)
Transfer to statutory reserve u/s 29C of the National Housing Bank Act, 1987 (refer note no.(ii))	(221.63)	(128.77)
Dividend on equity shares (Refer Note No. (iii))	(2,540.86)	-
Dividend tax thereon	(517.26)	-
	66,187.23	43,262.71
	251,855.77	220,641.88

Note

- (i) As per Section 45-IC of Reserve Bank of India Act, 1934 every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank of India within twenty-one days from the date of such withdrawal. The said amount has been transferred at the end of the Financial Year.
- (ii) As per Section 29-C of the National Housing Bank, 1987 every housing finance institution shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the housing finance institution except for the purpose as may be specified by the National Housing Bank from time to time and every such appropriation shall be reported to the National Housing Bank within twenty-one days from the date of such withdrawal. The said amount has been transferred at the end of the Financial Year.
- (iii) The Board of Directors, at its meeting held on May 10 2017 recommended a dividend of ₹ 2.60/-per Equity Share. The dividend had been declared in the Annual General Meeting held on July 4, 2017 and has been paid on and after July 06, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	Non current portion		Current maturities*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
5. Long-Term Borrowings				
Secured				
Redeemable non-convertible debentures	797,320.00	372,220.00	36,000.00	20,000.00
Term loans				
- from banks	446,773.19	314,428.72	177,766.64	210,261.14
- from others	127,600.00	98,300.00	37,700.00	26,200.00
Unsecured				
Redeemable non convertible perpetual debentures	36,000.00	28,000.00	-	-
Redeemable non-convertible debentures (Subordinated debt)	74,000.00	54,000.00	-	-
Term loans				
- from banks (Subordinate debt)	7,500.00	27,500.00	20,000.00	-
- from banks (other)	-	-	5,000.00	-
	1,489,193.19	894,448.72	276,466.64	256,461.14

* Amount disclosed under the head 'Other current liabilities' (Refer note no. 10)

a. Security details for secured redeemable non-convertible debentures

1. Debentures of ₹ 74,000.00 lakhs (Previous Year: ₹ 94,000.00 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 ₹ 759,320.00 lakhs (Previous Year: 298,220.00 lakhs) 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.
3. The total asset cover required thereof has been maintained as per the terms and conditions stated in the respective Debenture Trust Deeds.

b. Particulars of secured redeemable non-convertible debentures

₹ in Lakhs

Date of redemption	Quantity (Face value of ₹ 10 Lakh)	Non current portion		Current maturities	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
June 15, 2027	750	7,500.00	-	-	-
September 18, 2026	250	2,500.00	2,500.00	-	-
May 15, 2026	800	8,000.00	8,000.00	-	-
May 3, 2024	700	7,000.00	-	-	-
July 19, 2023	352	3,520.00	3,520.00	-	-
June 13, 2023	70	700.00	700.00	-	-
May 31, 2023	200	2,000.00	2,000.00	-	-
December 8, 2022	1,800	18,000.00	-	-	-
September 29, 2022	1,000	10,000.00	-	-	-
July 14, 2022	4,750	47,500.00	-	-	-
June 27, 2022	500	5,000.00	-	-	-
May 3, 2022	1,850	18,500.00	-	-	-
April 13, 2022	500	5,000.00	-	-	-
April 5, 2022	3,000	30,000.00	-	-	-
December 21, 2021	1,000	10,000.00	10,000.00	-	-
October 28, 2021	200	2,000.00	2,000.00	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. Long-Term Borrowings (Contd.)

₹ in Lakhs

Date of redemption	Quantity (Face value of ₹ 10 Lakh)	Non current portion		Current maturities	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
September 20, 2021	150	1,500.00	1,500.00	-	-
September 15, 2021	200	2,000.00	2,000.00	-	-
June 30, 2021	100	1,000.00	1,000.00	-	-
May 31, 2021	1,740	17,400.00	8,500.00	-	-
May 28, 2021	3,500	35,000.00	35,000.00	-	-
March 23, 2021	5,650	56,500.00	-	-	-
February 22, 2021	1,020	10,200.00	-	-	-
January 29, 2021	500	5,000.00	5,000.00	-	-
January 22, 2021	2,100	21,000.00	21,000.00	-	-
December 22, 2020	500	5,000.00	5,000.00	-	-
November 27, 2020	2,150	21,500.00	-	-	-
October 23, 2020	150	1,500.00	1,500.00	-	-
August 14, 2020	1,400	14,000.00	-	-	-
June 5, 2020	500	5,000.00	-	-	-
May 19, 2020	1,500	15,000.00	-	-	-
May 18, 2020	500	5,000.00	-	-	-
May 15, 2020	1,500	15,000.00	-	-	-
May 15, 2020	500	5,000.00	-	-	-
April 30, 2020	850	8,500.00	-	-	-
April 13, 2020	1,850	18,500.00	-	-	-
April 3, 2020	2,000	20,000.00	-	-	-
March 23, 2020	5,950	59,500.00	-	-	-
March 13, 2020	950	9,500.00	9,500.00	-	-
January 24, 2020	5,000	50,000.00	-	-	-
January 17, 2020	5,000	50,000.00	50,000.00	-	-
December 27, 2019	3,000	30,000.00	30,000.00	-	-
October 28, 2019	250	2,500.00	2,500.00	-	-
October 10, 2019	5,750	57,500.00	57,500.00	-	-
September 30, 2019	2,500	25,000.00	25,000.00	-	-
September 30, 2019	2,500	25,000.00	25,000.00	-	-
September 20, 2019	100	1,000.00	1,000.00	-	-
September 13, 2019	800	8,000.00	8,000.00	-	-
July 19, 2019	1,100	11,000.00	11,000.00	-	-
June 28, 2019	450	4,500.00	4,500.00	-	-
June 13, 2019	50	500.00	500.00	-	-
May 31, 2019	250	2,500.00	2,500.00	-	-
January 4, 2019	3,000	-	30,000.00	30,000.00	-
December 21, 2018	350	-	3,500.00	3,500.00	-
June 29, 2018	250	-	2,500.00	2,500.00	-
March 20, 2018	1,000	-	-	-	10,000.00
February 15, 2018	1,000	-	-	-	10,000.00
		797,320.00	372,220.00	36,000.00	20,000.00

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.

