

2013-14
**FOCUSED
STRATEGY.
SCALING
GROWTH.**
BUILDING ON A STRONG FOUNDATION

CONTENTS

- 01** VISION

- 04** CHAIRMAN'S ADDRESS

- 08** BOARD OF DIRECTORS

- 10** KEY HIGHLIGHTS

- 21** AWARDS AND ACCOLADES

- 24** PRODUCT PORTFOLIO

- 32** SENIOR MANAGEMENT TEAM

- 33** CORPORATE INFORMATION

- 35** DIRECTOR'S REPORT

- 67** FINANCIAL STATEMENTS

OUR VISION

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

**CAPITAL FIRST LIMITED IS
A NBFC WITH A RECORD OF
CONSISTENT GROWTH AND
PROFITABILITY.**

**THE COMPANY IS FOCUSED
ON PROVIDING FINANCIAL
SERVICES TO RETAIL AND
MSME CUSTOMERS.**

**THE COMPANY HAS FINANCED
OVER 8,00,000 CUSTOMERS
INCLUDING 5,50,000 MSMEs
TILL DATE.**

KEY NUMBERS THAT DEFINE US

DISBURSEMENT
(FOR FY14)

₹ **62.26**
BILLION

AUM
(AS OF MARCH 31, 2014)

₹ **96.79**
BILLION

CREDIT RATING
(AS OF MARCH 31, 2014)

AA+

TOTAL CAPITAL
(AS OF MARCH 31, 2014)

₹ **17.87**
BILLION*

CAPITAL ADEQUACY RATIO
(AS OF MARCH 31, 2014, TIER-1+ TIER-2)

22.16%*

BRANCHES
(AS OF MARCH 31, 2014)

164

GROSS NPA
(AS OF MARCH 31, 2014)

0.45%

NET NPA
(AS OF MARCH 31, 2014)

0.08%

EMPLOYEES
(AS OF MARCH 31, 2014)

1089

*Post distribution of dividend for FY14

CHAIRMAN'S ADDRESS



“We are happy to share that the retail business as a proportion of the loan book has increased from 10% in FY10 to 28% in FY11 and 56% in FY12, 74% in FY13 and has now reached an all-time high of 81% by March 2014.”

DEAR STAKEHOLDERS,

It is with great pleasure that I present to you the Annual Report of your Company for the year 2013-14.

It was a rather tepid year for India on the economic front, with GDP growth at under 5%. Thankfully, the government took some bold decisions early during this fiscal year and many of the key indicators like CAD and Fiscal Deficit came under control by the end of FY14. As I write this note, one of the most important elections of our times is playing out, and opinion polls suggest a stable national government will be formed. This will lead to more decisive governance, which will in turn lead to economic revival.

As you are aware, MSMEs in India are a key driver of employment and GDP for the country. At the same time, they are also among the most underserved segment in India. Your Company identified MSME financing as a key line of business for growth 4 years ago. I am happy to inform you that we have come a long way since then, and we have till date financed over half a million MSME customers through our various schemes.

The businesses we are building are those which provide ample opportunity to differentiate by using sophisticated technology, advanced scoring and decision sciences, as compared to plain vanilla financing businesses. For example, Consumer Durable and Two-Wheeler financing businesses are relatively more complex as the ticket size of loans is low and tenor is short and requires relationship with thousands of dealerships, and lacs of customers across remote geographies. These businesses can only be built on a sustainable basis using scientific tools, and by using predictive capabilities for customer cross-sell, automated collection systems and a robust CRM platform. Further,

“ We have till date financed over half a million MSME customers through our various schemes ”

these businesses are not worth the time and effort for large banks, as they form only a tiny proportion of their loan book, even after a full scale roll-out. Hence, this offers an attractive niche for your Company.

Business Performance

We are happy to share that the retail business as a proportion of the loan book has increased from 10% in FY10 to 28% in FY11 and 56% in FY12, 74% in FY13 and has now reached an all-time high of 81% by March 2014.

Against this backdrop, FY14 has been a good year for your Company. The following are the key highlights for the year:

- We are happy to inform you that we have now financed over 8,00,000 customers, including 5,50,000 MSME customers till date.
- All our lines of businesses are growing strongly, resulting in our AUM increasing 29% to ₹ 96.79 billion on March 31, 2014 compared to ₹ 75.10 billion at the end of FY13.
- Consequently, the NII has grown by 34% to ₹ 3.36 billion from ₹ 2.50 billion in FY13.
- The total income too grew 26% to ₹ 4.22 billion from ₹ 3.36 billion over the same period.

- Against the backdrop of such growth in assets and income, the operating expenses grew only by 19% in FY14 over FY13.

- We are proud to inform that your Company has one of the best asset quality in the financial services industry. The Gross NPA and Net NPA have remained low for last many years and continues to remain low at 0.45% and 0.08% respectively. We are confident that your Company will continue to maintain high quality of assets in the years to come based on our strong credit due diligence and collection processes.

- We are happy to inform you that your Company launched many new businesses during FY12 and FY13 which needed requisite investments in the initial phases. These businesses have acquired critical size and are moving towards profitability as per plan. Your Company expects the profitability to continue to improve due to better operating leverage going forward.

You may recall that your Company made a key change in accounting policy last year, whereby the Company started amortising securitisation and fees collected from customers over the life of the loan. I am happy to inform you that this change, along with steady growth in business, has already begun to show positive results, and consequently the PBT has sequentially increased every quarter of FY14. The PBT grew from ₹ 74 million in Q1FY14 to ₹ 115 million in Q2FY14 to ₹ 169 million in Q3FY14 to ₹ 232 million in the last quarter of the year.

“Your Company continues to enjoy a high long-term credit rating of AA+ on its NCDs and subordinate debt, which is among the highest ratings in the financial services industry”

“Your Company now enjoys the backing of a formidable array of large institutions including 27 Banks, 15 Mutual Funds, 58 Provident, Pension, Superannuation and Gratuity Funds, and two insurance companies including LIC and GIC of India”

Credit Rating: We are also happy to share with you that your Company continues to enjoy a high long-term credit rating of AA+ on its NCDs and subordinate debt, which is among the highest ratings in the financial services industry. The Company also enjoys a short-term credit rating of A1+ which is the highest rating available for this category. Consequently, your Company raised debt capital from the financial markets highly competitive rates.

Lines of Credit: Over the last few years, your Company has continuously expanded the list of institutions for its lines of credit. Your Company now enjoys the backing of a formidable array of large institutions including 27 Banks, 15 Mutual Funds, 58 Provident, Pension, Superannuation and Gratuity Funds, and two insurance companies including LIC and GIC of India. We are happy to inform that the financial markets rewarded your Company with highly competitive rates based on excellent business operations of the Company.

Equity Raising: I am happy to inform that two marquee names of the financial service world, Warburg Pincus (through their affiliate Cloverdell) and HDFC Standard Life Insurance Company Ltd. have subscribed to preferential issue of equity shares for ₹ 178 crores. We are happy to inform that the issue was priced at a premium of 10% to then prevailing market price, and a 13% premium to the last one month share price at the time of the issue. We are happy to welcome HDFC Standard Life as a new shareholder of the Company.

This infusion of capital has enhanced the status of your Company in many ways. At an intangible level, the transaction demonstrated the continuing commitment of Warburg Pincus to your Company. At a more tangible level, the balance sheet has been strengthened

“We are happy to welcome HDFC Standard Life as a new shareholder of the Company”

further by increased capital adequacy, which has now reached 22.16%.

We are happy to inform you that during the year your Company's subsidiary Capital First Home Finance Private Limited received the licence from the National Housing Bank (NHB) for commencement of Housing Finance Business during the first quarter of FY14. CFHFPL has already started originating home loans during FY14.

Your Company has wound down its broking businesses including securities broking and commodities broking to enable greater focus on the core business of MSME and Consumer financing.

During FY14, your Company has taken several steps towards making efficient and robust operating systems to provide a platform for growth and to provide world class customer service for our customers. Your Company also initiated implementation of the Customer Relationship Management system for further improvement of our customer experience. We further invested in our human capital and emphasised on a culture of performance, meritocracy and ethics.

With a fresh political mandate for a stable government, and with green shoots of economic revival beginning to be visible, we look forward to a better business environment in the coming year.

I thank each and every employee for their dedication and commitment all through the year, through thick and thin. I thank every financial institution for reposing their confidence in your Company. I thank the regulators for their constant support. I would like to thank all our Directors for their invaluable guidance and encouragement which have been critical for the success of the Company. I thank each and every shareholder for your continued support and trust.

With Best Wishes

V. Vaidyanathan

BOARD OF DIRECTORS



V VAIDYANATHAN

*Chairman and
Managing Director*

He concluded India's largest management buyout with Warburg Pincus, which is one of his most significant professional achievements. He was earlier the Managing Director & CEO of ICICI Prudential Life Insurance Ltd. and Executive Director of ICICI Bank Ltd. He has received a number of international awards for his achievements in banking in India. He is an alumnus of Birla Institute of Technology and Harvard Business School.

He has 23 years of experience in financial sector.



N C SINGHAL

*Independent Director
Former VC & MD, 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 54 years of experience in Corporate sector. He is currently non-executive Chairman/Director of several companies in the manufacturing and financial sector.



M S SUNDARA RAJAN

*Independent Director
Former Chairman & MD,
Indian Bank*

He is a Post Graduate in Economics from University of Madras with specialisation in Mathematical Economics, National Income and Social Accounting. He is also 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 38 years in the Banking Industry, of which he spent 33 years with Union Bank of India.



ANIL SINGHVI

*Independent Director
Chairman, ICAN Investments
Advisors Pvt. Ltd. Former MD &
CEO, Ambuja Cements Ltd.*

A Chartered Accountant, he played a defining role in the growth of Ambuja Cements through organic and inorganic strategies. He has over 30 years of experience in Corporate sector out of which 22 years was with Ambuja Cements Ltd. Recently, he found IIAS (Institutional Investor Advisory Services India Ltd.), a proxy advisory company for Institutional Investors. This is a pioneering effort in India for improving Corporate Governance and accountability of the Corporates.



HEMANG RAJA

*Independent Director
Former MD & CEO, IL&FS
Investmart Ltd.*

He 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 34 years in financial services.

He has served on the executive committee of the Board of the National Stock Exchange of India Limited and also served as a member of the Corporate Governance Committee of the BSE Limited.



VISHAL MAHADEVIA

*Non-Executive Director
MD & Co-Head, Warburg Pincus
India Private Ltd.*

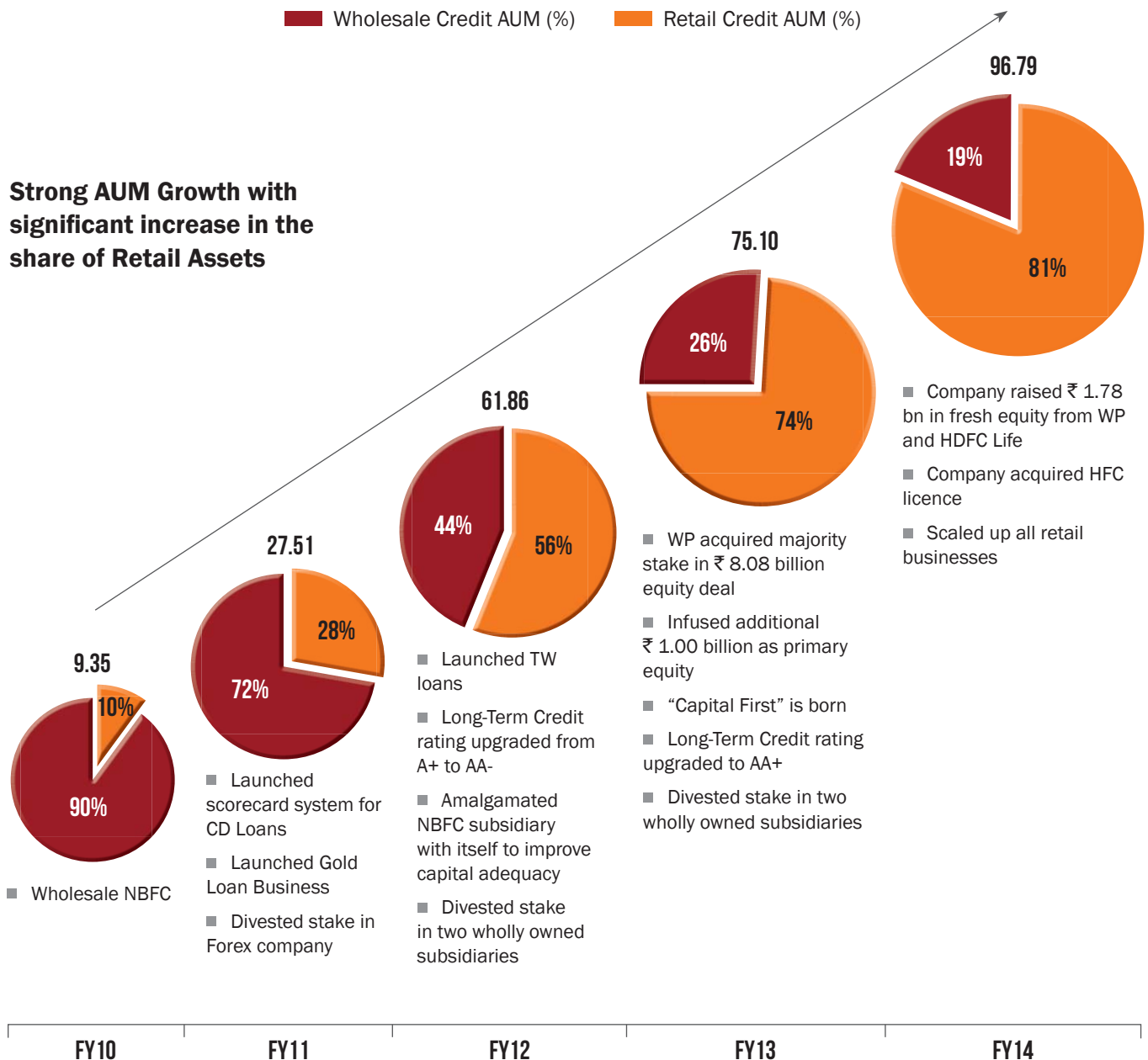
He is a B.S. in Economics with a concentration in finance and a B.S. in Electrical Engineering from the University of Pennsylvania.

He has 20 years of experience in Corporate sector across the globe.

Previously he has worked with Greenbriar Equity Group and Three Cities Research, Inc., both New York based private equity investment firms. Prior to that, he has also worked with McKinsey & Company.