Interest rate range from 8.08% p.a to 10.00% p.a as at March 31, 2018

c. Security details for secured term loans

1. Term loans of ₹ 646,436.50 Lakhs (Previous year: ₹ 530,689.86 Lakhs) is secured by way of first pari passu charge on receivables of retail, wholesale credit and current assets of the Company.
2. Term loans of ₹ 143,403.33 Lakhs (Previous Year: ₹ 118,500.00 Lakhs) is secured by way of first exclusive charge on receivables of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. Long-Term Borrowings (Contd.)

d. Particulars of unsecured redeemable non convertible perpetual debentures

₹ in Lakhs

Issue date	Quantity (Face value of ₹ 10 Lakh)	Non current portion		Current maturities	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
September 18, 2017	800	8,000.00	-	-	-
June 6, 2016	300	3,000.00	3,000.00	-	-
March 1, 2016	600	6,000.00	6,000.00	-	-
September 23, 2014	500	5,000.00	5,000.00	-	-
May 24, 2013	150	1,500.00	1,500.00	-	-
March 14, 2013	250	2,500.00	2,500.00	-	-
March 8, 2013	1,000	10,000.00	10,000.00	-	-
		36,000.00	28,000.00	-	-

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Funds raised through perpetual debentures	8,000.00	3,000.00
Amount outstanding as at the end of the year	36,000.00	28,000.00
Percentage of perpetual debt instrument to total tier I capital	12.99%	11.53%
Financial year in which interest on perpetual debt instrument is not paid on account of Lock-in-clause	NA	NA

Interest rate range from 8.60% p.a to 11.00% p.a as at March 31, 2018

These debentures have a 'Call Option' which may be exercised by the Company only after the instrument has run for a year 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

Date of redemption	Quantity (Face value of ₹ 10 Lakh)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
May 17, 2028	500	5,000.00	5,000.00	-	-
August 24, 2027	2,000	20,000.00	-	-	-
July 24, 2026	300	3,000.00	3,000.00	-	-
February 5, 2026	1,000	10,000.00	10,000.00	-	-
December 29, 2025	350	3,500.00	3,500.00	-	-
December 15, 2025	250	2,500.00	2,500.00	-	-
November 20, 2025	250	2,500.00	2,500.00	-	-
October 30, 2025	750	7,500.00	7,500.00	-	-
September 29, 2025	500	5,000.00	5,000.00	-	-
February 28, 2023	1,000	10,000.00	10,000.00	-	-
February 28, 2023	500	5,000.00	5,000.00	-	-
		74,000.00	54,000.00	-	-

Interest rate range from 8.25% p.a to 10.30% p.a as at March 31, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. Long-Term Borrowings (Contd.)

f. Terms of repayment:

Term loans from banks and others-secured

As at March 31, 2018				₹ in Lakhs
Tenor	Rate of interest	Repayment details	Non-current portion	Current maturities
More than 60 Months	8.00% to 8.10%	Quarterly instalments	47,200.00	2,800.00
48-60 months	8.05% to 8.65%	Semi-annual & quarterly instalments	266,736.80	46,424.30
36-48 months	8.05% to 8.60%	Quarterly instalments	107,755.56	40,441.67
24-36 months	8.15% to 8.60%	Semi-annual & quarterly instalments	108,958.33	56,229.17
12-24 months	8.10% to 8.76%	Semi-annual & quarterly instalments	43,722.50	50,785.00
Upto 12 months	8.15% to 8.75%	Quarterly instalments	-	18,786.50
Grand total			574,373.19	215,466.64

As at March 31, 2017				₹ in Lakhs
Tenor	Rate of interest	Repayment details	Non-current portion	Current maturities
More than 60 Months	8.50%	Semi-annual & quarterly instalments	41,800.00	10,200.00
48-60 months	8.20% to 8.80%	Quarterly instalments	163,197.22	26,102.78
36-48 months	8.50% to 9.70%	Semi-annual & quarterly instalments	132,812.50	46,250.00
24-36 months	8.20% to 9.65%	Quarterly instalments	40,132.50	21,517.50
12-24 months	8.40% to 9.55%	Quarterly instalments	34,786.50	47,598.00
Upto 12 months	9.50% to 9.70%	Quarterly & structured instalments	-	84,792.86
Grand total			412,728.72	236,461.14

Term loan from banks- unsecured

As at March 31, 2018				₹ in Lakhs
Tenor	Rate of interest	Repayment details	Non-current portion	Current maturities
24-36 months	NA	NA	-	-
12-24 months	8.65%	Bullet	7,500.00	-
Upto 12 months	7.90% to 8.65%	Bullet	-	25,000.00
Grand total			7,500.00	25,000.00

As at March 31, 2017				₹ in Lakhs
Tenor	Rate of interest	Repayment details	Non-current portion	Current maturities
24-36 months	9.75%	Bullet	7,500.00	-
12-24 months	8.50% to 11.2%	Bullet	20,000.00	-
Upto 12 months	NA	NA	-	-
Grand total			27,500.00	-

			₹ in Lakhs
Particulars	As at March 31, 2018	As at March 31, 2017	
6. Other Long-Term Liabilities			
Unamortised processing fees/subvention income	13,107.43	8,017.59	
	13,107.43	8,017.59	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
7. Long-Term Provisions		
For contingent provisions against standard assets	6,210.85	3,335.57
For doubtful loans	9,946.36	4,482.42
For doubtful advances	241.68	280.48
For foreclosure/credit loss on assignment	2,364.46	3,275.72
Provisions for employee benefits		
- Gratuity (Refer note no. 30)	879.03	532.80
	19,642.38	11,906.99
8. Short-Term Borrowings		
Secured		
Loans repayable on demand*		
- from banks	202,695.58	175,109.51
Unsecured		
Commercial papers		
Face value	206,500.00	86,500.00
Less: Unmatured discounting charges	(4,704.78)	(1,708.69)
	201,795.22	84,791.31
	404,490.80	259,900.82

*** Additional information:**

- Cash credit (including working capital demand loan) of ₹ 153,272.41 lakhs (Previous Year: ₹ 155,725.22 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 ₹ 25,005.19 lakhs (Previous Year: ₹ 10,052.53 lakhs) is secured by way of first exclusive charge on receivables of the Company.
- Cash Credit of ₹ 24,417.98 lakhs (Previous Year: ₹ 9,331.76 lakhs) is secured by way of first pari passu charge on loan receivables and other current assets of the Company.