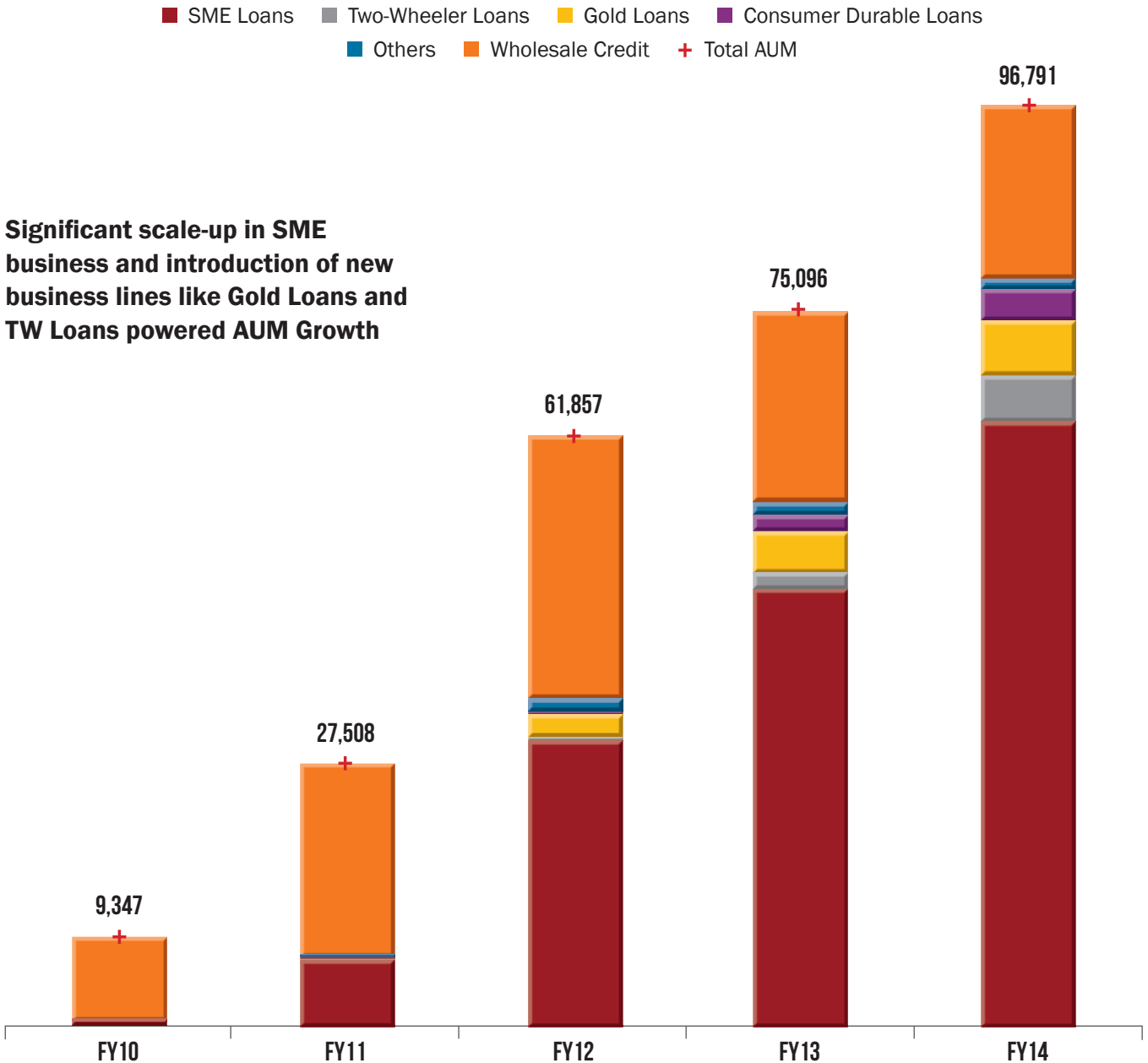
KEY TRENDS

Overall AUM Growth (₹ bn) & Milestones



KEY TRENDS

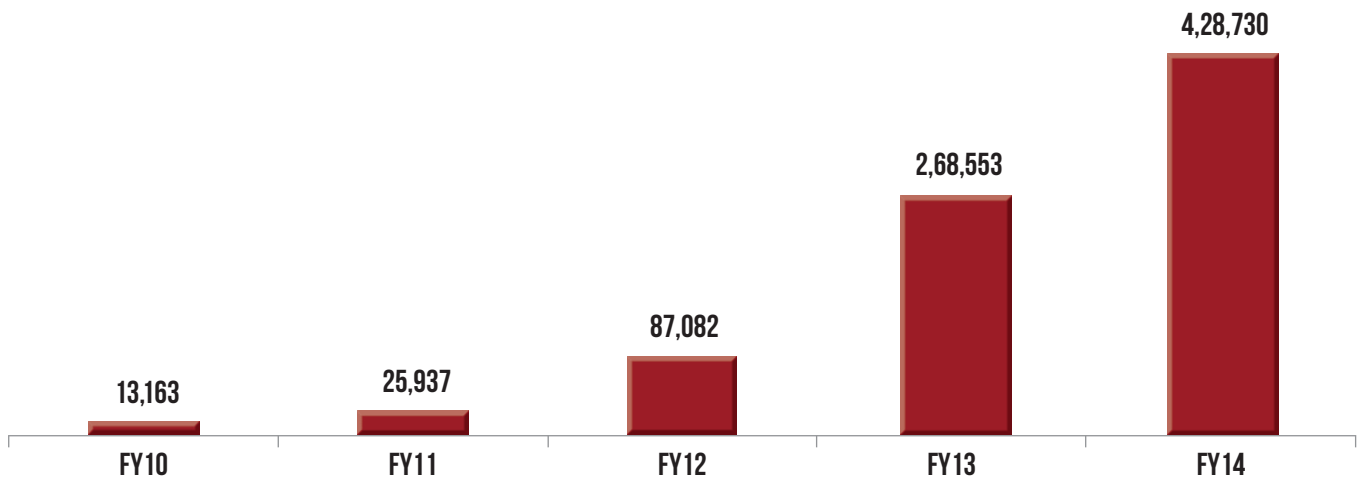
Total AUM Growth (₹ mn)



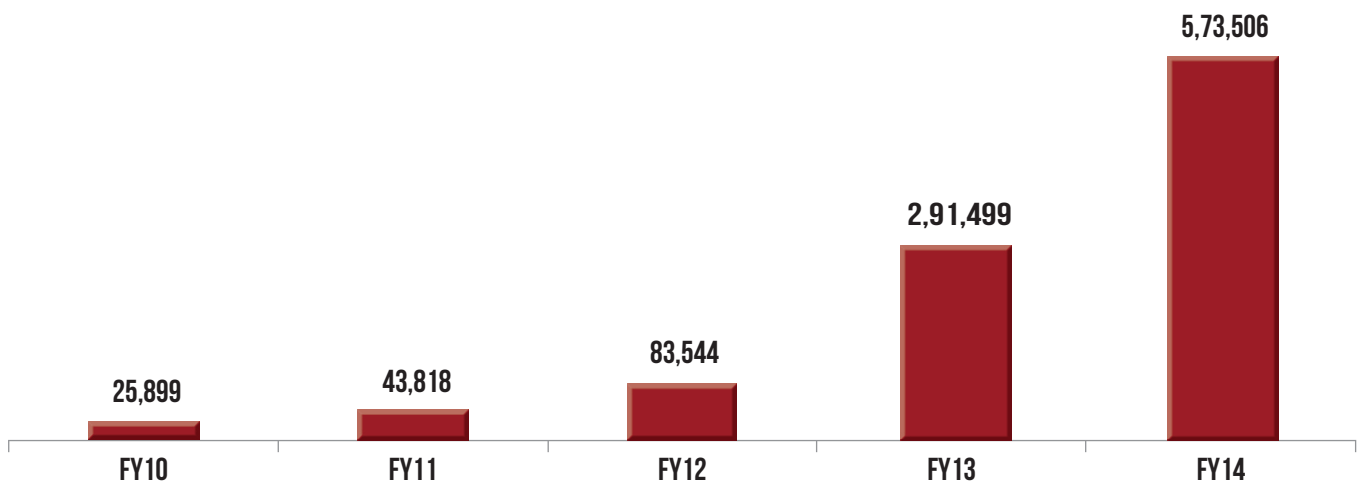
Significant scale-up in SME business and introduction of new business lines like Gold Loans and TW Loans powered AUM Growth

KEY TRENDS

No. of New Customers acquired

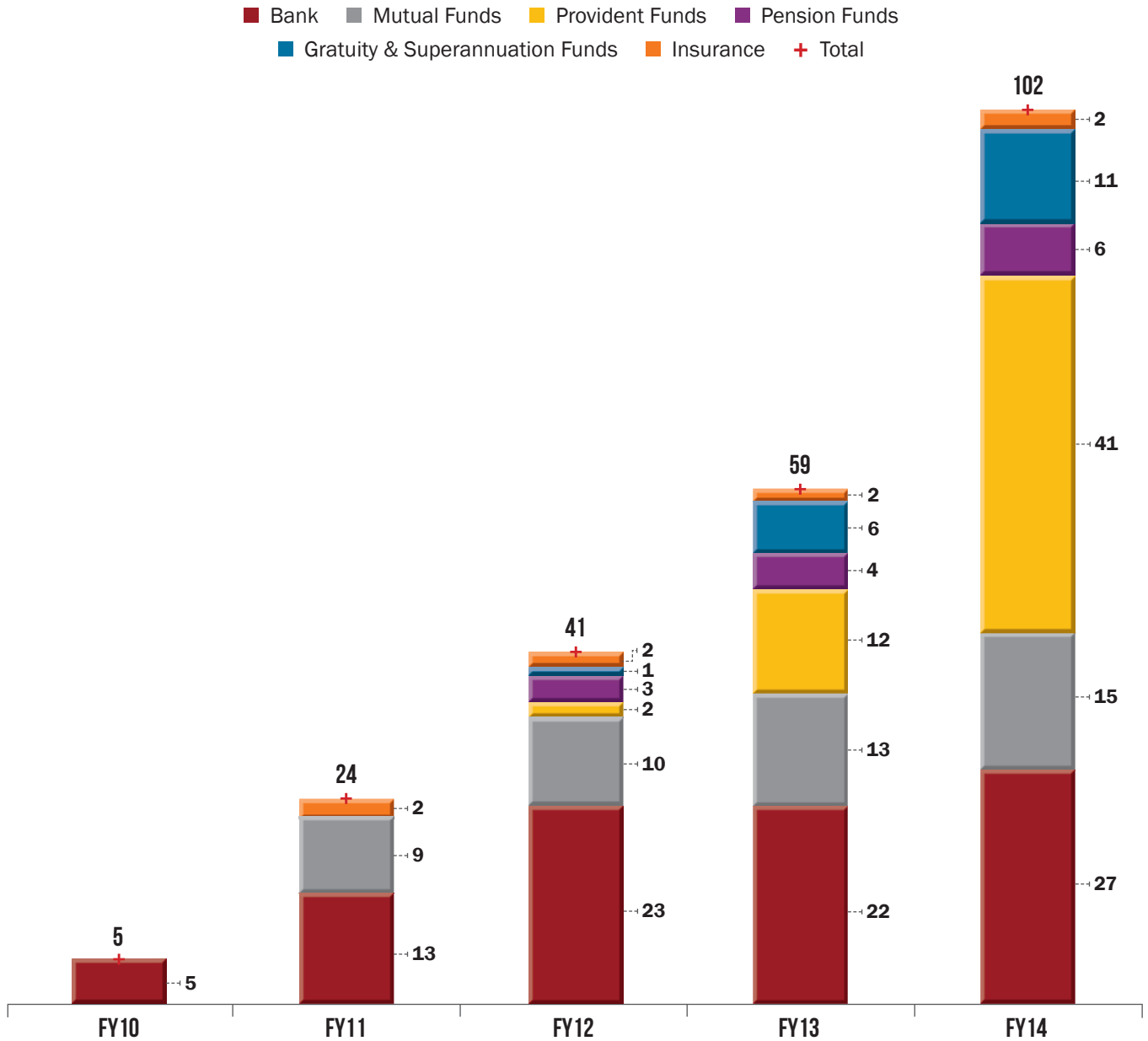


No. of Live Customers



KEY TRENDS

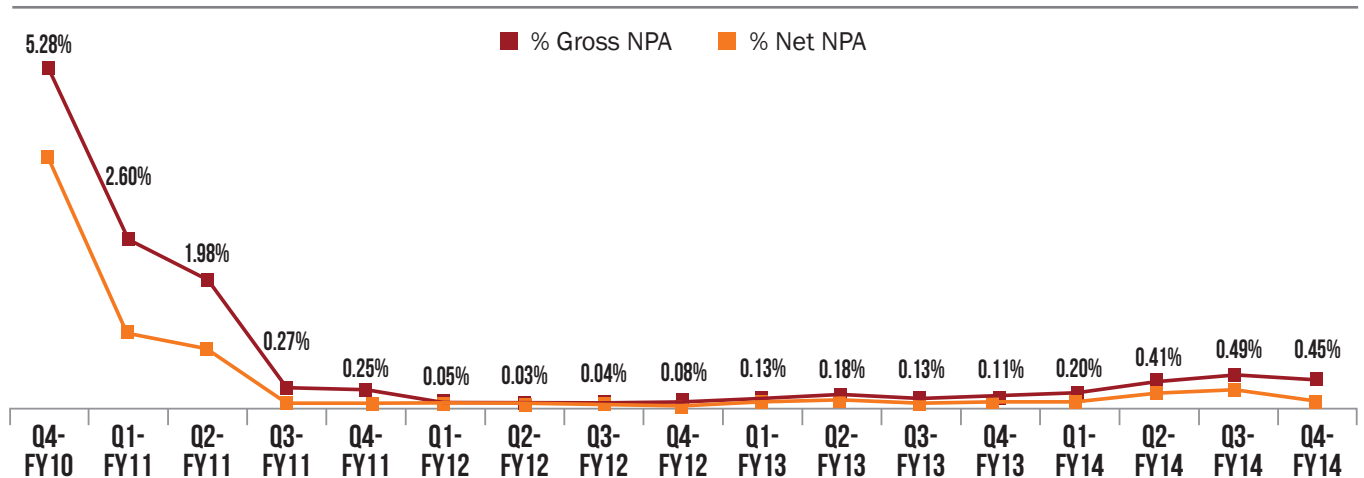
No. of Institutions providing Lines of Credit



During the last 2 years, CFL has focused on diversifying its borrowing portfolio and reached out to Provident Funds, Pension Funds and Superannuation Funds for raising debts through debentures at attractive rates. CFL has also increased the number of banking relationships in FY14.

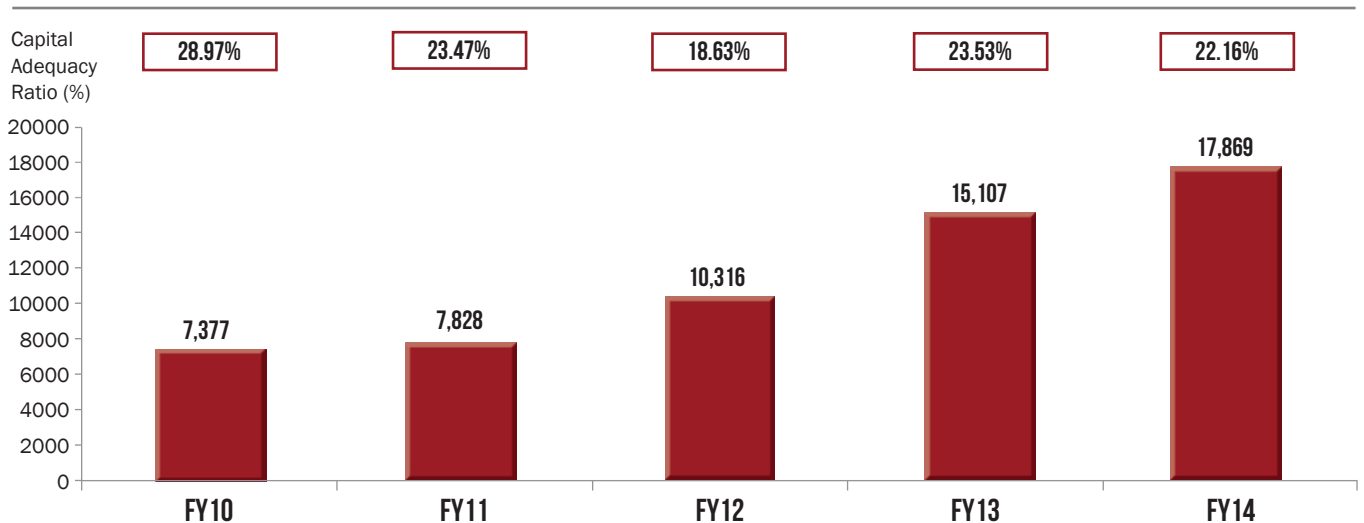
KEY TRENDS

NPA (%)



CFL has maintained high asset quality over time.

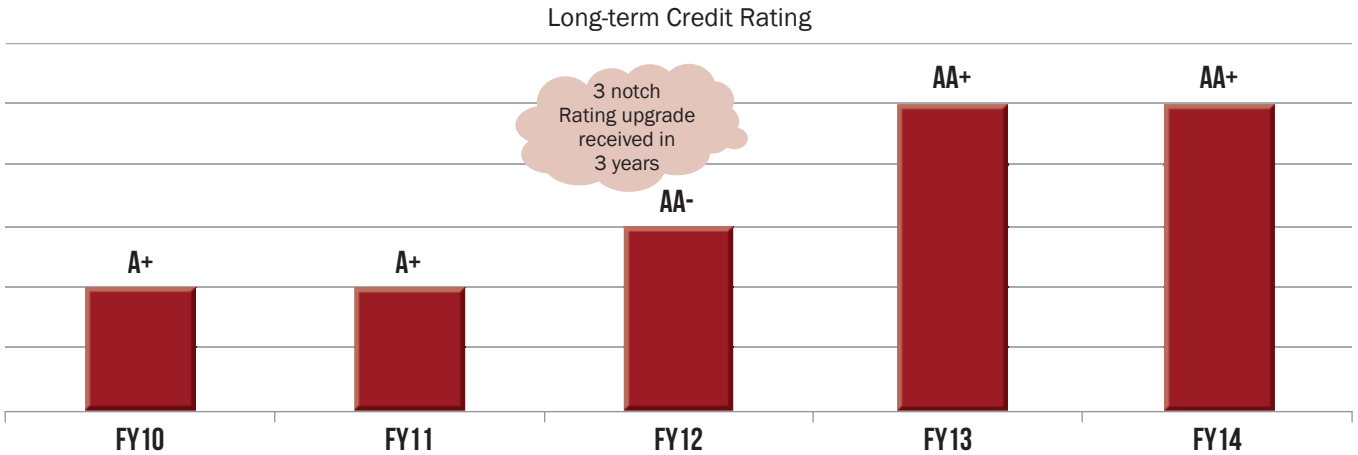
Total Capital (₹ mn)



The total capital includes Network of the Company, perpetual debt and subordinated debt raised by the Company. The Network increased from ₹ 9.60 bn during FY14 to ₹ 11.72 bn.

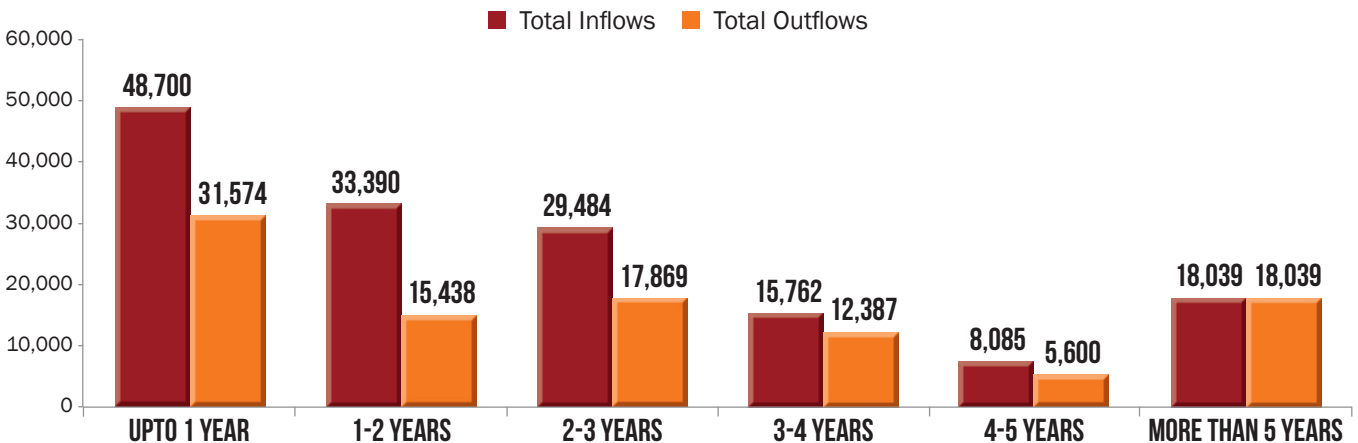
KEY TRENDS

Rating



The long-term credit rating of the Company was upgraded to AA+ in FY13 by reputed credit rating agencies and the Company has successfully been able to maintain the same rating in FY14. It reflects the confidence of the lending systems on the operations of the Company including high asset quality, efficient asset liability management, strong credit processes, highly efficient operations framework, robust systems and controls, experienced management team and strong promoters.

Asset Liability Management



The Company follows an approach to fund all assets on a matched fund basis. As a conservative strategy, the Company borrows for a longer tenor than its actuarial maturity of its assets. Hence, the total inflow in each maturity bucket is higher than the total outflows in the respective buckets which provides the Company adequate liquidity at all times.

CORPORATE OFFICE



The 25,113 sq. ft. Corporate office in Mumbai



Our new 6,538 sq. ft. office in Delhi

CAPITALISATION

IN FY 13, REPUTED PRIVATE EQUITY FIRM WARBURG PINGUS WITH OVER US\$ 40 BILLION IN ASSET UNDER MANAGEMENT ACQUIRED 70% STAKE IN THE COMPANY THROUGH ITS AFFILIATE, CLOVERDELL INVESTMENT LTD. INCLUDING OPEN OFFER AND INFUSION OF PRIMARY CAPITAL.

IN FY 14, WARBURG PINGUS FURTHER INVESTED ₹ 1.28 BILLION AS FRESH EQUITY CAPITAL THROUGH ITS AFFILIATE, CLOVERDELL INVESTMENT LTD.

IN FY 14, HDFC STANDARD LIFE INSURANCE COMPANY LTD., ONE OF THE MARQUEE NAMES IN THE FINANCIAL SERVICES WORLD, BECAME A SHAREHOLDER THROUGH INVESTMENT OF ₹ 500 MILLION AS FRESH EQUITY CAPITAL IN THE COMPANY.

MAKING PEOPLE THE FOCUS OF OUR STRATEGIC CHARTER

“...WHILE EXTRAORDINARY PRODUCTS AND UNIQUE SERVICES STILL AFFORD A COMPETITIVE ADVANTAGE, THE ONE ADVANTAGE THAT STANDS THE TEST OF TIME... IS PEOPLE”

Mark Salisbury, Human Capital Management: Leveraging Your Workforce for a Competitive Advantage

The HR component is integrally woven into the business fabric of the Company, which consistently engages with its people to steer its growth strategy. The Company has in place a strong system of HR policies, founded on the firm belief that people are its biggest assets and a key driver of its progressive charter.

Cognizant of the importance of people in achieving the Company's goals, Capital First invests significantly in talent and skill development of its employees. As a consumer-driven organisation, the Company is focused on developing its people core to steer its vision of becoming a

leading financial services provider, admired and respected for ethics, values and corporate governance. The Company is aware that ethics and values can only be effectively upheld and promoted through active participation of its people.

A sense of ownership is sought to be imbibed by the Company into its HR system, to make it more aligned to its values and goals. To this end, the Company takes regular initiatives to motivate greater inter-personal bonding and team work. The Company has a strong performance-driven culture, promoting transparency and efficiencies.



Our employees at the Internal Annual Ace Awards Nite 2013-14



Celebrating the victory together!



Our employees at the Internal Annual Ace Awards Nite 2013-14



Our employees at the Internal Annual Ace Awards Nite 2013-14

AWARDS AND ACCOLADES



Mr. V.Vaidyanathan awarded The Greatest Corporate Leaders of India along with Mr. R.K Dubey - CMD Canara Bank, Mr. D.S Dhesi - CMD MMTC, Mr. A.K. Garg - CMD MTNL, Mr. Gopal Singh - CMD Central Coalfields Limited



Mr. Manish Chitnis was awarded CFO India's 1st Annual Treasury20 Roll of Honour, a tribute to exceptional contribution to Treasury Management



Mr. Neeraj Naidu has been adjudged a winner of TOP 100 CISO awards. The top 100 CISO awards are presented by CISO Platform, the world's first and largest online community of information technology security professionals



Team Admin receiving the MTM (Mice Travel Mart) Corporate Star Award 2014 in the Best Training Programme for Employees/Associate category

SCALING GROWTH THROUGH GREATER CUSTOMER ENGAGEMENT

“A CUSTOMER IS THE MOST IMPORTANT VISITOR ON OUR PREMISES... HE IS THE PURPOSE OF IT. HE IS A PART OF OUR BUSINESS. WE ARE NOT DOING HIM A FAVOUR BY SERVING HIM. HE IS DOING US A FAVOUR BY GIVING US AN OPPORTUNITY TO DO SO”

Mahatma Gandhi

When a business is driven by customer faith and loyalty, it becomes imperative to build on customer-centricity not just as a growth driver but as a value system.

At Capital First, the focus on customers begins much before the actual interface, with the Company regularly initiating measures to understand customer needs, develop product offerings aligned to those needs, and to strengthen its delivery model and servicing capabilities. The Company has instituted Business Intelligence systems to secure the necessary intelligence that enables it to connect better with the customers.

It has also enhanced its CRM and accelerated its decision-making process to ensure high customer satisfaction through regular feedbacks and other mechanisms.

The Company realises the importance of delivering a good and positive experience to its customers, and endeavours to engage with them on a regular basis through various communication modes, including e-mailers, SMSs, letters and even direct and one-to-one physical interaction.

The Company regularly reviews and acts on complaints, feedback & compliments received from customers to improve customer service.



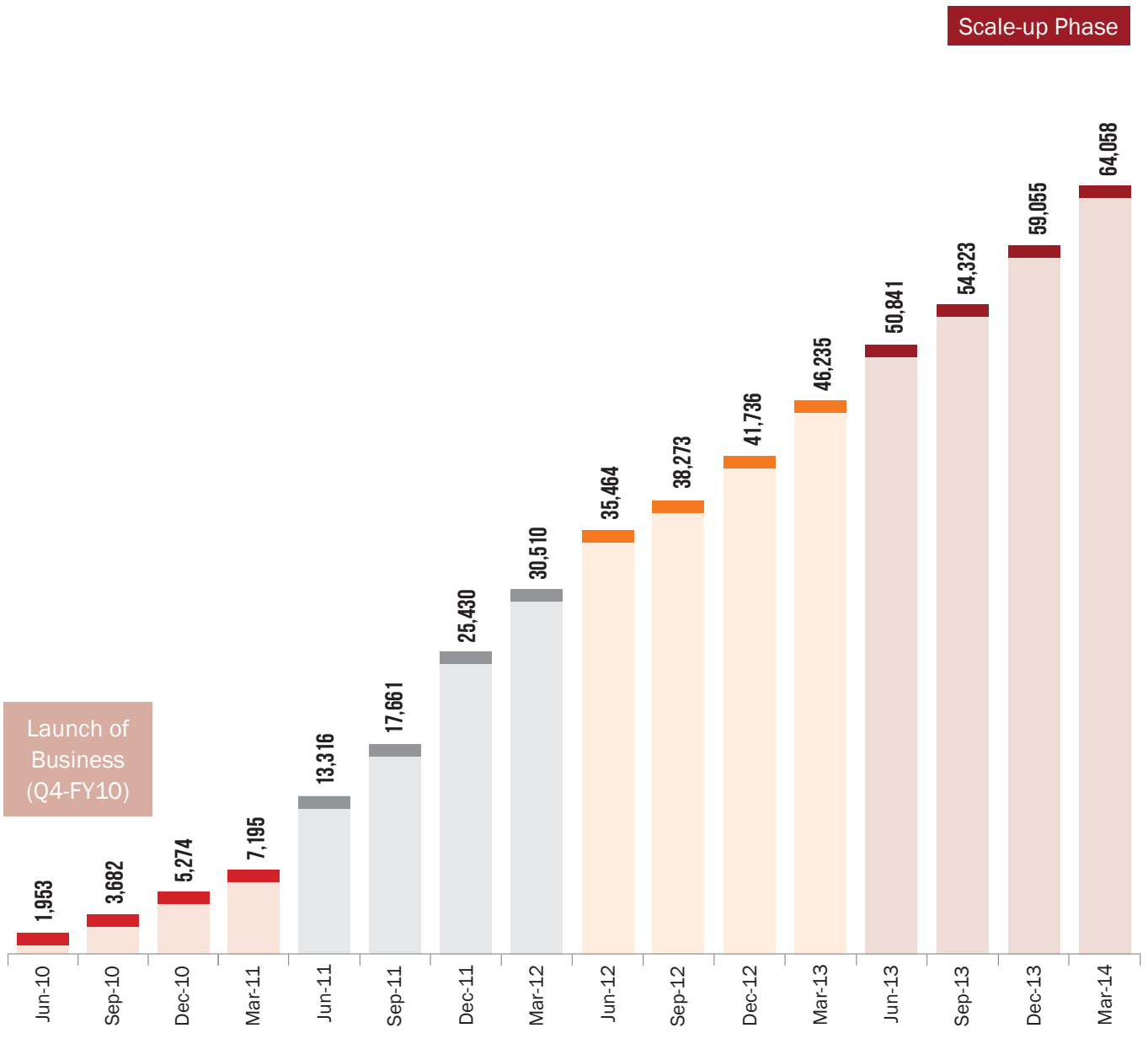
A recent customer service review meeting by senior management of the Company

SME LOANS

- SME Loan is the main line of business for the Company (₹ 64.06 bn as of March 2014) and contributes 81% of the retail assets.
- Under this product, the Company provides long-term secured loans to SMEs, self-employed individuals and professionals against collateral of Residential or Commercial property.
- SME Financing is a large and growing opportunity in India's growing economy. The SME segment is largely underserved in India, and hence shortfall of financing presents a significant business potential.
- The Loan to value (LTV) offered to customers is in the range of 50%-60%.
- These are monthly amortising products with no moratorium for Interest or Principal repayment. The actuarial tenor of the loans is usually between 4 - 5 years. SMEs usually prepay these facilities before time based on their cash accruals.
- Since SME loans are primarily provided to the MSME players based on the cash flow analysis of their businesses, downturn during the economic cycles may affect the cash flow of the businesses for such MSME players. The other risk associated is sudden crash in real estate prices, although this risk is low in India.
- The risk team in CFL take due cognizance of the real estate price fluctuations during the scenario analysis and during stress testing of the SME loan portfolio.