- Terms of repayment of secured cash credit and working capital demand loan from bank: ₹ in Lakhs

Data of maturity	As at March 31, 2018	As at March 31, 2017
Sep-18	7,500.00	-
Aug-18	17,500.00	-
May-18	45,000.00	-
Apr-18	2,500.00	-
Feb-18	-	11,000.00
Aug-17	24,417.99	19,331.77
On demand	105,777.59	144,777.74
Total	202,695.58	175,109.51

- Terms of repayment of commercial papers: ₹ in Lakhs

Data of maturity	As at March 31, 2018	As at March 31, 2017
Mar-19	10,000.00	-
Nov-18	14,000.00	-
Oct-18	5,000.00	-
Sep-18	32,000.00	-
Aug-18	7,500.00	-
Jul-18	7,000.00	-
Jun-18	70,000.00	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Data of maturity	As at March 31, 2018	As at March 31, 2017
May-18	61,000.00	-
Mar-18	-	500.00
Oct-17	-	2,500.00
Sep-17	-	12,500.00
Aug-17	-	12,500.00
Jul-17	-	3,500.00
Jun-17	-	25,000.00
May-17	-	30,000.00
Total	206,500.00	86,500.00

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
9. Trade Payables		
To Micro, Small and Medium Enterprises *	-	-
Others	33,818.10	18,052.17
	33,818.10	18,052.17

*** 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, 2018. 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)	276,466.64	256,461.14
Interest accrued but not due on borrowings	37,552.15	15,951.19
Income received in advance	114.26	371.15
Advance received from customers	-	65.59
Overdrawn book balance	2,243.88	230.34
Unamortised processing fees/subvention income	26,772.15	23,351.46
Unclaimed dividends	27.56	23.59
Other liabilities (includes statutory liabilities, payables under assignment activities)	31,296.83	31,979.20
	374,473.47	328,433.66

11. Short-Term Provisions

Provision for employee benefits		
- Gratuity (Refer note no. 30)	102.37	6.60
- Leave encashment and availment	139.50	98.66
For contingent provisions against standard assets	3,172.96	2,014.01
For doubtful loans	5,403.82	5,288.09
For doubtful advances	125.78	93.31
For doubtful debts	1,260.90	552.55
For foreclosure/credit loss on assignment	423.35	598.15
For others	21.58	21.58
For income tax	9,624.80	5,700.45
	20,275.06	14,373.40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

12. Fixed Assets

₹ in Lakhs

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			NET BLOCK	
	As at April 1, 2017	Additions	Deletions/ Adjustments	As at March 31, 2018	As at April 1, 2017	For the year	As at March 31, 2018	As at March 31, 2017
Tangible Assets								
Own assets								
Freehold land *	6.25	19.47	-	25.72	-	-	25.72	6.25
Computers, servers and printers	2,782.60	943.38	4.77	3,721.21	1,894.90	553.67	2,446.19	1,275.02
Office equipment	773.80	173.29	9.86	937.23	538.19	110.11	640.92	296.31
Furniture and fixtures	1,233.57	266.37	15.94	1,484.00	395.15	213.73	600.35	883.65
Electrical installation	249.57	70.10	3.56	316.11	39.80	31.25	69.93	246.18
Air conditioners	344.04	133.45	0.31	477.18	71.44	88.17	159.40	317.78
Leasehold improvements	1,907.49	490.43	8.55	2,389.37	314.32	456.13	765.11	1,624.26
Vehicles	766.91	1,173.31	54.80	1,885.42	45.80	377.78	411.40	1,474.02
Sub-total (A)	8,064.23	3,269.80	97.79	11,236.24	3,299.60	1,830.84	5,093.30	4,764.63
Intangible Assets								
Domain names and trade names	16.31	0.06	-	16.37	16.24	0.12	16.36	0.01
Data processing software	3,191.18	1,423.53	-	4,614.71	1,491.92	958.16	2,450.08	2,164.63
Sub-total (B)	3,207.49	1,423.59	-	4,631.08	1,508.16	958.28	2,466.44	1,699.33
Total (A+B)	11,271.72	4,693.39	97.79	15,867.32	4,807.76	2,789.12	7,559.74	6,463.96

*Mortgaged as security against secured non convertible debentures

₹ in Lakhs

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			NET BLOCK	
	As at April 1, 2016	Additions	Deletions/ Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	As at March 31, 2017	As at March 31, 2016
Tangible Assets								
Own assets								
Freehold land *	6.25	-	-	6.25	-	-	-	6.25
Computers, servers and printers	2,199.92	644.27	61.59	2,782.60	1,575.32	372.57	1,894.90	887.70
Office equipment	785.23	105.55	116.98	773.80	505.44	137.48	538.19	235.61
Furniture and fixtures	642.67	649.64	58.74	1,233.57	237.67	191.91	395.15	838.42
Electrical installation	309.42	95.36	155.21	249.57	70.81	39.42	39.80	209.77
Air conditioners	103.93	242.38	2.27	344.04	24.35	48.99	71.44	272.60
Leasehold improvements	712.01	1,567.81	372.33	1,907.49	402.92	280.16	314.32	1,593.17
Vehicles	-	766.91	-	766.91	-	45.80	45.80	-
Sub-total (A)	4,759.43	4,071.92	767.12	8,064.23	2,816.51	1,116.33	3,299.60	1,942.92
Intangible Assets								
Domain names and trade names	16.31	-	-	16.31	16.17	0.07	16.24	0.07
Data processing software	1,925.94	1,265.24	-	3,191.18	945.00	546.92	1,491.92	1,699.26
Sub-total (B)	1,942.25	1,265.24	-	3,207.49	961.17	546.99	1,508.16	1,699.33
Total (A+B)	6,701.68	5,337.16	767.12	11,271.72	3,777.68	1,663.32	4,807.76	2,924.00