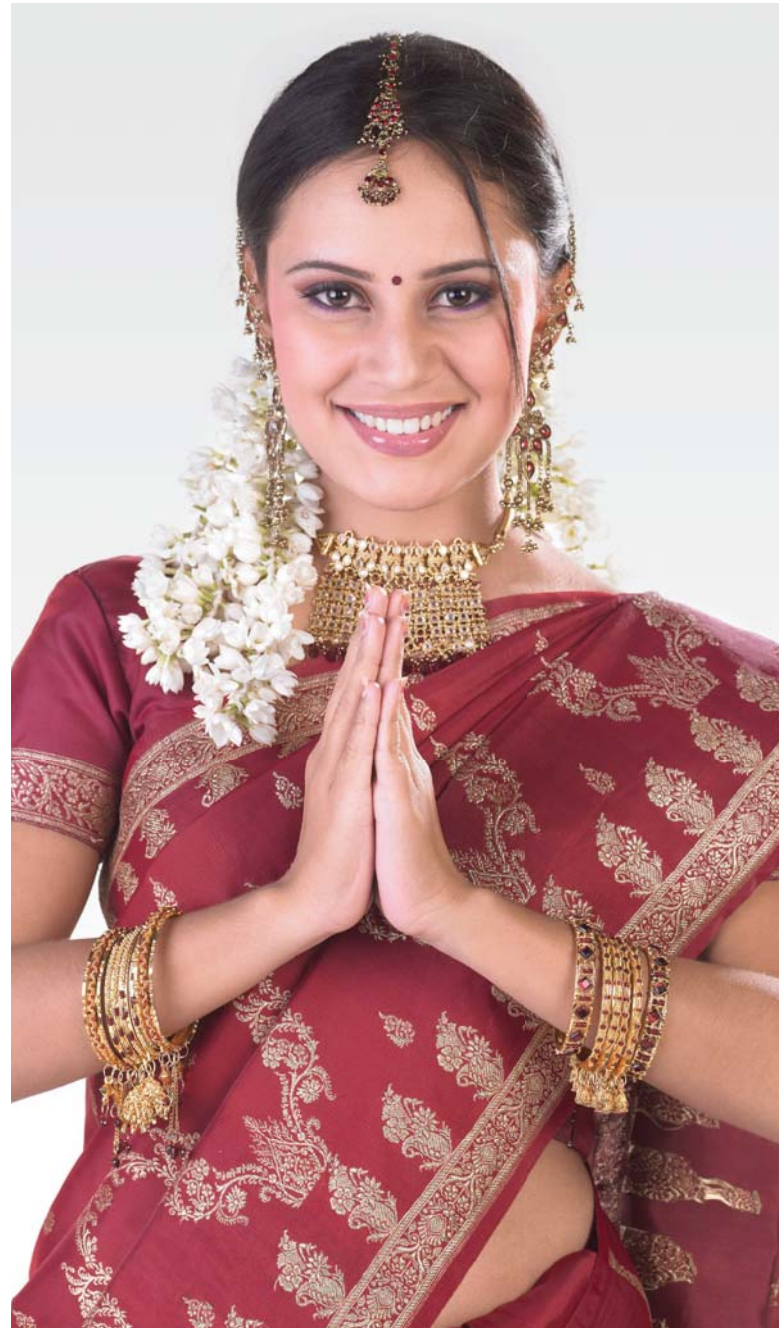


SME Loans AUM growth (₹ mn)

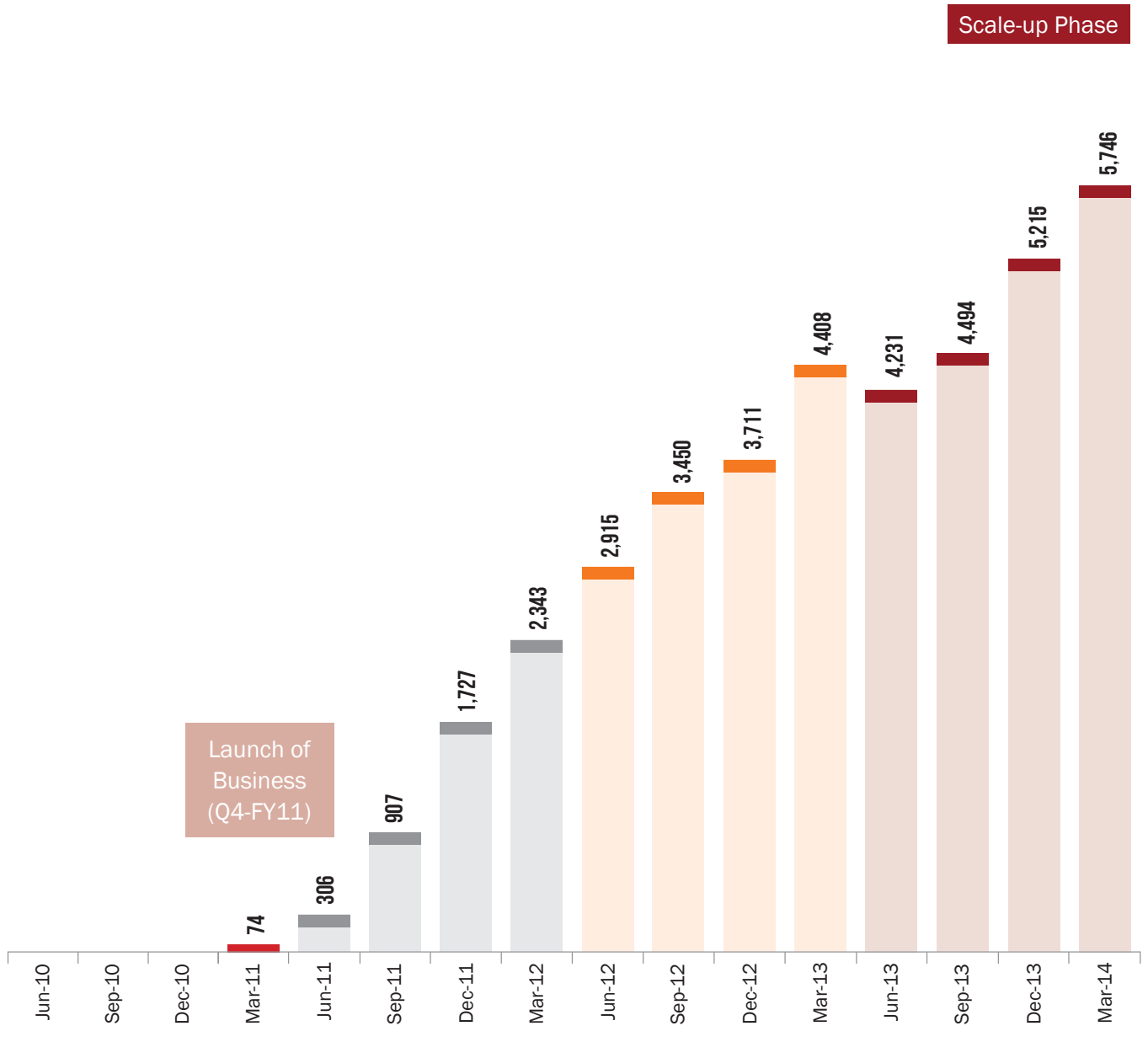


GOLD LOANS

- The Company provides Loans against Gold Jewellery to customers. Customers avail Gold Loans for various personal uses like medical emergency, down payment for home purchase or renovation of their home. Often, traders and small businesses avail gold loans to finance short-term business requirements.
- The Company provides Gold Loans through its extensive network of branches across 22 tier-1 and tier-2 cities in 10 states. Since inception in January 2011, Capital First has grown the Gold Jewellery financing business with the help of proactive reach to customers who are neighbourhood to its branches, through local marketing promotions, strong valuation processes, quick turn-around and efficient customer services.
- The ticket size is usually ₹ 1,00,000 to ₹ 1,20,000. The Loan to Value is 75% on the value of the jewellery.
- Since inception in January 2011, CAPF has grown the Gold Loan book steadily and reached an AUM of ₹ 5.75 billion by March 14.
- The Gold Loans are subject to the Gold Price fluctuations in the market. As Gold Loans are provided at 75% of the Gold Jewellery, any sudden and significant drop in the gold prices can trigger collateral value risk.
- At CFL, we monitor the LTV of the Loan accounts regularly considering the prevailing market price of the Gold and take necessary proactive actions.



Gold Loans AUM growth (₹ mn)



TWO-WHEELER LOANS

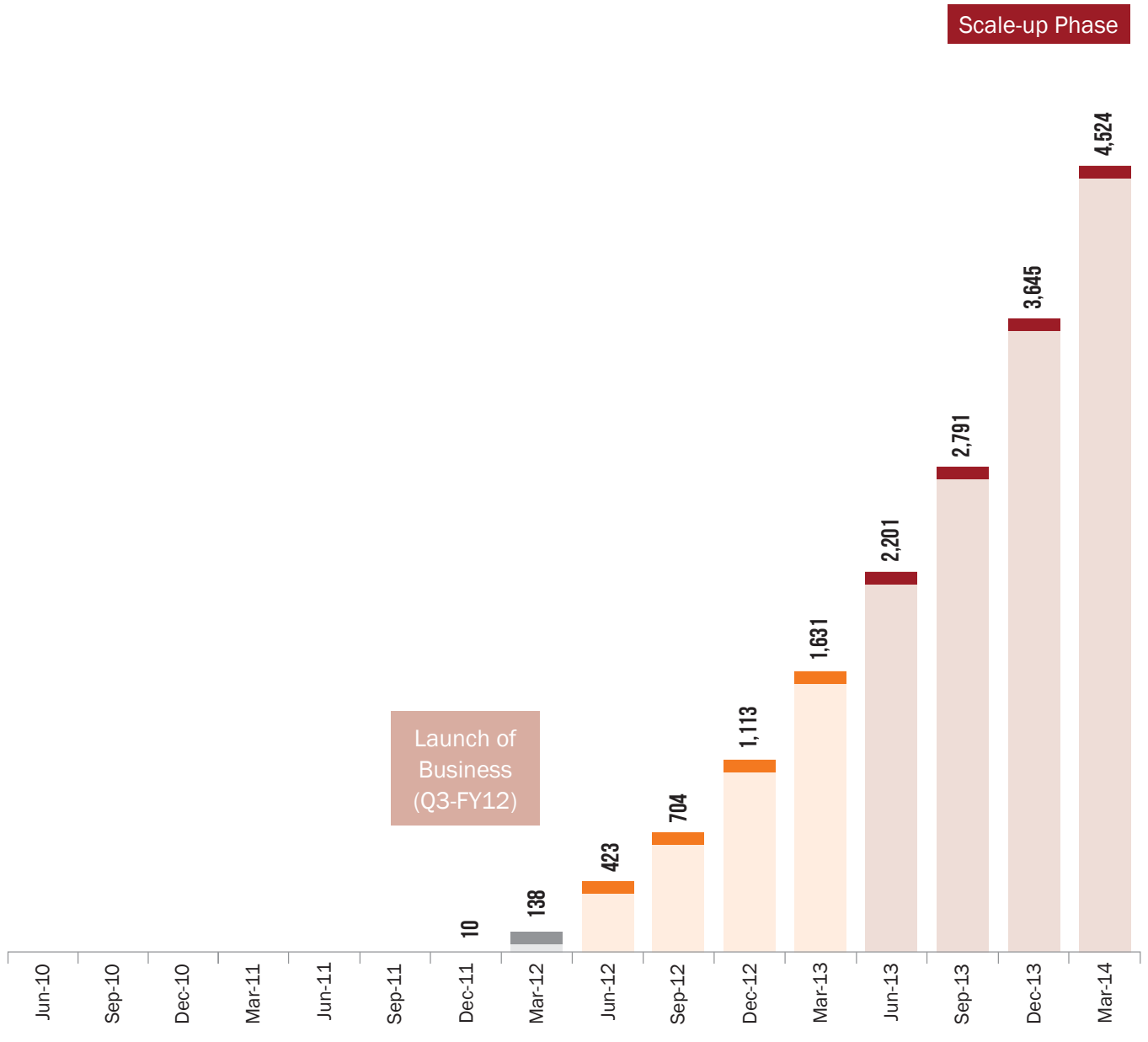
- Capital First provides financing for Two-Wheelers through easy EMIs to self employed customers like small traders, suppliers, shop keepers with good credit profiles, and to salaried employees, usually taking up their first job in the organised sector.
- From a distribution point of view, this is a highly fragmented market. The loans are originated through an extensive network of Two-Wheeler Dealers. Since inception in October 2011, Capital First has grown the Two-Wheeler financing business with the help of extensive reach, robust credit processes, quick turn-around and efficient customer services.
- Two-Wheeler loans are relatively small ticket size loans of about ₹ 30,000 - ₹ 40,000. The Door to Door tenure for the loan is around 2 years. The Two-Wheeler Loan assets are ₹ 4.52 billion as of March 2014.
- The Two-Wheeler business is relatively more complex, as the ticket size of loans is low, and the tenor is short (average actuarial tenor is 1 year), and requires relationship with hundreds of dealerships across remote geographies leading to high operating and distribution costs. The Company is building the necessary scale to achieve the required critical mass for this business.
- The portfolio quality of CAPF's Two-Wheeler Financing is high because of strong underwriting standards, access to Credit Bureau (CIBIL), robust customer verification process at the time of origination, and a strong and automated collections infrastructure.
- A significant number of the Two-Wheeler loan customers are first time borrowers. For such small ticket product,

any economic downturn may affect the repayment capabilities, as these borrowers are usually small entrepreneur on entry level salaried employees.

- At CFL, we have robust credit underwriting and collection processes to minimise the impact of such adverse situations.



Two-Wheeler Loans AUM growth (₹ mn)



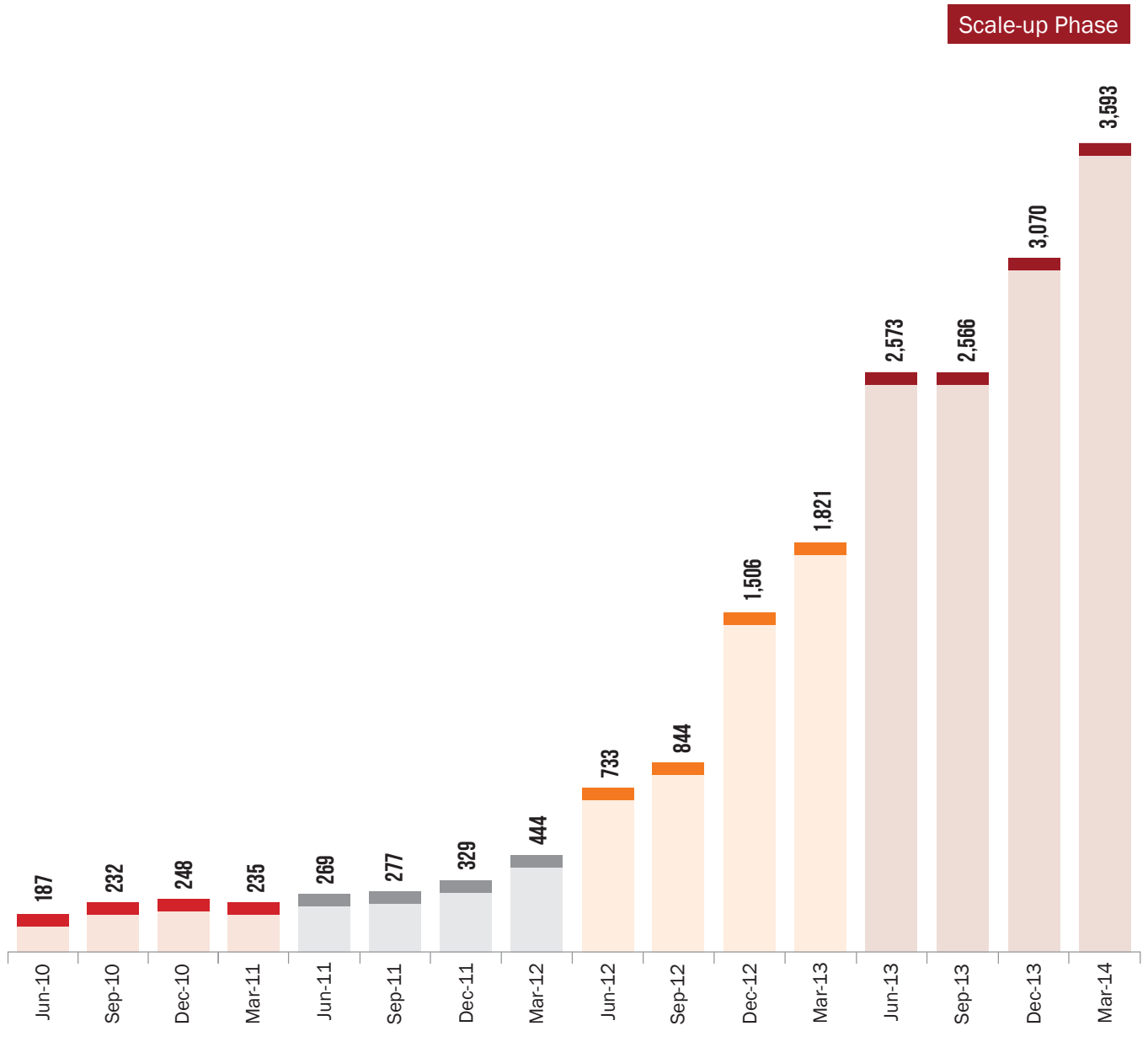
CONSUMER DURABLE LOANS

- Capital First provides financing for consumer electronic goods like LED, LCD TVs, Washing Machine, Laptops, Furniture through easy EMIs to salaried and self employed customers.
- From a distribution point of view, this is a highly fragmented market. Since inception in FY10, Capital First has tied up with all leading Consumer Durable manufacturers and has grown the business with the help of extensive reach, robust credit processes, quick turnaround and efficient customer services.
- The Average Ticket Size is ₹ 28,000. The average Loan to Value ratio is ~70%. The Door to Door tenure for the loan is around 8 months. Since inception in FY10, the loan book of Consumer Durable financing has grown to ₹ 3.59 billion by March 2014.
- The Company checks the application with the Credit Bureau (Bureau Score), and evaluates the application using the Application Score (AS) in parallel. The decision is conveyed to the customer and dealership within 3 minutes.
- Like in the case of Two-Wheelers, this business is relatively more complex, as the ticket size of loans is low, and the tenor is short (average actuarial tenor is 4 months), and requires relationship with thousands of dealerships across remote geographies leading to high operating and distribution costs. The Company is building the necessary scale to achieve the required critical mass for this business.
- The scoring system needs to be validated and recalibrated on an ongoing basis. The onboarding process is prone to identity frauds which affect portfolio

quality. CFL has invested in fraud management systems, identity authentication processes to minimize such instances.



Consumer Durable Loans AUM growth (₹ mn)



SENIOR MANAGEMENT TEAM



APUL NAYYAR
CEO - RETAIL & SME
BUSINESS

Apul is a qualified Chartered Accountant and has rich experience spanning nearly 18 years having worked with distinguished names in the banking and financial services industry.



NIHAL DESAI
CHIEF RISK OFFICER

Nihal is a B.E. (Computer Science and Technology) & MBA (Finance) and has 20 years of experience in leadership positions in financial services and IT industry.



PANKAJ SANKLECHA
CHIEF FINANCIAL
OFFICER & HEAD -
CORPORATE CENTRE

Pankaj is a qualified Chartered Accountant and has 19 years of rich experience in Retail and Small & Medium Enterprises Banking.



ADRIAN ANDRADE
HEAD - HUMAN
RESOURCE AND
ADMINISTRATION

Adrian brings to the table over 26 years of valuable experience spanning the various segment in the HR domain at various multinational banks.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. V. Vaidyanathan

Chairman & Managing Director

Mr. N. C. Singhal

Independent Director

Mr. Anil Singhvi

Independent Director

Mr. Vishal Mahadevia

Non-Executive Director

Mr. M. S. Sundara Rajan

Independent Director

Mr. Hemang Raja

Independent Director

CHIEF FINANCIAL OFFICER & HEAD - CORPORATE CENTRE

Mr. Pankaj Sanklecha

COMPANY SECRETARY

Mr. Satish Gaikwad

STATUTORY AUDITORS

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

INVESTOR RELATIONS

Mr. Saptarshi Bapari

LIST OF BANKING RELATIONSHIPS & SUBSCRIBERS TO DEBT ISSUES

Allahabad Bank
Andhra Bank
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Corporation Bank
Dena Bank
Deutsche Bank
HDFC Bank
HSBC Bank
IDBI Bank
Indian Overseas Bank
Oriental Bank of Commerce
State Bank of India
State Bank of Bikaner & Jaipur
Syndicate Bank
Union Bank of India
United Bank of India
Vijaya Bank
Punjab & Sind Bank
Punjab National Bank
ICICI Bank
The Jammu and Kashmir Bank

IDFC Limited
IFCI Limited
Gratuity Funds
Provident Funds
Pension Funds
Superannuation Funds

LIC of India
GIC of India

BOI AXA MF
Escorts MF
IndiaBulls MF
JP Morgan MF
Peerless MF
Pramerica MF
Religare MF
Sundaram MF
Taurus MF
Templeton MF
UTI MF
LIC MF
BNP Paribas MF
IDBI MF
Reliance MF

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078.
Tel No.: +91 22 2594 6970
Fax No.: +91 22 2594 6969
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REGISTERED & CORPORATE OFFICE

Capital First Limited
(formerly known as Future Capital Holdings Limited)
15th Floor, Tower - 2,
Indiabulls Finance Centre,
Senapati Bapat Marg, Elphinstone,
Mumbai - 400 013, Maharashtra.
Tel No.: +91 22 4042 3400
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CIN No. L29120MH2005PLC156795



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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Ninth Annual Report of your Company with the audited statement of accounts for the year ended March 31, 2014.

FINANCIAL HIGHLIGHTS

The highlights of the consolidated and standalone financial results of the Company for the financial years 2013-14 and 2012-13 are as under:

(₹ in Million)

Particulars	Consolidated		Standalone	
	2013-14	2012-13	2013-14	2012-13
Total Income	10,625.14	8,086.36	10,797.12	8,000.54
Total Expenditure	9,977.63	7,502.65	10,043.79	7,459.31
Profit Before Tax and exceptional items	647.51	583.71	753.33	541.23
Exceptional income/ (expense)	-	213.10	(344.48)	243.21
Provision For Tax	58.00	99.07	39.02	86.70
Profit after tax from continuing operations	589.51	697.74	369.83	697.74
Profit/(Loss) after tax from discontinuing operations	(63.23)	(66.64)	-	-
Profit/(Loss) brought forward from previous year	676.22	353.83	1,113.55	757.26
Add: Loss of subsidiary excluded on sale	-	32.74	-	-
Profit available for appropriation	1,202.50	1,017.67	1,483.38	1,455.00
Appropriations:				
Transfer to Reserve Fund under Section 45- IC of the RBI Act, 1934	73.96	139.55	73.97	139.55
Transfer to statutory reserve under Section 29C of the National Housing Bank Act, 1987	3.44	-	-	-
Proposed Dividend	165.41	127.84	165.41	127.84
Dividend Tax thereon	-	21.73	-	21.73
Transfer to General Reserve	27.74	52.33	27.74	52.33
Balance carried forward to Balance Sheet	931.95	676.22	1,216.26	1,113.55

The Company is focused on providing a number of financial services to Retail, MSME, Consumer and Wholesale credit, 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 ₹ 75.10 billion to ₹ 96.79 billion, a growth of 29%. The Retail Assets under Management has grown from ₹ 55.60 billion to ₹ 78.83 billion, a growth of 42%. As part of the plan to change the mix of assets, the Wholesale Book reduced by 8% from ₹ 19.50 billion to ₹ 17.96 billion.

The Net worth of the Company increased from ₹ 9,607 million to ₹ 11,710 million as at March 31, 2014.

Consolidated Net Interest Income increased by 34% from ₹ 2,499 million during the financial year ending March 31, 2013 to ₹ 3,361 million during the financial year ending March 31, 2014.

The Profit Before Tax, before exceptional items, increased from ₹ 519 million during the financial year ending March 31, 2013 to ₹ 590 million during the financial year ending March 31, 2014. The profit after tax was down by 17% from ₹ 631 million to ₹ 526 million. This is essentially on account of an exceptional and one time item of ₹ 213 million reported in previous year for sale of subsidiaries.

DIVIDEND

Keeping in mind the overall performance and the outlook for your Company, your Directors are pleased to recommend a dividend of ₹ 2/- (Rupees Two only) per share i.e. 20% on each Equity Share of ₹ 10/- (Rupees Ten only). The dividend would be paid to all the shareholders, whose names appear in the Register of Members/Beneficial Holders list on the Book Closure/Record date.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Management Discussion and Analysis of the financial condition and result of consolidated operations of the Company for the year under review, is annexed and forms an integral part of this Directors' Report.

CORPORATE GOVERNANCE

A Report on Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, forms part of the Annual Report.

DIRECTORS' REPORT (CONTD.)

A Certificate from M/s. Chetan Gandhi & Associates, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, also forms part of the Annual Report.

SHARE CAPITAL

During the year under review, the Board of Directors of the Company, with the approval of the shareholders, allotted 32,50,000 Equity Shares to HDFC Standard Life Insurance Company Limited ("HDFC Life") & 83,57,145 Equity Shares to Cloverdell Investment Ltd ("Cloverdell") on March 28, 2014, for an aggregate consideration of ₹ 1785.18 million at a price of ₹ 153.80 per Equity Share (face value of ₹ 10/- each and premium of ₹ 143.80 per share), in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations"). The Subscription Amount (invested in the form of Equity Shares) entitles HDFC Life & Cloverdell to not more than an aggregate of 3.87% & 70.48% of total paid up capital of the Company, respectively, of the enhanced equity share capital of the Company. The total shareholding of Promoter Group i.e Cloverdell and Dayside Investment Ltd. in the Company remains unchanged at 71.99% post Preferential Allotment of Equity shares.

Subsequent to the year under review, 74,500 equity shares were allotted to eligible employees of the Company under various Employee Stock Option Schemes of the Company.

SUBSIDIARIES

During the year under review, Capital First Home Finance Private Limited, a Wholly Owned Subsidiary of the Company has received the Certificate of Registration from National Housing Bank to commence business of housing finance institution without accepting public deposits.

During the year under review, the Board of Directors of Subsidiary Companies namely Capital First Securities Limited (CFSL) and Capital First Commodities Limited (CFCL) had decided to close down the security & commodity broking operations, respectively, and also approved the surrender of the licenses availed for conducting the broking businesses of both the subsidiaries except for National Spot Exchange Limited.

In terms of the General Circulars No. 2/2011 & 3/2011 of the Ministry of Corporate Affairs (MCA), dated 8th and 21st February,

2011, respectively, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the Subsidiaries of the Company have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any Member of the Company interested in obtaining the same and these documents are also kept for inspection by any Member at the Corporate Office of the Company and the Subsidiaries. However, as directed by the MCA, the financial data of the Subsidiaries has been furnished under 'Details of Subsidiaries', forming part of the Audited Accounts. Further, pursuant to Accounting Standard (AS - 21) issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements presented by the Company in this Annual Report includes financial information of its Subsidiaries.

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 Reserve Bank of India (RBI).

RBI GUIDELINES

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

GOLD AUCTIONED

The disclosures as required by circular no. DNBS.CC.PD.No.356/03.10.01/2013-14 dated September 16, 2013 issued by Reserve Bank of India, regarding reporting of the Gold Auctioned during the financial year 2013-14 are provided at Note No. 44 to Notes to the Standalone Financial Statements.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Subsequent to the year under review the Board of Directors at its meeting held on May 08, 2014 has constituted Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of Companies Act, 2013 read with rules formulated therein.

DIRECTORS' REPORT (CONTD.)

The Company is in process of formulating a detailed policy on Corporate Social Responsibility.

CAPITAL ADEQUACY

The Company's capital adequacy ratio was 22.16% as on March 31, 2014, which is significantly above the threshold limit of 15% as prescribed by the RBI.

CREDIT RATING

Short-term borrowing programme: During the year under review, Credit Analysis & Research Ltd. ("CARE") reaffirmed the "A1+" ("A One Plus") rating for the short term borrowing program for an amount of ₹ 9,000 million. 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, Credit Analysis & Research Ltd. (CARE) and Brickwork Ratings India Private Limited (Brickwork) reaffirmed the long term rating of "AA+" (Double A Plus) of your Company. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Long-term Bank Loan Facilities: During the year, the Company's rating of "CARE AA+" ("Double A Plus") by CARE in respect of the long-term bank loan facilities, having tenure of more than one year of the Company, was enhanced from ₹ 45,000 million to ₹ 81,450 million.

Secured Redeemable Non-Convertible Debentures (NCDs): During the year CARE reaffirmed the Company's rating of "CARE AA+" ("Double A Plus") for the Secured Redeemable NCDs for an aggregate amount of ₹ 10,500 million. The rating of "BWR AA+" ("BWR Double A Plus") for Secured Redeemable NCDs was also reaffirmed by Brickwork.

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

aggregate amount of ₹ 2,000 million.

Perpetual Non-Convertible Debentures (NCDs): During the year CARE reaffirmed the "CARE AA" ("Double A") rating to the Perpetual Debt program of the Company for an aggregate amount of ₹ 1,500 million. Brickwork also reaffirmed the "BWR AA" ("Double A") rating to the Perpetual Debt program of the Company for an aggregate amount of ₹ 1,500 million.

DIRECTORS

In accordance with Section 152 and other applicable provisions of Companies Act, 2013, Mr. Vishal Mahadevia, being Non-Executive Director, retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. Also, as per the provisions of Companies Act, 2013, it is proposed to appoint Mr. Anil Singhvi, Mr. N.C. Singhal, Mr. Hemang Raja and Mr. M.S. Sundara Rajan as Independent Directors of the Company for a consecutive term of three years up to March 31, 2017.

Brief resumes of Directors, nature of their expertise in specific functional areas and names of companies in which they hold Directorship and/or Membership/Chairmanship of Committees of the Board (excluding Private Limited Company, Non Profit making Companies and Foreign Companies) are annexed and forms part of this Report (*Annexure 1*).

Based on the confirmations received, none of the Directors are disqualified for appointment under Section 274(1)(g) of the Companies Act, 1956 and Section 164(2) of Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) that in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and

DIRECTORS' REPORT (CONTD.)

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 of the Company for that period.

- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the Directors have prepared the annual accounts for the financial year ended March 31, 2014, on a going concern basis.

CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements are provided in this Annual Report. These statements have been prepared on the basis of the financial statements received from Subsidiaries, as approved by their respective Board of Directors.

AUDITORS

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have expressed their willingness to continue, if so appointed. As required under the provisions of Sections 139 and 141 of the Companies Act, 2013, the Company has obtained a written consent and relevant certification from the Auditors proposed to be re-appointed.

A proposal seeking their re-appointment is provided as part of the Notice of the ensuing Annual General Meeting.

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

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, the name and other particulars of certain employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Directors' Report excluding the aforesaid information is being sent to all the

Members of the Company and others entitled thereto. Members who are interested in obtaining such particulars may write to the Company.

Subsequent to the year under review, Board of Directors of the Company on the recommendation of Compensation & Nomination Committee at its Meeting held on April 02, 2014, approved the 'CMD Stock Option Scheme - 2014'.

Also, during the year under review, Company has granted employee stock options to eligible employees under various Employee Stock Option Schemes. Subsequent to the year under review, the Company has allotted 74,500 equity shares to eligible employees under aforesaid Schemes.

The disclosure(s) as required under the Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, are annexed and forms part of this Report (*Annexure 2*).

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 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable to the Company.

The Company's activities do not require any technology to be absorbed as mentioned in the aforesaid Rules. However the Company makes all efforts towards conservation of energy, protection of environment and ensuring safety.

The details of the earnings and outgo in Foreign Exchange during the year under review are provided in Notes to the Financial Statements as at March 31, 2014. The Members are requested to refer to the said Note for details in this regard.

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

DIRECTORS' REPORT (CONTD.)

India, National Housing Bank and other regulatory authorities for their valuable guidance and support and wish to express our sincere appreciation for their continued co-operation and assistance. We look forward to their continued support in future.

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

Your Directors express their deep sense of appreciation for all the employees whose commitment, co-operation, active participation,

dedication and professionalism has made the organisation's growth possible.

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

On behalf of the Board of Directors

V. Vaidyanathan
Chairman

Place : Mumbai
Date : May 08, 2014

ANNEXURE 1 TO THE DIRECTORS' REPORT

BRIEF PROFILE OF DIRECTORS

I) Mr. V. Vaidyanathan

Mr. V. Vaidyanathan, aged 46, is the Chairman and Managing Director of Capital First Limited (CFL). He concluded India's largest Management Buyout of a listed company which is one of his significant professional achievements. As part of this MBO, Warburg Pincus, one of the world's most reputed Private Equity players, with funds of over US\$ 40 billion in 36 countries, has acquired a majority stake (70.57%) in Capital First Limited.

In 2010, in order to take an entrepreneurial role, he joined Capital First from ICICI Prudential Life Insurance Company, where he was the Managing Director and CEO. Under his leadership, the Company's long term credit rating has been re-rated thrice from A+ to AA+ within 3 years.

In 2010, the Company had ₹ 10.00 bn of assets, of which 10% was in retail assets. He has changed the composition of the loan book to dominantly retail (81% retail) and grew the company's assets to ₹ 96.79 billion (March 14). Since his joining Capital First, he has successfully launched a number of retail businesses including MSME financing, Gold Loans, Two Wheeler loans, Consumer Durable loans and has implemented latest cutting edge technologies and scoring solutions in the company. He has built a large retail franchise of over 164 branches, 1089 employees across 40 cities, and has made Capital First a leading player in lending to MSMEs.