*Mortgaged as security against secured non convertible debentures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs				
Name of the company	Quantity	As at March 31, 2018	Quantity	As at March 31, 2017
13 Non - Current Investments				
Investments in equity instruments (Trade, Unquoted):				
In fully paid up equity shares of ₹ 10 each				
Sienna Systems Resources Pvt. Ltd.	6,772,203	399.56	-	-
Sienna Systems Resources Pvt. Ltd.-Share Warrants	1,693,051	24.97	-	-
Monexo Fintech Pvt. Ltd.	33,548	260.00	-	-
		684.53		-
Investments in equity instruments (Non-Trade, Quoted):				
In fully paid up equity shares of ₹ 2 each				
Arshiya Ltd.	2,775,000	3,052.50	-	-
		3,737.03		-
Investments in preference shares (Trade, Unquoted):				
In fully paid up preference shares of ₹ 10 each				
Satin Creditcare Network Limited	1,230,098	3,500.00		-
		3,500.00		-
Investments in non-convertible debentures (Non-Trade, Quoted)				
14.95% Equitas Small Finance Bank Limited SR13 (FV ₹ 10 Lakhs)	400	4,000.00	400	4,000.00
14.00% MAS Financial services Ltd LOA (FV ₹ 10 Lakhs)	400	4,000.00	400	4,000.00
Satin Creditcare Network Limited SR-F BR (FV ₹ 10 Lakhs)	250	2,500.00	250	2,500.00
15.85% Suryoday Small Finance Bank Ltd. SR-F-011 (FV ₹ 10 Lakhs)	150	1,500.00	150	1,500.00
		12,000.00		12,000.00
Investments in other instruments (Non-Trade, Unquoted):				
Alternate Investment Fund:				
Strugence Small and Medium Real Estate Fund	1,000	1,000.00	1000	1,000.00
Security Receipts:				
EARC TRUST-SC-240 Series-I	850,000	8,500.00	850,000	8,500.00
		9,500.00		9,500.00
		28,737.03		21,500.00
Additional information:				
Aggregate value of quoted investments:		15,052.50		12,000.00
Aggregate value of unquoted investments:		13,684.53		9,500.00
Aggregate market value of quoted investments ₹*		14,025.75		12,000.00
Aggregate provision for diminution in value of investments:		-		-

*Book value of Non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

		₹ in Lakhs	
Particulars	As at March 31, 2018	As at March 31, 2017	
14. Deferred tax assets (Net)			
Deferred tax asset:			
On account of depreciation on fixed assets	718.73	488.60	
Retirement benefit	336.93	186.59	
Provision for doubtful debts	431.18	191.23	
Provision for doubtful retail loans and advances	4,420.81	2,810.74	
Unamortised processing fees	13,781.96	10,926.08	
Unamortised preliminary expenses	-	0.47	
Contingent provisions against standard assets	3,201.29	1,837.31	
Merger expenses	1.53	3.04	
Other items	154.10	164.87	
	23,046.53	16,608.93	
Deferred tax liability:			
Special reserve	158.61	94.69	
Unamortised loan origination cost	12,579.88	8,760.71	
Unamortised borrowing costs	460.13	529.90	
	13,198.62	9,385.30	
Net Deferred tax assets	9,847.91	7,223.63	
15. Long-Term Loans and Advances:			
<i>Secured, considered good</i>			
Loans and advances relating to financing activity	1,025,486.20	608,605.79	
<i>Secured, considered doubtful</i>			
Loans and advances relating to financing activity	20,917.74	13,593.42	
<i>Unsecured, considered good</i>			
Capital advances	1,473.77	1,147.90	
Security deposits	1,397.18	932.51	
Loans and advances relating to financing activity	500,412.62	311,515.55	
Receivables under loans assigned	124.01	110.93	
Advances recoverable in cash or in kind or for value to be received	306.86	339.98	
Advance taxes (net of provision for tax)	605.01	1,677.38	
	504,319.45	315,724.25	
<i>Unsecured, considered doubtful</i>			
Loans and advances relating to financing activity	4,572.33	2,614.89	
Receivables under loans assigned	157.10	298.25	
Security deposits	3.00	3.00	
Advances recoverable in cash or in kind or for value to be received	37.74	37.74	
	1,555,493.56	940,877.34	
16. Other Non-current Assets			
Interest accrued but not due	19.39	9.41	
Unamortised loan origination cost	30,362.98	11,794.44	
Unamortised borrowing costs	126.52	286.23	
Balances with banks			
- in deposit accounts exceeding twelve months maturity *	227.44	1,755.41	
	30,736.33	13,845.49	

* includes under lien ₹ 67.12 Lakhs (Previous year ₹ 1605.00 Lakhs) relating to assignment, ₹ 12.50 Lakhs (Previous Year ₹ NIL) placed with Bank towards guarantee, ₹ Nil (Previous Year : ₹ 2.43 Lakhs) placed with VAT authorities and ₹ Nil (Previous Year: ₹ 0.16 Lakhs) placed with Consumer Dispute Forum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	Quantity	As at March 31, 2018	Quantity	As at March 31, 2017
17. Current Investments				
Investments in equity instruments (Quoted):				
In fully paid up equity shares of ₹ 1/- each				
Tata Coffee Limited	788,014	754.33	2,549,214	2,440.24
		754.33		2,440.24
Investments in mutual funds (Unquoted):				
Reliance Liquid Fund-Treasury Plan-Direct Plan - Growth Option	11,815.2740	500.00	16,412.285	645.00
Invesco India Liquid Fund-Direct Plan-Growth	20,936.0900	500.00	28,860.215	640.00
Aditya Birla Sun Life Cash Plus - Growth - Direct Plan	35,865.5620	100.00	-	-
Mahindra Liquid Fund-Direct-Growth	44,507.6570	500.00	61,382.503	640.00
LIC MF Liquid Fund Direct Growth Fund	15,895.1280	500.00	-	-
UTI Money Market - Direct Plan-Growth	25,688.0470	500.00	-	-
HSBC Cash Fund - Growth - Direct	28,931.9050	500.00	-	-
IDBI Liquid Fund-Direct-Growth	5,381.1360	100.00	-	-
DHFL Pramaraica Insta Cash Plus Fund-Direct Plan-Growth	44,350.7950	100.00	-	-
SBI Premier Liquid Fund-Direct Plan-Growth	14,711.7040	400.00	-	-
		3,700.00		1,925.00
		4,454.33		4,365.24
Additional Information:				
1. Aggregate value of quoted investments:				
- Cost		754.33		2,440.24
- Market value		890.46		3,217.11
2. Aggregate value of unquoted investments:				
- Cost		3,700.00		1,925.00
- Net assets value		3,705.74		1,943.35