He joined ICICI Group in early 2000 and was one of the Senior Management responsible for transition of ICICI from a Domestic Financial Institution (DFI) to a Universal Bank. He launched the Retail Banking Business, and helped the change of ICICI bank into a large retail powerhouse in the country. He built a network of over 1400 ICICI Bank branches across 800+ cities including 25 million customers, built a vast deposit base and a retail loan book of US\$ 30 billion in Mortgages, Auto loans, Commercial Vehicles, Consumer Loans Credit Cards and Personal Loans. He also built the SME business (since 2003) and Rural Banking Business (since 2007) for ICICI Bank. His key passion is the usage of new age technology to expand organized retail lending and deposits to a vast expanse of India.

He was appointed as Executive Director on the Board of ICICI Bank at the age of 38. He was also the Chairman of ICICI

Home Finance Co. Ltd., and served on the Board of ICICI Lombard General Insurance Company and CIBIL, India's first credit bureau. He started his career with Citibank India Consumer Banking Division in 1990 and worked there till 2000.

His contribution won him and the Bank many domestic and international awards including "Best Retail bank in Asia 2001", "Excellence in Retail Banking Award" 2002, "Best Retail Bank in India 2003, 2004, and 2005 from the Asian Banker", "Most Innovative Bank" 2007, and was nominated "Retail Banker of the Year" by EFMA Europe for 2008 and 2009. He is an alumnus of Birla Institute of Technology and Harvard Business School.

He is a regular marathoner. He lives in Mumbai with his family of father, wife and three children.

Mr. V. Vaidyanathan holds 3,41,496 Equity Shares in the Company as on March 31, 2014. JV and Associates LLP, in which Mr. V. Vaidyanathan is a partner, was holding 47,73,795 Equity Shares of the Company as on March 31, 2014.

II) Mr. Anil Singhvi

Mr. Anil Singhvi, aged 54, is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in September 2010. Mr. Singhvi is the Chairman of Audit Committee and a Member of Shareholders'/ Investors' Grievance and Share Transfer Committee of the Board of Directors of the Company.

Mr. Anil Singhvi is Chairman of ICAN Investments Advisors Pvt. Ltd., a Corporate Advisory firm.

Mr. Singhvi has over 30 years of experience in Corporate sector, out of which 22 years spent with Ambuja Cements Ltd., where he rose from Manager to Managing Director & CEO. A Chartered Accountant, Mr. Singhvi played a defining role in making of Ambuja Cements. Company grew from less than one million to about 20 million tonnes by organic and inorganic strategies.

In 2011, Mr. Singhvi conceptualized and advised merger of Enam, one of the largest investment banks in India, with Axis Bank, a deal involving around US \$ 500 million.

Recently, he found IIAS (Institutional Investor Advisory Services India Ltd.), a proxy advisory company for Institutional Investors. This is a pioneering effort in India

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

for improving Corporate Governance and accountability of the Corporates.

He is on various Boards of companies, some of which are Hindustan Construction Co. Ltd., HCC Infrastructure Ltd., Subex Ltd., Institutional Investor Advisory Services India Ltd., Greatship (India) Limited, Lavasa Corporation Ltd. and Foundation for Liberal and Management Education (FLAME).

FLAME was founded to impart Liberal Arts education for Undergraduate students. He has been involved with this Institute right from the inception. It is uniquely positioned as one of the few institutes in India for Liberal Arts education. Flame has also set up Business School and School of Communication.

He is also closely associated with SAMPARC - a non government organization that helps to empower the destitute children and provides them not only shelter but a complete way of life. SAMPARC shelters over 800 such children by running 8 homes in the different part of the country.

Apart from this, he is also on the Indian Advisory Board of Habitat for Humanity, an NGO involved with construction of Houses for needy and poor people.

The details of the Directorship and/or Membership/ chairmanship of Committees of the Board (except private companies, Non Profit companies and foreign companies) held by Mr. Anil Singhvi as on March 31, 2014 are as follows:

Sr. No	Name of the Company	Committee positions held (excluding in Company)	
		Audit Committee	Shareholders' and Investor Grievances Committee
1	Hindustan Construction Company Limited	M	-
2	HCC Infrastructure Company Limited	-	-
3	Subex Limited	C	M
4	Greatship (India) Limited	-	-
5	Institutional Investor Advisory Services India Limited	-	-
6	Lavasa Corporation Limited	M	-

C - Chairman of the Committee

M - Member of the Committee

Mr. Anil Singhvi does not hold any shares in the Company.

III) Mr. N.C. Singhal

Mr. N. C. Singhal, aged 77, 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 Compensation and Nomination 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 fur 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 of Mr. N.C. Singhal (except private companies, Non Profit companies and foreign companies) as on March 31, 2014 are as follows:

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	Name of the Company	Committee positions held (excluding in Company)	
		Audit Committee	Shareholders' and Investor Greivances Committee
1	SCI Forbes Limited	-	-
2	Deepak Fertilizers and Petrochemicals Corporation Limited	C	-
3	Max India Limited	C	M
4	Birla Sun Life Asset Management Company Limited	-	-
5	Tolani Shipping Company Limited	C	-
6	Binani Industries Limited	M	M
7	Amal Limited	C	C
8	Essar Shipping Limited	-	-
9	Essar Ports Limited	-	-
10	Essar Bulk Terminal Limited	-	-

C - Chairman of the Committee

M - Member of the Committee

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

IV) Mr. Vishal Mahadevia

Mr. Vishal Mahadevia, aged 41 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 and Compensation and Nomination Committee of the Board of Directors of the Company.

Mr. Vishal Mahadevia is Managing Director and co-head of Warburg Pincus India Private Limited. Previously, he was with Greenbriar Equity Group, a fund focused on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, Inc., a New York-based private equity fund, and as a consultant with McKinsey & Company. He is a Director of AU Financiers, Biba Apparels, Capital First, Continental Warehousing, Gangavaram Port, IMC Limited and QuEST Global Services. 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 of Mr. Vishal Mahadevia (except private companies, Non Profit companies and foreign companies) as on March 31, 2014 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding in Company)	
		Audit Committee	Shareholders' and Investor Greivances Committee
1	Gangavaram Port Limited	M	-
2	IMC Limited	M	-
3	Continental Warehousing Corporation (Nhava Sheva) Limited	-	-
4	AU Financiers (India) Limited	M	-

M - Member of the Committee

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

V) Mr. M S Sundara Rajan

Mr. M S Sundara Rajan, aged 64, 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 Compensation and Nomination 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 38 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.

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

The details of the Directorship and/or Membership/ chairmanship of Committees of the Board of Mr. M S Sundara Rajan (except private companies, Non Profit companies and foreign companies) as on March 31, 2014 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding in Company)	
		Audit Committee	Shareholders' and Investor Grievances Committee
1	BGR Energy Systems Limited	-	-
2	Gitanjali Gems Limited	C	-
3	Kisan Mouldings Limited	-	-
4	My Mobile Payments Limited	-	-
5	NSDL Database Management Limited	-	-
6	Royal Sundaram Alliance Insurance Company Limited	-	-
7	The Clearing Corporation of India Limited	-	-
8	Centbank Financial Services Limited	-	-
9	Sharda Cropchem Limited	-	-
10	Sundaram Trustee Company Limited	M	-
11	Aadhar Housing Finance Limited	-	-

C - Chairman of the Committee

M - Member of the Committee

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

VI) Mr. Hemang Raja

Mr. Hemang Raja, aged 55, is a Non Executive Independent Director of the Company. He joined the Board of Directors

of the Company in February 2013. Mr. Raja is the Chairman of Shareholders'/ Investors' Grievance and Share Transfer Committee and Member of Compensation and Nomination 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 three years in financial services encompassing fund based businesses such as Project Finance and Corporate Banking, together with Treasury management and Structured products with IL&FS. Mr. Raja has also been the head of Capital Market activities in the Institutional and Retail Segments when he started and became the Managing Director and CEO of the then newly formed initiative by IL & FS, namely IL & FS Investsmart Ltd.

During the last six years, he has been involved in the 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 (except private companies, Non Profit companies and foreign companies) of the Board of Mr. Hemang Raja as on March 31, 2014 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding in Company)	
		Audit Committee	Shareholders' and Investor Grievances Committee
1	Techtran Polylenses Ltd.	-	-

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

ANNEXURE 2 TO THE DIRECTORS' REPORT

Disclosures as required under the Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 [SEBI (ESOS & ESPS) Guidelines, 1999].

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

The Company has two Employees' Share Purchase Schemes viz. CFL Employees Share Purchase Scheme – 2007 (CFL ESPS - 2007) and CFL Employees Share Purchase Scheme – 2008 (CFL ESPS - 2008). The disclosures below are in respect of the year ended March 31, 2014.

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

(II) CFL EMPLOYEES STOCK OPTIONS SCHEME(S)

The Stock Options granted to the employees currently operate under five schemes viz. CFL Employees Stock Option Scheme – 2007 (CFL ESOS – 2007), CFL Employees Stock Option Scheme – 2008 (CFL ESOS – 2008), CFL Employees Stock Option Scheme – 2009 (CFL ESOS – 2009), CFL Employees Stock Option Scheme – 2011 (CFL ESOS – 2011) and CFL Employees Stock Option Scheme – 2012 (CFL ESOS – 2012) (collectively referred as 'Schemes'). The disclosures below are in respect of the year ended March 31, 2014.

Options Granted during the year	CFL ESOS – 2007 : Nil CFL ESOS – 2008 : 200,000 CFL ESOS – 2009 : Nil CFL ESOS – 2011 : 22,500 CFL ESOS – 2012 : 9,55,000
The pricing formula	As per the Schemes approved pursuant to the SEBI (ESOS & ESPS) Guidelines, 1999
Options Vested	CFL ESOS – 2007 : 344,000 CFL ESOS – 2008 : 269,750 CFL ESOS – 2009 : 327,500 CFL ESOS – 2011 : 591,375 CFL ESOS – 2012 : 298,750
Options Exercised	CFL ESOS – 2007 : Nil CFL ESOS – 2008 : Nil CFL ESOS – 2009 : Nil CFL ESOS – 2011 : Nil CFL ESOS – 2012 : Nil
The total number of shares arising as a result of exercise of option	Nil

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Options lapsed/cancelled/forfeited	CFL ESOS – 2007 : Nil CFL ESOS – 2008 : 285,000 CFL ESOS – 2009 : Nil CFL ESOS – 2011 : 76,000 CFL ESOS – 2012 : 205,000
Variation of terms of options	No variation made in the terms of the Options granted under any of the Schemes.
Money realized by exercise of options	Nil
Total Number of options in force	CFL ESOS – 2007 : 344,000 CFL ESOS – 2008 : 512,500 CFL ESOS – 2009 : 350,000 CFL ESOS – 2011 : 1,379,000 CFL ESOS – 2012 : 2,050,000
Employee-wise details of options granted during the year to: i) Directors and senior managerial personnel ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Refer Note 1
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS-20) ('Earnings Per Share')	Diluted EPS calculated in accordance with AS-20 is ₹ 7.38 (Consolidated) per share and 5.19 (Standalone) per share for the FY 2013-14.
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	* Had the Company followed the fair value method for accounting the Stock Options, compensation expense would have been higher by 1,787.74 lakhs with consequent lower Consolidated profits. On account of the same the diluted EPS of the Company (Consolidated) would have been less by 2.51 per share.
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted Avg. Exercise Price CFL ESOS – 2007 : 257.35 CFL ESOS – 2008 : 175.69 CFL ESOS – 2009 : 243.49 CFL ESOS – 2011 : 148.26 CFL ESOS – 2012 : 183.54 Weighted Avg. Fair Value CFL ESOS – 2007 : 146.37 CFL ESOS – 2008 : 88.36 CFL ESOS – 2009 : 141.14 CFL ESOS – 2011 : 74.00 CFL ESOS – 2012 : 87.45

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	
i) risk-free interest rate	CFL ESOS – 2007 : NA CFL ESOS – 2008 : 7.18% - 8.70% CFL ESOS – 2009 : NA CFL ESOS – 2011 : 7.18% - 8.70% CFL ESOS – 2012 : 7.18% - 8.70%
ii) expected life	CFL ESOS – 2007 : 10.15 years CFL ESOS – 2008 : 10.75 years CFL ESOS – 2009 : 10.25 years CFL ESOS – 2011 : 10.63 years CFL ESOS – 2012 : 11.57 years
iii) expected volatility	CFL ESOS – 2007 : NA CFL ESOS – 2008 : 44.65% - 53.76% CFL ESOS – 2009 : NA CFL ESOS – 2011 : 44.65% - 53.76% CFL ESOS – 2012 : 44.65% - 53.76%
iv) expected dividends	CFL ESOS – 2007 : NA CFL ESOS – 2008 : 0.9% - 1.09% CFL ESOS – 2009 : NA CFL ESOS – 2011 : 0.9% - 1.09% CFL ESOS – 2012 : 0.9% - 1.09%
v) the price of the underlying shares in market at the time of option grant	Same as that of Grant Price

* Note: Above figures are derived by considering the Options granted to the employees of the Company and its subsidiaries.

Note 1: Details of the options granted under ESOS to the Directors and Senior Managerial personnel of Capital First Limited during the fiscal year 2014 and its subsidiaries are as under:

Sr. No.	Particulars	Position	Number of options granted under CFL ESOS – 2008	Number of options granted under CFL ESOS - 2012
a	Directors and Senior Managerial personnel			
	Mr. Pankaj Sanklecha	Chief Financial Officer & Head Corporate Centre		1,00,000
	Mr. Apul Nayyar	CEO – Retail & SME Business	1,00,000	-
	Mr. Nihal Desai	Chief Risk Officer	-	1,00,000
	Mr. Adrian Andrade	Head - Human Resources & Administration	-	35,000
b.	Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year		Nil	
c.	Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant		Nil	

MANAGEMENT DISCUSSION AND ANALYSIS

India's GDP growth peaked at 9.3% in FY11 and has dropped sequentially since then to 6.3% in 2012 and to 4.5% in FY13. Growth appears to have bottomed out at 4.4% in Q1 FY14, and GDP growth has since risen to 4.8% in Q2 FY14, and 4.7% in Q3 FY14.

At this juncture, economic indicators point to a revival of growth as challenges such as the steep current account deficit, tight liquidity and high food inflation have ebbed. Further, measures have been taken by the government to expedite project clearances and boost Capital Expenditure expansion. Most importantly, a fresh political mandate at the centre is expected soon, and has resulted in some optimism in businesses. At a consumer level, demand continues to be sluggish, and a clearer picture will emerge on critical areas like job and economy in the coming months. Car sales de-grew by 6.7% in FY14 (1.79 million vehicles sold) compared to sales of 1.87 million in FY13. Two wheeler sales rose by only 7% in FY14 at 14.81 million, as compared to 13.80 million in FY13. Commercial vehicles sales, traditionally seen as a lightning rod for the economy de-grew by 20% to 6.32 lac vehicles, as compared to sales of 7.93 lac vehicles in FY13.

The government cleared over 300 projects entailing an investment of ₹ 6.6 lac crore during the last 1 year. This coupled with a possible reduction in interest rate during the 2nd half of FY15, will result in economic growth, albeit with a lag. However, as in the past, the financial sector will be the first to benefit from positive initiatives. Accordingly, we are optimistic about our business environment during FY15 and beyond.

PERFORMANCE AND POLICIES OF THE NBFC SECTOR

According to the rating agency ICRA, NBFCs are expected to report a growth of around 8-10% in retail credit in FY14 compared to the 19% achieved in FY13. This was based on the observation that credit by the sector had grown by only 5% during the first nine months of FY14, as against the 15% posted during the same period of FY13. The CV and CE sectors were impacted by the dip in economic growth, the government's inability to kick start projects and judicial interventions like the ban on mining. The demand for gold loans too has been subdued due to regulatory interventions such as lower LTV ratios which prevailed for a large part of the fiscal year.