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
18. Trade receivables		
Trade receivables exceeding six months		
- Unsecured, considered good	-	-
- Unsecured, considered doubtful	641.50	552.55
	641.50	552.55
Other debts		
- Unsecured, considered good	4,788.26	5,646.96
- Unsecured, considered doubtful	1,307.19	-
	6,095.45	5,646.96
	6,736.95	6,199.51

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

		₹ in Lakhs	
Particulars	As at March 31, 2018	As at March 31, 2017	
19. Cash and Bank Balances			
Cash and cash equivalents:			
Cash on hand *	2,401.56	1,483.90	
Cheques on hand	-	195.23	
Balances with banks			
- in unclaimed dividend accounts	27.56	23.59	
- in current accounts	139,246.55	156,480.20	
	141,675.67	158,182.92	
Other bank balances			
Deposit with original maturity for more than three months but less than twelve months			
- in fixed deposit accounts #	959.26	1,179.89	
	142,634.93	159,362.81	
Amount disclosed under non-current assets (Refer Note No. 16)	227.44	1,755.41	
*Includes cash in transit amounting to ₹ 595.08 Lakhs (Previous year ₹ 466.04 Lakhs).			
# includes under lien ₹ 955.67 Lakhs (Previous Year: ₹ 1,101.89 Lakhs) relating to assignment, ₹ 3.43 Lakhs (Previous Year : ₹ 1.00) placed with VAT authorities and ₹ 0.16 (Previous Year: ₹ Nil Lakhs) placed with Consumer Dispute Forum.			
20. Short-Term Loans and Advances			
<i>Secured, considered good</i>			
Loans and advances relating to financing activity*	474,298.60	376,192.88	
<i>Secured, considered doubtful</i>			
Loans and advances relating to financing activity*	9,044.27	5,352.44	
<i>Unsecured, considered good</i>			
Loans and advances relating to financing activity*	283,842.19	177,074.68	
Receivables under loans assigned	7.50	3.26	
Advances recoverable in cash or in kind or for value to be received	20,945.03	10,132.13	
Security deposits	95.12	123.32	
<i>Unsecured, considered doubtful</i>			
Security deposits	4.09	4.09	
Loans and advances relating to financing activity*	3,834.59	4,342.51	
Advances recoverable in cash or in kind or for value to be received	94.42	57.20	
Receivables under loans assigned	3.21	19.03	
	792,169.02	573,301.54	
* Includes current maturities of long term loans and advances and overdue advances.			
21. Other Current Assets			
Interest accrued but not due	25,935.66	16,282.44	
Unamortised loan origination cost	6,416.42	13,689.27	
Unamortised borrowing costs	559.49	736.43	
Unbilled Subvention Income	3,487.45	1,669.78	
	36,399.02	32,377.92	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
22. Revenue from Operations		
Interest income	318,847.32	238,879.92
Other financial services:		
Fee income	39,321.97	31,322.11
Income from assignment of loans	15,025.26	5,561.53
Commission and brokerage Income	3,867.50	1,523.51
	377,062.05	277,287.07
23. Other Income		
Dividend income	43.84	38.93
Profit on sale of investments	4,022.32	1,668.81
Interest on income tax refund	21.83	1,033.99
Excess provision written back	-	5.71
Other non-operating income	54.53	51.92
	4,142.52	2,799.36
24. Employee Benefits Expense		
Salaries and wages	31,368.63	22,624.97
Contribution to provident and other funds	1,155.69	711.63
Staff welfare expenses	952.34	602.75
	33,476.66	23,939.35
25. Finance Costs		
Interest expense	126,989.32	106,030.54
Other borrowing costs	11,254.91	10,029.54
	138,244.23	116,060.08
26. Depreciation and Amortisation Expense		
Depreciation on fixed assets	1,830.84	1,116.33
Amortisation of intangible assets	958.28	546.99
	2,789.12	1,663.32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
27. Other Expenses		
Rent	3,077.52	2,233.71
Repairs others	7,136.15	2,691.54
Insurance	59.60	59.60
Rates and taxes	766.16	328.97
Auditors remuneration		
- as auditor	93.00	93.00
- Tax audit fees	5.00	5.00
- for Certification and others	14.45	13.69
- for reimbursement of expenses	6.87	5.66
Commission and brokerage	1,112.73	295.91
Travelling expenses	2,222.65	1,560.55
Communication expenses	2,003.98	1,518.41
Printing and stationery	912.72	391.88
Recruitment expenses	455.20	268.83
Membership and subscription	103.30	76.59
Advertisement and publicity expenses	3,721.34	2,585.95
Electricity charges	605.02	462.05
Amortised loan origination cost	32,848.55	23,699.70
Provision and Write offs:		
Provision for doubtful loans and advances	6,281.60	3,623.15
Provision for diminution in investments	-	(183.59)
Contingent provisions against standard assets	4,034.23	1,547.79
Bad loans and trade receivables written off (net of recovery)	53,864.57	40,307.68
	64,180.40	45,295.03
Sundry advances written off	-	0.04
Loss on sale of fixed asset (including write off) (net)	9.99	123.39
Donations (Refer note below)	582.41	394.18
Legal and professional charges	12,238.37	7,232.68
CMS charges	2,438.25	1,508.90
Directors sitting fees	38.90	30.11
Collection expenses	21,443.00	11,176.09
Remuneration to non whole time directors		
- Commission	110.00	100.00
Miscellaneous expenses	1,112.43	523.79
	157,297.99	102,675.25

Note:

- (i) During the year, the company has contributed ₹ 570.41 Lakhs (Previous Year: ₹ 372.62 Lakhs) towards Corporate Social Responsibility ('CSR') expenditure being revenue in nature.
- (ii) Details of CSR spent during the financial year:
- a) Gross amount required to be spent by the company during the year is ₹ 567.24 Lakhs.
- b) Amount spent during the year on:

₹ in Lakhs

Particulars	In Cash	Yet to be paid in cash
i) Construction/acquisition of any assets	-	-
ii) On purpose other than (i) above	570.41	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
28. a) Earnings per equity share ('EPS')		
Basic EPS		
Net profit for the year after tax expense	32,744.47	23,892.11
Weighted average number of equity shares	98,216,142	93,488,147
Nominal value per equity share	10.00	10.00
Earning per equity share - Basic	33.34	25.56
Diluted EPS		
Net profit for the year after tax expense	32,744.47	23,892.11
Weighted average number of equity shares	98,216,142	93,488,147
Add: Weighted number of equity shares under options	4,111,551	6,195,000
Weighted average number of diluted equity shares	102,327,693	99,683,147
Nominal value per equity share	10.00	10.00
Earning per equity share - Diluted	32.00	23.97
b) Earnings per equity share ('EPS') from continuing operations		
Basic EPS		
Net profit for the year after tax expense	32,835.27	24,005.44
Weighted average number of equity shares	98,216,142	93,488,147
Nominal value per equity share	10.00	10.00
Earning per equity share - Basic	33.43	25.68
Diluted EPS		
Net profit for the year after tax expense	32,835.27	24,005.44
Weighted average number of equity shares	98,216,142	93,488,147
Add: Weighted number of equity shares under options	4,111,551	6,195,000
Weighted average number of diluted equity shares	102,327,693	99,683,147
Nominal value per equity share	10.00	10.00
Earning per equity share - Diluted	32.09	24.08

29. Contingent liabilities and capital commitments

Contingent Liabilities not provided for in respect of:

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Guarantee given by company to banks	901.00	901.00
Guarantee given by banks	25.00	-
Disputed claims against the company not acknowledged as debts	128.09	-
Income-tax matters under dispute*	402.28	435.86

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

₹ in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,587.75	1,214.31
Commitments relating to loans sanctioned but undrawn	12,540.76	11,825.37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

30. Post-employment benefit plans

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 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

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of the obligation as at the beginning of the year	539.40	409.85
Interest cost	41.54	31.38
Current service cost	274.32	158.45
Benefit paid	(36.83)	(30.16)
Actuarial (gain)/loss on obligations	162.97	(30.12)
Present value of the obligation as at the end of the year	981.40	539.40

B. Amount recognised in the statement of profit and loss

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest cost	41.54	31.38
Current service cost	274.32	158.45
Actuarial (gain)/loss on obligations	162.97	(30.12)
Total expense/(income) recognised in the statement of profit and loss	478.83	159.71

C. Reconciliation of balance sheet

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of the obligation as at the beginning of the year	539.40	409.85
Total expense/(income) recognised in the statement of profit and loss	478.83	159.71
Benefits paid	(36.83)	(30.16)
Present value of the obligation as at the end of the year	981.40	539.40

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

Assumptions	Gratuity (Unfunded)	
	March 31, 2018	March 31, 2017
	March 31, 2018	March 31, 2017
Discount rate	7.81% - 7.87%	7.64% - 7.70%
Increase in compensation cost	8.00% - 11.36%	8.00%
Employee turnover	2% - 22%	2.00%

Experience adjustments	Gratuity (Unfunded)				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Experience adjustments on plan liabilities [gain/(loss)]	(71.82)	29.57	65.13	16.32	67.82
Experience adjustments on plan assets [gain/(loss)]	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

31. Employee Stock Option Scheme ('ESOS')

For the year ended March 31, 2018

Particulars of options	ESOS 2007	ESOS 2008	ESOS 2009	ESOS 2011	ESOS 2012	ESOS 2014	ESOS 2016	ESOP 2017	ESOP 2017-CMD
Outstanding as at the beginning of the year	344,000	223,000	21,700	956,625	1,277,000	6,500,000	905,000	-	-
Granted during the year	-	-	-	-	-	-	-	1,870,000	1,500,000
Forfeited/Cancelled during the year	-	15,000	1,275	21,925	33,500	-	64,000	60,500	-
Lapsed during the year	-	-	-	-	-	-	-	-	-
Exercised/Allotted during the year	344,000	71,000	425	713,800	343,950	-	70,000	-	-
Outstanding as at the end of the year	-	137,000	20,000	220,900	899,550	6,500,000	771,000	1,809,500	1,500,000
Exercisable at the end of the year	-	35,000	6,725	23,075	510,750	-	98,200	-	-
Weighted average remaining contractual life (in years)	-	8.40	10.00	10.00	7.92	7.24	6.67	5.00	5.00
Weighted average fair value of options granted (₹)	-	99.90	220.13	175.66	156.47	117.24	259.76	270.60	261.64
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity

For the year ended March 31, 2017

Particulars of options	ESOS 2007	ESOS 2008	ESOS 2009	ESOS 2011	ESOS 2012	ESOS 2014	ESOS 2016	ESOP 2017	ESOP 2017-CMD
Outstanding as at the beginning of the year	344,000	376,000	322,125	1,174,275	2,045,750	6,500,000	-	-	-
Granted during the year	-	-	-	-	-	-	920,000	-	-
Forfeited/Cancelled during the year	-	9,000	-	14,000	12,500	-	15,000	-	-
Lapsed during the year	-	-	-	-	-	-	-	-	-
Exercised/Allotted during the year	-	144,000	300,425	203,650	756,250	-	-	-	-
Outstanding as at the end of the year	344,000	223,000	21,700	956,625	1,277,000	6,500,000	905,000	-	-
Exercisable at the end of the year	344,000	35,000	4,000	669,400	564,950	-	-	-	-
Weighted average remaining contractual life (in years)	3.48	8.60	10.00	6.25	7.65	7.54	7.40	-	-
Weighted average fair value of options granted (₹)	146.37	106.06	220.13	98.51	145.80	117.24	260.00	-	-
Method of settlement	Equity	Equity	Equity	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

No further options were granted during the year under this scheme. 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

No further options were granted during the year under this scheme. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

ESOS 2011

No further options were granted during the year under this scheme. 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

No further options were granted during the year under this scheme. 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 2014

No further options were granted during the year under this scheme. All the options are exercisable on completion of 5 years from the effective grant date (i.e April 2, 2014) but prior to expiry of 10 years from the effective grant date.