Below are some of the major policy initiatives taken by the RBI during FY14 that impact NBFCs in general:

- **Lending against Gold Jewellery:** The RBI stipulated that loan amount (Loan to Value or LTV) should be restricted

to 75% of the base value of gold jewellery. It clarified that only the intrinsic value of gold jewellery allowed as the base value for this purpose. Further, the process of valuation of gold jewellery was made transparent and standardized and the disbursal of loans of ₹ 1 Lakh and above had to mandatorily be made by cheque.

- **Central Registry of Mortgages:** The RBI mandated that all mortgages from March 31, 2011 were to be registered with the Central Registry under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). The SARFAESI Act, which allows banks and financial institutions to auction residential and commercial properties when borrowers fail to repay their loans, will enable banks to reduce their non-performing assets (NPAs) by adopting measures for recovery or reconstruction.
- **Securitisation:** The central bank has allowed credit enhancement on loan resets, subject to certain conditions.
- **Prepaid Payment Instruments:** Throwing open a new business opportunity, the RBI has allowed the issue of prepaid cards.
- **Private Placements:** The RBI issued a clarification regarding NBFCs raising money through private placements of Non-Convertible Debentures (NCDs). Although the industry believed that withdrawal of the current facility of issuing NCDs without any restrictions would result in adversely impacting their Asset Liability Management (ALM), it clarified that this freedom resulted in inadequate resource planning and higher transaction cost. Nevertheless, in order to facilitate the process of moving to a more robust ALM in a non-disruptive manner, it decided not to immediately operationalize the instruction with regard to the minimum gap between two successive issuances of privately placed NCDs.

BUSINESS OVERVIEW

Capital First Limited (Capital First) has established a strong foundation and poised for future growth. Capital First provides financial services to Retail, MSME and Corporate customers, with aspirations to become a leading financial services provider, admired for high level of customer service, and respected for ethics, values and corporate governance. The Company's vision includes providing the MSME sector in India with debt capital and services to support its growth. Capital First is

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

a Systemically Important NBFC with a record of consistent growth and profitability and a comprehensive product suite to meet the multiple financial needs of its customers, including MSME lending, consumer lending and corporate lending. High levels of corporate governance, transparency, robust processes and controls continue to be an integral part of its DNA. The Company continues to finance the growing consumption needs of the Indian consumers, which is driven by increased affluence, growing aspirations and favourable demographics.

Capital First offers various genres of loans to three distinct customer segments, namely, the MSME segment, Consumer Segment and Corporate Segment. The Company primarily extends Mortgage Loans to its MSME customers. MSMEs usually find it difficult to raise funds, particularly at short notice, and Capital First, through its extensive branch network provides essential debt capital to MSMEs in a quick, affordable and convenient manner. MSMEs often use this facility as working capital for growth of business, to cater to additional orders from their customers as a result of increased economic growth in India, or for procuring additional plant and machinery for growth of their business. Within three years of launch of this business, the company is among the significant providers of such debt finance to MSME customers.

A large number of micro enterprises also avail of Gold loans and use the proceeds for short term needs of their small businesses and to bridge their short term cash flow needs. A number of small enterprises like kirana shop owners, newspaper delivery people or small traders avail two wheeler loans to improve their mobility and efficiency, and conveniently pay their installments through their business cash flows. Further, retail consumers avail Loan against Gold Jewellery and use it for short term funding needs, wedding in the family, emergency medical expenses, or for higher education.

The Company also offers Consumer Durable Loans for purchase of white goods of daily convenience like fridge, Air Conditioners, Laptops, PCs and Furniture. Entry level salaried employees typically tend to avail Two-Wheeler Loans to own their first mobility vehicle. These together form the retail credit segment business of the Company.

During FY14, the Company witnessed steady increase in profits every sequential quarter. The year gone by has been one characterized by tight control, prudent resource management

and growth in the loan book. Beyond tangible performance in terms of business growth, the Company has also instituted Business Intelligence systems that have strengthened its customer servicing capabilities, enhanced its CRM and product offerings and overall, accelerated decision making.

One of the significant developments for the company in FY14 is that two marquee names of the Financial Services world, Warburg Pincus (through their affiliate Cloverdell Investment Ltd), (WP) and HDFC Standard Life Insurance Company Limited (HDFC Life) have subscribed to Preferential Issue of Equity shares (Tier 1 capital) of the Company for ₹ 1,780 million. As part of this capital raise, WP has subscribed to 8.36 million equity shares for ₹ 1,285 million, and HDFC Life has subscribed to 3.25 million equity shares for ₹ 500 million. We are further happy to inform that WP will retain their existing stake at 72% post the issue. The issue was priced at ₹ 153.80/- per Equity Share (face value of ₹ 10/- each and premium of ₹ 143.80 per share) representing a 10% premium over the last traded price and 13% premium over the last one month's share price of the company at the time of closing the issue. The proceeds from the proposed equity issue will be used to increase the Capital Adequacy of the company and for future growth plans of the Company.

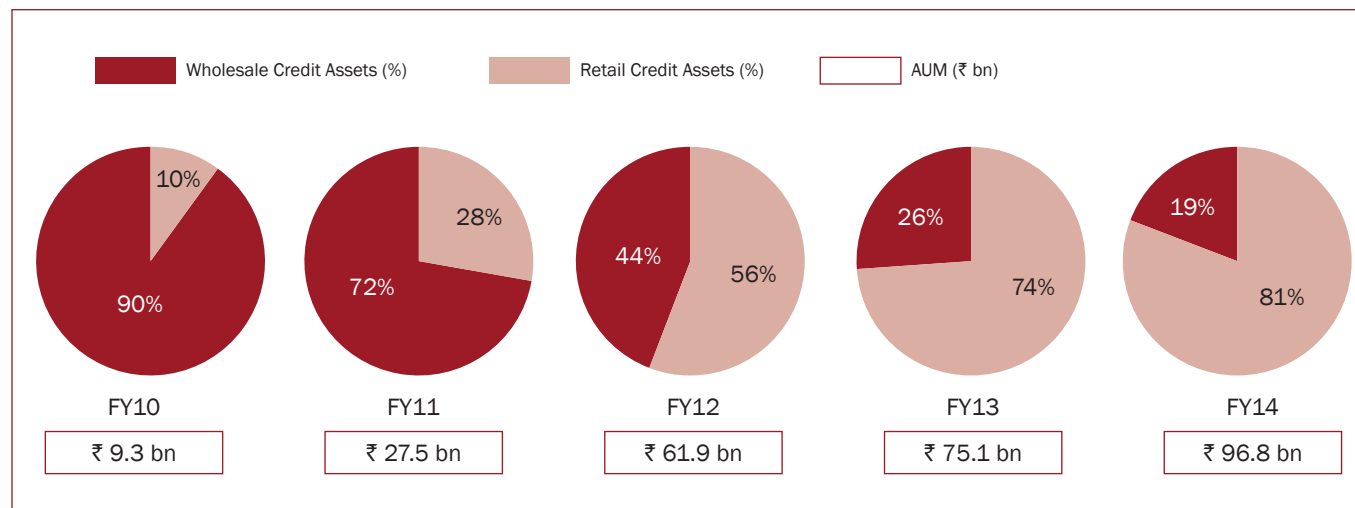
During the year FY14, the Company grew its Loan Assets under management steadily while continuing to focus on asset quality. A snapshot of its performance during FY14 is given below –

- Asset Under Management increased by 29% to ₹ 96.79 billion
- Net Interest Income (NII) grew by 34% to ₹ 3,361 million
- Profit before Tax (before exceptional items) increased by 14% to ₹ 590 million
- Gross NPA stood at 0.45% and Net NPA stood at 0.08%, substantially lower than industry benchmarks
- Networth increased by 22% to ₹ 11.72 billion
- Capital Adequacy Ratio (CAR) as on March 31, 2014 is high at 22.16%.

Capital First has a strong distribution network set up of 164 branches with over 1089 employees spread across 40 cities in India. Over the years, the Company has been expanding the composition of retail assets under management as a percentage of its overall loan assets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Expanding proportion of retail Assets Under Management (AUM)



AUM Composition (in ₹ million)

Break up of Retail Loan Assets	FY14	% of Total AUM	FY13	% of Total AUM
Retail Finance (MSME and Consumer)	78,832	81%	55,599	74%
Wholesale Credit	17,959	19%	19,496	26%
Total	96,791		75,095	

Break up of Retail Loan Assets	FY14	% of Retail AUM	FY13	% of Retail AUM
Mortgage / SME Loans	64,058	81%	46,234	83%
Loan Against Gold Jewellery	5,746	7%	4,408	8%
Two-Wheeler Loan	4,524	6%	1,631	3%
Consumer Durable Loan	3,593	5%	1,821	3%
Others	911	1%	1,505	3%
Total	78,832		55,599	

MSME FINANCE

MSME Mortgage Loans: This product is the main line of business for the Company and contributes 81% of the total retail assets. Under this product, the Company provides long term secured loans to MSMEs, self-employed individuals and professionals against collateral of Residential or Commercial property. These are monthly amortising products with no Interest or Principal moratorium. The actuarial tenor of the loans is usually about 4-5 years. MSMEs usually prepay these facilities before time, based on their cash accruals. The Company follows a very strict credit approval process with a specific focus on the cash flow analysis of the borrowers to ascertain their repayment capabilities. The Company has a separate credit assessment team, which is independent of the sourcing / sales team, to ensure strong underwriting capability. The average ticket size for this product is ₹ 8 - 10 million and the LTV is between 48%-50% at origination. The Company has an extensive footprint across 40 cities to solicit and originate these loans. The AUM for the product has grown significantly to reach ₹ 64.06 billion in FY14.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

CONSUMER FINANCE

Two Wheeler loans: Capital First extends Two-Wheeler loans through easy EMIs to self employed customers like small traders, suppliers, shop keepers with good credit profiles as well as salaried employees, usually taking up their first job in the organized sector. These loans are originated through an extensive network of Two Wheeler Dealers. Capital First has tied up with over 900 Two Wheeler Dealerships across 29 tier-1 and tier-2 cities in India for this purpose. Two Wheeler Loans are relatively small ticket size loans of about ₹ 30,000 to ₹ 40,000 with door to door tenure of around 2 years. Since inception in October 2011, Capital First has grown the two wheeler financing business with the help of extensive reach, robust credit processes, quick turn-around and efficient customer services. Capital First has two wheeler loan assets of ₹ 4.52 billion as of March 31, 2014.

Gold Loans: The Company provides Loans against Gold Jewellery to customers. The loan size is usually ₹ 1,00,000 to ₹ 1,20,000. The Loan to Value is 75% on the value of the jewellery. The Company distributes Gold Loans through its extensive network of branches spread across 22 tier-1 and tier-2 cities in 10 states. Since inception in January 2011, the Gold Loan book steadily grown and reached an AUM of ₹ 5.75 billion by FY14. During the first quarter of FY14, the Gold Prices dropped by more than 15% in a week to reach below ₹ 2,400 per gm. Yet due to the stringent lending policy, risk control and robust processes, the Company did not face any principal loss in the Gold Loan portfolio.

Consumer Durable Loans: Capital First provides financing for purchasing consumer electronics goods like LED, LCD, TVs, Washing Machines, Laptops, Furniture to salaried and self-employed customers which can be repaid through easy EMIs. From a distribution point of view, this is a highly fragmented market. Capital First has tied up with all leading consumer durable manufacturers to offer this product and has grown the business with the help of extensive reach, robust credit processes, quick turn-around and efficient customer services. With the implementation of the new loan management system, improved processes and automated credit assessment capabilities, Capital First developed the unique capability of providing a credit decision within 3 minutes at the dealership/store that the customer has approached for a consumer durable

loan. The average ticket size of such loan is between ₹ 15,000 and ₹ 20,000. Since inception in FY10, the loan book of Consumer Durable financing has grown to ₹ 3.59 billion by FY14.

WHOLESALE SEGMENT

Capital First's wholesale lending largely includes senior secured credit offering to reputed real estate developers. For loans to real estate, the Company escrows the receivables from sale of flats, and takes first charge on property with significant asset cover of 2.5 - 5 times of receivables. By the end of FY14, the wholesale credit AUM stood at ₹17.96 billion, which was lower than the loan book of ₹ 19.50 billion as of March 31, 2013, which in turn was lower than the loan book of ₹ 27.25 billion as of March 31, 2012.

The Company believes that the lending to this segment is inherently riskier because of the lumpy nature of the business owing to relatively larger ticket size. Hence the Company is focusing only on select deals which meet the stringent credit criteria of the company. The Company is purely looking at deals on an opportunistic basis.

PORTFOLIO PERFORMANCE

The Company has built strong checks and controls in the credit approval processes. One of the key controls of the company is that the credit policy division, origination team, credit administration (implementation), operations, and collections are independent verticals and therefore function independently. This ensures that there are proper checks and balances at all levels. Further, the Company has implemented a number of scoring solutions to track the performance of the portfolio by various categories and deciles. This enables the Company to take corrective action to constantly improvise and fine tune the lending criteria. The ability of the company to experiment with various criteria and course correct on a timely basis with the help of technology solutions is one of the significant competitive advantages enjoyed by the firm.

The loan book of the Company is of high quality and the Gross NPA of the Company stood at 0.45% and the Net NPA stood at 0.08% by the end of FY14. Considering the segments that Company is operating in, including two wheeler and durable loans, these NPA figures are better than the best in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

RESOURCES & LIABILITIES

Reducing the cost of funds is a continuing endeavour for the company. Over the last 3 years, the Company has substantially and continuously reduced the cost of borrowings. Although during the first quarter of FY14, the repo rate was reduced by 25 bps by the RBI, it was increased further thrice during September 2013, October 2013 and January 2014, by 25 bps each time to reach a level of 8.00%. We are pleased to report that during FY14, Capital First made further and significant progress in reducing the cost of funds by diversifying the sources of funding.

The Company has a unique distinction of being upgraded thrice in three years reflecting the confidence of the financial system in the company's business model, strong promoters, experienced management, and good cash flow management. We are happy to report that the Company has retained long term credit rating AA+ in FY14, which is among the highest ratings in the financial services industry, achieved by very few companies in the sector.

During the financial year FY14, the Company had access to a wider range of funding options, being Term loans and cash credit by banks, Issuance of Non-Convertible Debentures on a private placement basis, issuance of unsecured subordinated debentures and bonds in the nature of perpetual debt. These debt instruments were issued to a wide range of investors, being reputed mutual funds, banks, provident funds, gratuity, pension and superannuation funds and insurance companies. In FY14, the Company has line of credit, different sources of funding through 107 different institutional relationships, including banks, mutual funds, superannuation funds, provident funds & gratuity funds.

ASSET-LIABILITY MANAGEMENT

The company places high priority on maintaining high structural liquidity at all times. As a prudent Asset Management Strategy, to protect itself from liquidity risks, the Company follows a policy of matched funding, whereby all assets are entirely funded by corresponding liabilities of similar maturities on an actuarial basis. Floating rate loans are funded by floating rate liabilities to cover interest rate risks. The Company runs a positive mismatch in all the maturity buckets of structural liquidity analysis as the maturing assets are higher than the maturing liabilities.