ESOS 2016

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after expiry of 1,2,3,4 and 5 years respectively. All the options are exercisable on completion of 5 years from the date of grant or 6 months from the date of vesting whichever is later.

ESOS 2017

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated July 13, 2017 has granted options in respect of 910,000 equity shares at an exercise price of ₹ 709.75 to eligible employees, Circular Resolution dated September 14, 2017 has granted options in respect of 950,000 equity shares at an exercise price of ₹ 799.85 to eligible employees, Circular Resolution dated December 6, 2017, has granted options in respect of 10,000 equity shares at an exercise price of ₹ 695.55 to eligible employees. The options will vest in graded proportion of 20% each year after expiry of 1,2,3,4 and 5 years for stock options granted on July 13, 2017, December 6, 2017 and for stock options granted on September 14, 2017, Options will vest completely after one year from the date of grant. All the options are exercisable within a period of 5 years from the date of grant or 6 months from the date of vesting of respective options, whichever is later.

ESOS 2017-CMD

The Nomination and Remuneration Committee of the Board of Directors at its meeting held on December 18, 2017, has granted options in respect of 15,00,000 equity shares to Chairman and Managing Director at an exercise price of ₹ 799.85. All the options granted under this scheme (viz.100% of Options) shall vest after five years from Effective Date of Grant and shall be capable of being Exercised within a period of 1 (One) years from the Date of Vesting of Options.

The fair value of the stock options granted during the year have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	ESOP 2017	ESOP 2017-CMD
Exercise price	ESOS 2017- 910,000 options, 950,000 options and 10,000 stock options with exercise price of ₹ 709.75, ₹ 799.85 and ₹ 699.55 respectively.	ESOS 2017-CMD - 1,500,000 stock options with exercise price of ₹ 799.85
Historical volatility	39.18% - 43.64%	38.05%
Life of the options granted (Vesting and exercise period) in years	Vesting schedule: ESOS 2017- 920,000 stock options will vest 20% each year from the end of 1, 2, 3, 4 and 5 years of the date of grant respectively.	Vesting schedule: ESOS 2017-CMD - 100% at the end of 5 years from the date of grant.
	950,000 stock options will vest 100% after 1 year from the date of grant	
	Exercise period: ESOS 2017- Within 5 years from the date of grant or 6 months from the date of vesting whichever is later.	Exercise period: ESOS 2017-CMD - Within 1 year from the date of vesting.
Dividend yield	0.37%	0.33%
Average risk-free interest rate	6.39% - 6.63%	6.33%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The fair value of options has been calculated using Black Scholes options pricing formula.

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, 2018	For the year ended March 31, 2017
Net profit after tax as reported	32,744.47	23,892.11
Less: Employee stock compensation cost under fair value method (Refer Note below)	4,833.24	2,802.96
Total	27,911.23	21,089.15
Basic earnings per share as reported	33.34	25.56
Proforma Basic earnings per share	28.42	22.56
Diluted earnings per share as reported	32.00	23.97
Proforma Diluted earnings per share	27.28	21.16

Note:

Employee stock compensation cost includes ₹ Nil (Previous Year: ₹ 30.86 lakhs) pertaining to incremental fair value pursuant to modification of exercise period done in earlier years.

32. Segment Reporting

Primary segment information (by business segments):

Segment report as per Accounting Standard ('AS') – 17, 'Segment Reporting'

Particulars	Consolidated		Financing activities		Other reconciling items	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Primary Segment - Business						
Revenue						
Income from external operations	381,204.57	280,086.43	381,204.57	280,086.43	-	-
Inter segment revenue	1,267.69	1,208.34	1,267.69	1,208.34	-	-
Total	382,472.26	281,294.77	382,472.26	281,294.77	-	-
Segment result	49,396.57	35,748.43	49,396.57	35,748.43	-	-
Income taxes	(16,561.30)	(11,742.99)	(16,561.30)	(11,742.99)	-	-
Net Profit after tax	32,835.27	24,005.44	32,835.27	24,005.44	-	-
Net Profit/(loss) from discontinuing operations (after tax)	(90.80)	(113.33)	-	-	(90.80)	(113.33)
Net Profit/(Loss) after tax including discontinuing operation.	32,744.47	23,892.11	32,835.27	24,005.44	(90.80)	(113.33)
Other information						
Segment assets	2,598,851.76	1,749,186.62	2,598,851.76	1,749,186.62	-	-
Other unallocated assets	10,452.92	8,901.02	10,452.92	8,901.02	-	-
Assets relating to discontinuing operations	7,452.17	7,429.80	-	-	7,452.17	7,429.80
Total assets	2,616,756.85	1,765,517.44	2,609,304.68	1,758,087.64	7,452.17	7,429.80
Segment liabilities	2,337,966.66	1,522,024.61	2,337,966.66	1,522,024.61	-	-
Other unallocated liabilities	9,624.80	5,700.46	9,624.80	5,700.46	-	-
Liabilities relating to discontinuing operations	7,408.97	7,408.28	-	-	7,408.97	7,408.28
Total liabilities	2,355,000.43	1,535,133.35	2,347,591.46	1,527,725.07	7,408.97	7,408.28
Capital expenditure	4,693.39	5,337.16	4,693.39	5,337.16	-	-
Depreciation/amortisation	2,789.12	1,663.32	2,789.12	1,663.32	-	-
Other non-cash expenses	64,190.39	45,418.46	64,190.39	45,418.46	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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. (upto May 17, 2017)

Names of other related parties :

Relationship	Name of the party
Fellow subsidiaries	Dayside Investment Ltd (upto May 17, 2017)
Key Management Personnel	Mr. V. Vaidyanathan - Chairman and Managing Director
	Mr. Apul Nayyar - Exexutive Director (wef April 4, 2016)
	Mr. Nihal Desai - Executive Director (wef April 4, 2016)
Enterprises significantly influenced by key management personnel	JV & Associates LLP

Refer Annexure 1 for transactions with the related parties.

34. Operating Leases

The Group's significant leasing arrangements in respect of operating leases are for premises 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, 2018	For the year ended March 31, 2017
Lease payments recognized in the statement of profit and loss	3,077.52	2,233.71

Details of non-cancellable leases are as follows:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Minimum lease payments:		
Not later than one year	808.99	1,307.63
Later than one year but not later than five years	46.12	600.30
Later than five years	-	-

35. During previous year, the Board of Directors vide Circular Resolution dated December 14, 2016 had allotted 4,780,000 equity shares of the Company of ₹ 10/- each, at the premium of ₹702.70 per equity shares on preferential basis amounting to ₹ 34,067.06 lakhs. The aforesaid allotment was subject to lock-in requirements as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, with regard to said Preferential Issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

36. The Board of Directors at its meeting held on November 13, 2013 had decided to discontinue its broking business carried on through its subsidiary Capital First Commodities Limited (CFCL) (subsidiary of Capital First Securities Limited, 'CFSL'). In view of the foregoing, the accompanying financial statements of CFCL have been prepared on the basis that it would 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, and Income and Expenditure for the year ended March 31, pertaining to discontinued operations are :

₹ in Lakhs

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Total income	381,204.57	0.35	280,086.43	4.49
Operating expenses	331,808.00	7.71	244,338.00	8.87
Profit/(Loss) before tax	49,396.57	(7.36)	35,748.43	(4.38)
Tax	16,561.30	83.44	11,742.99	108.95
Profit/(Loss) after tax	32,835.27	(90.80)	24,005.44	(113.33)

₹ in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Total assets	2,609,304.68	7,452.17	1,758,087.64	7,429.80
Total liabilities	2,347,591.46	7,408.97	1,527,725.07	7,408.28

The Cash Flows pertaining to discontinued operations as at March 31, is as follows :

₹ in Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Net Cash (used in)/from operating activities	(764,919.11)	(91.16)	(181,632.31)	(119.95)
Net cash (used in)/from investing activities	(9,584.22)	115.47	(11,332.81)	322.20
Net cash (used in)/from financing activities	757,967.80	-	248,826.34	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

37. The disclosures regarding details of specified bank notes (SBN) held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

₹ in Lakhs

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	177.14	150.26	327.40
(+) Permitted receipts	-	6,203.54	6,203.54
(+) Non Permitted receipts	557.48	-	557.48
(-) Permitted payments	-	3.24	3.24
(-) Amount deposited in Banks (Refer Note)	734.62	5,880.38	6,615.00
Closing cash in hand as on 30.12.2016	-	470.18	470.18

In the ordinary course of business, Group's collection agencies had collected cash and customers had directly deposited cash amounting to ₹ 6,615.00 lakhs as part of the loan repayments in the collection bank account of the Group during the period from November 9, 2016 to December 30, 2016. The denomination wise details of such cash had been confirmed by the Company's bankers.

38. Pursuant to circular no RBI/2017-18/129- DBR.No.BP.BC.100/21.04.048/2017-18 dated February 7, 2018 issued by the Reserve Bank of India (RBI) which permits regulated entities to defer the down grade of an account of micro, small and medium enterprise under the Micro, Small and Medium Enterprises (MSME) Act, 2006, that was standard as on January 31, 2018, the Company has not opted for 180 days relaxation extended by RBI for recognition of loan as Non-Performing Assets ('NPA').
39. The Board of Directors have recommended dividend of ₹ 2.80 per share (28%) on each equity share having face value of ₹ 10/- each. The proposed equity dividend and dividend distribution tax thereon are not accounted as liabilities in fiscal 2017-18 in accordance with revised AS-4 "Contingencies and events occurring after balance sheet date".
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, 2018. 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. Previous year's amounts have been audited by predecessor auditors.
43. 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, 2018

Annexure 1

Transactions with Related parties for the year ended March 31, 2018

₹ in Lakhs

Relationship	Key Management Personnel	
	April 01, 2017 to March 31, 2018	April 01, 2016 to March 31, 2017
Interest Income		
Mr. Nihal Desai	12.15	14.58
Loans repayment received		
Mr. Nihal Desai	5.89	3.46
Managerial Remuneration		
Mr. V. Vaidyanathan	780.00	758.22
Mr. Apul Nayyar	416.20	366.32
Mr. Nihal Desai	408.11	358.70
Closing Balance	As at	As at
	March, 31 2018	March, 31 2017
Loans		
Mr. Nihal Desai	135.46	141.35

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

(₹ in Lakhs)

Sr. No.	Name of the subsidiary company	Capital First Commodities Limited	Capital First Home Finance Limited	Capital First Securities Limited
1	Reporting year for the subsidiary	March 31, 2018	March 31, 2018	March 31, 2018
2	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable	Not Applicable	Not Applicable
3	Share capital	2,832.50	13,773.31	6,735.56
4	Reserves and surplus	855.69	6,423.59	(185.01)
5	Total assets	11,037.40	236,152.11	8,047.14
6	Total liabilities	7,349.21	215,955.21	1,496.59
7	Investments	-	-	6,528.00
8	Turnover	302.83	17,236.40	2,410.70
9	Profit before tax	295.11	1,571.27	2,171.15
10	Provision for tax	83.44	463.13	405.64
11	Profit after tax	211.67	1,108.13	1,765.51
12	Proposed dividend	-	-	-
13	% of shareholding	100%	100%	100%

Part "B": Associates and Joint Ventures

Not applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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	88.37%	231,320.78	90.58%	29,659.16
	Capital First Limited				
	Subsidiaries				
	<i>Indian:</i>				
1	Capital First Commodities Limited	1.41%	3,688.19	0.65%	211.67
2	Capital First Home Finance Limited	7.72%	20,196.90	3.38%	1,108.13
3	Capital First Securities Limited	2.50%	6,550.55	5.39%	1,765.51
	<i>Foreign:</i>				
	None	NA	-	NA	-
	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	-

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