CONSOLIDATED FINANCIAL PERFORMANCE

The following table presents our consolidated results of operations for the year ended March 31, 2014:

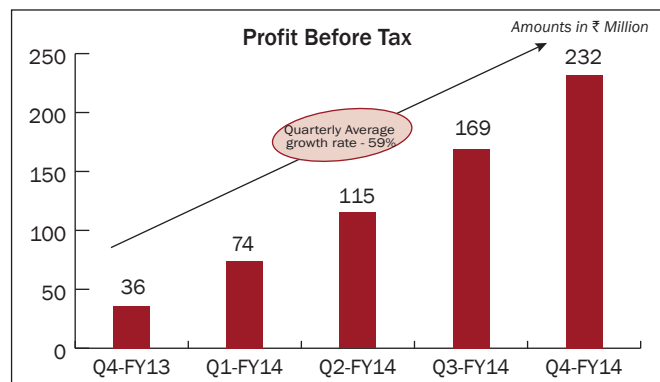
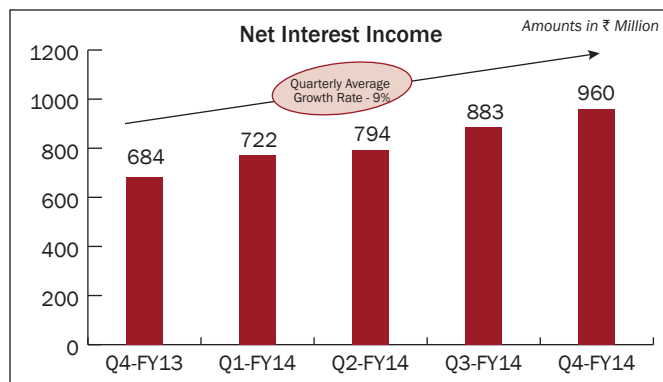
(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013	% Change
Interest Income	9,829	7,333	34%
Interest Expense	6,468	4,834	34%
NII	3,361	2,499	34%
Assignment/Fee/Other Income	861	863	0%
Total Income	4,222	3,575	18%
Operational Expenditure	3,122	2,623	19%
Provision	510	220	132%
Profit Before Tax	590	519	14%
Exceptional Items	-	213	100%
Profit Before Tax including Exceptional items	590	732	-19%
Profit After Tax	526	631	-17%

In FY14, the NII was up by 34% as compared to the previous year. The Profit Before Tax (before exceptional items) increased by 14% largely driven by increase in the retail business.

During FY13 and FY14, many of the businesses of the Company were in the scale up stage and the Company has invested in these businesses. Henceforth, the incremental investments in most of the businesses will be lesser compared to the last 2 years. However, some businesses may still need investments to reach at the critical mass of business. Scaling up of these businesses also required commensurate investment in IT, collections and credit resources. In fact, the Company is confident of growing profits in a sustainable manner in the years to come based on the above investments.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)



Shareholders' Funds

As of March 31, 2014, shareholders' funds of the Company amounted to ₹ 11,719 million as compared to ₹ 9,607 million as on March 31, 2013. The Capital Adequacy Ratio (CAR) as on March 31, 2014 is 22.16%, which is higher than the minimum CAR regulatory requirement of 15%.

INTERNAL CONTROL SYSTEMS

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

The Company has in place adequate systems to ensure that assets are safeguarded against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported. It has further strengthened its system controls by implementing robust Loan Management Systems.

The Company has an Internal Audit Department, which reports to the Audit Committee of the Board of Directors of the Company comprehensive audit of functional areas and operations of the Company are undertaken to examine the adequacy of and compliance with policies, plans and statutory requirements. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the

implementation of audit recommendations.

RISK MANAGEMENT

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

Credit Risk Management: Capital First has established detailed procedures and policies for underwriting across various product categories, based on the credit profile of the customer. The Company underwrites loans on the basis of assessed cash flow capabilities of customers as well as LTV norms. While it does lay emphasis on regular credit bureau inputs and detailed credit analysis processes it considers other factors too. For small ticket loans such as consumer and two-wheeler loans, the Company has implemented statistically valid credit scoring systems that adequately addresses the risk in lending and collections.

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

The Company ensures that the underwriting and collection process and infrastructure are well streamlined and managed by a highly competent workforce that is imparted necessary training as well. This helps in maintaining Capital First's high asset quality and low NPA levels.

Capital First realizes that a good customer experience is of critical importance in building a sustainable customer

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

franchise. Accordingly, the Company constantly endeavors to improve the service engagement with its customers through physical branches and the call centre with effective customer engagement and awareness tools like regular automated SMS, welcome and awareness calling, e-mailers and follow up letters at regular intervals to keep the customer aware of the payment cycle.

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

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

INFORMATION TECHNOLOGY

Capital First believes that to facilitate efficiencies and ensure seamless business growth, investing in technology is crucial. The implementation of appropriate IT systems results in better customer experiences, a reduced Turn Around Time (TAT) and minimized operational risks and human errors.

By continuously pursuing improvements in processes in the field of technology, Capital First has achieved peak stability on retail lending applications and is currently in the process of implementing a customer relationship management system.

The Company's hardware infrastructure and the security systems have also been upgraded to strengthen the overall network and ensure smooth functioning of the applications architecture. Capital First has also enhanced its communication channels to allow for more efficient internal and external communications which culminate in faster decision making and greater customer satisfaction.

HUMAN CAPITAL

At Capital First, human resources are the cornerstone of growth and progress. The Company recognizes that people are not just a

valuable asset but play a critical role in achieving its goals too. As on March 31, 2014, the Company had a team of 1,089 talented and experienced employees, providing a wide range of financial services.

Towards ensuring that the potential of this resource is maximized, Capital First's people agenda continues to be aimed at

- Driving a performance culture to achieve financial goals,
- Future proofing the franchise to build sustainability and
- Engagement, communication and transparency to build commitment.

The focus during the year was to further align our people practices to achieving our company objectives. The approach we have adopted is to influence the cultural aspects and build a culture of learning and execution. We have created a framework with learning paths for every job family as a guide to building the capabilities of our people. Appropriate training programmes have been conducted while we simultaneously implement a Learning Management System to facilitate management refreshers. We also introduced a 360° feedback process which enables our management to gain insights into the capabilities that they need to develop.

In our drive towards building a culture of execution, we have initiated a process that is designed to build discipline and accountability in our frontline staff to achieve higher productivity. We have seen some success and are working to embed the process more deeply.

To reinforce a performance culture we introduced a Corporate Recognition Programme "Ace Awards" which recognises the contributions of our employees for each quarter and annually. The awards are also aimed at driving the behaviour of our employees in key competencies like collaboration, innovation, agility and leadership.

Although markets continue to be challenging, we have been able to find a competitive edge that drives our productivity. Our employee productivity, in the product categories in which we are present, is among the best in the industry. We have concluded the financial year with our best ever performance in all our businesses and this has culminated in the high morale of our employees.

Throughout the year Capital First has been able to attract and retain key talent at all levels. Our reward practices are competitive and benchmarked against the market. We use the Employees Stock Options Scheme (ESOS) to foster a sense of ownership among select employees.

Looking ahead, the Company plans to continue its drive towards building cultural capabilities that will give us a competitive edge in the market.

OUTLOOK

The recent investment by the promoter Cloverdell Investment Ltd (an affiliate of Warburg Pincus) and HDFC Standard Life Insurance Company Limited reflects the confidence of the investors on the Company's business model, processes, controls and governance. The Company would continue to follow the business model and the pruned strategy to focus on the retail financing business to boost the MSME and consumption business in India. The Company has done most of the requisite investments to create the sustainable retail finance machinery with effective and prudent credit policy, operations, technology, compliance with the legal and regulatory framework, strong corporate governance and the committed, young workforce. The

Company would look forward to continuous improvement of the operating model to make the best customer experience and value propositions. The Company would look forward to obtain the continuous and higher operating leverage in the coming years including FY15.

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.

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

Clause 49 of the Listing Agreement executed with the Stock Exchange(s), *inter alia*, lists down various corporate governance related practices and requirements, which listed companies are required to adopt and follow. This Report outlines the governance practices followed by the Company in compliance with the said requirements of the Listing Agreement.

PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

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 mitigate “non business” risks and 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 conducted by its employees led by Mr. V. Vaidyanathan, Chairman & Managing Director under the overall supervision of the Board.

Capital First’s Corporate Governance framework is based on having a composition wherein a majority of Directors are Independent Board Members. Further, the constitution of Board Committees meet all statutory requirements of various regulatory authorities including the Reserve Bank of India, SEBI and MCA, and committees are chaired by Independent Directors, as per the above requirements. 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, 2014, the Board of Directors of the Company consisted of, four Independent Directors, one Non-Executive Director and one Executive Director.

None of the Directors hold directorship in more than fifteen public limited companies, as on March 31, 2014 nor is any of them a member of more than ten committees or Chairman of more than five committees across all public limited companies in which they are Directors.

During the financial year 2013-14, Six Meetings of the Board of Directors were held on following days: April 02, 2013; May 27, 2013; August 06, 2013; November 13, 2013; February 03, 2014 and March 04, 2014 with the time gap between any two consecutive Meetings being not more than four months at any point in time.

The details of the number of Board and General Meeting(s) attended by each Director during the year ended March 31, 2014 and Directorship and/or Membership/Chairmanship of the Committees of Board (except private companies, Non Profit

REPORT ON CORPORATE GOVERNANCE (CONTD.)

companies and foreign companies) held by each of them as on March 31, 2014, are given below:

Name of the Director	Category	Attendance Particulars			No. of outside Director-ships	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	06	06	YES	-	-	1
Mr. Anil Singhvi	Non - Executive & Independent Director	06	06	YES	6	2	6
Mr. N. C. Singhal	Non - Executive & Independent Director	06	05	YES	10	5	9
Mr. Vishal Mahadevia	Non - Executive Director	06	06	NO	4	-	4
Mr. Hemang Raja	Non - Executive & Independent Director	06	06	YES	1	1	1
Mr. M S Sundara Rajan	Non - Executive & Independent Director	06	06	YES	11	1	3

@ 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 Shareholder's/Investors' Grievances Committee are considered.

COMMITTEES OF THE BOARD OF DIRECTORS:

Under the aegis of the Board of Directors, several committees have been constituted which have been delegated powers for different functional areas. The Audit Committee, Shareholders'/Investors' Grievance and Share Transfer Committee, Compensation and Nomination Committee (which is also the ESOS/ESPS/Remuneration Committee), Asset Liability Management Committee (ALCO) and Risk Management Committee (RMC) have been constituted pursuant to and in accordance with the provisions of Listing Agreement, rules & regulations prescribed by Reserve Bank of India read with requirements of the Companies Act, 1956 and other applicable laws. In addition to the aforesaid Committees, Board of Directors has also constituted Corporate Social Responsibility (CSR) Committee at its meeting held on May 8, 2014, as per requirements of the Companies Act, 2013 and its applicable rules.

AUDIT COMMITTEE

Terms of Reference

In addition to the matters provided in Clause 49 of the Listing Agreement and requirements of Section 292A of the Companies

Act, 1956 and Reserve Bank of India, the Committee reviews the reports of the Internal Auditors, periodically meets the Statutory Auditors of the Company and discusses their findings, observations, suggestions, scope of audit etc. and also reviews internal control systems and accounting policies followed by the Company. The Committee also reviews the financial statements with the management, before their submission to the Board.

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

1. Overseeing the Company's financial reporting process and reviewing with the management, the financial statements before submission to the Board for approval;
2. Recommending to the Board the appointment, re-appointment and replacement of the Statutory Auditor and fixing their fees;
3. Reviewing the internal audit function of the Company;
4. Such other matters as specified under Clause 49 of the Listing Agreement and requirements of Section 292A of the Companies Act, 1956 and Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

The terms of reference of the Audit Committee has been revised in the Board Meeting held on May 08, 2014, in compliance with Companies Act, 2013 and revised Clause 49 of Listing Agreement as amended from time to time.

Composition and Attendance of Meeting:

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

- Mr. Anil Singhvi - Chairman (Independent Director)
- Mr. N. C. Singhal - Member (Independent Director)
- Mr. Vishal Mahadevia - Member (Non Executive Director)
- Mr. M S Sundara Rajan - Member (Independent Director)

Mr. Satish Gaikwad, Company Secretary, acts as 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, corporate law and financial market related expertise. The Statutory Auditors, Internal Auditors and Senior Management may attend the Meetings of the Committee on an invitation basis.

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

During the year under review, the Committee met four times, i.e. May 27, 2013; August 06, 2013; November 13, 2013 and February 03, 2014. The details of the attendance of Directors at Audit Committee meetings during the financial year are as under:

Name	Number of Audit Committee Meeting (s) Attended
Mr. Anil Singhvi	4
Mr. N. C. Singhal	4
Mr. Vishal Mahadevia	4
Mr. M S Sundara Rajan	4

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 at Audit Committee Meetings.

COMPENSATION AND NOMINATION COMMITTEE (WHICH IS ALSO THE ESOS/ESPS/REMUNERATION COMMITTEE)

Terms of reference:

The terms of reference of the Compensation and Nomination Committee, broadly includes the following:

1. Considering all matters as are required to be considered by the Remuneration Committee, including determining the remuneration packages for executive directors;
2. Performing all such functions as are required to be performed by the Committee with regard to ESOPs under the Securities and Exchange Board of India (SEBI) Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999;
3. Performing all such functions as are required to be performed by the Nomination Committee as per the requirements of Reserve Bank of India;
4. Such other matters as may be delegated by the Board of Directors of the Company from time to time.

The terms of reference of the Compensation and Nomination Committee has been revised and the Committee is renamed as "Nomination and Remuneration Committee" in the Board Meeting held on May 08, 2014 in order to align with requirements of Companies Act, 2013 and revised Clause 49 of Listing Agreement as amended from time to time.

Composition and Attendance at Meetings:

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

- Mr. N. C. Singhal - Chairman (Independent Director)
- Mr. Hemang Raja - Member (Independent Director)
- Mr. M S Sundara Rajan - Member (Independent Director)
- Mr. Vishal Mahadevia - Member (Non-Executive Director)

Mr. Satish Gaikwad, Company Secretary, acts as Secretary to the Committee.

During the year under review, the Committee met two times, i.e. on May 27, 2013 and February 03, 2014. The details of the attendance of Directors at meeting(s) of the Committee held

REPORT ON CORPORATE GOVERNANCE (CONTD.)

during the financial year are as under:

Name	Number of Compensation and Nomination Committee Meeting (s) Attended
Mr. N. C. Singhal	2
Mr. Vishal Mahadevia	2
Mr. Hemang Raja	2
Mr. M S Sundara Rajan	2

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

Remuneration Policy:

i) Non-Executive Directors' Compensation

The Company pays sitting fees of ₹ 20,000/- per Meeting to the Non-Executive Independent Directors for attending Meetings of the Board and/or its Committees. Pursuant to the approval given by the Members of the Company vide Special Resolution passed at the Extraordinary General Meeting held on August 27, 2010, under Section 309 and other applicable provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company may remunerate Non-Executive Directors by way of Commission as per the limits specified therein.

ii) Executive Directors' Compensation

The compensation of the Executive Director(s) comprises of a fixed component and a performance incentive in the form of Performance Bonus. The compensation has been determined based on the level of responsibility,

prior experience & remuneration and prevailing industry standards in respect of remuneration. The Company has not granted any Stock Options to Mr. V. Vaidyanathan, Chairman & Managing Director during the financial year 2013-14.

Remuneration and period of contract of the Managing Director

Mr. V. Vaidyanathan, Chairman & Managing Director is appointed for a period of five years with effect from August 10, 2010 to August 9, 2015.

The Board reviewed the performance of Mr. Vaidyanathan for FY 2013-14 and recorded the excellent progress made by the company under his leadership. The Board expressed appreciation for successfully increasing the proportion of retail to overall business to over 80%, for securing high credit rating of AA+, for significantly growing all lines of businesses by over 30%, for expanding the resource base to over ₹ 10,000 crores at low cost, for maintaining high quality of loans, for successfully raising fresh equity of ₹ 178 crores from reputed investors, and for providing strategic leadership. Based on the above, the Compensation and Nomination Committee recommended to the Board that he be awarded with a Performance Bonus of ₹ 2 Crores for FY 14, and be provided with annual increase in remuneration for FY 15, and the Board agreed with the same. Mr. Vaidyanathan however voluntarily offered that he would like to forgo his annual bonus for FY 14 and forgo annual increase of remuneration in the larger interest of the Company. The Board thanked him for his gesture and appreciated the same.

Details of remuneration paid to Mr. Vaidyanathan is as per table given below.

Details of Equity Shares & Stock Options held and remuneration of Directors for the year ended March 31, 2014:

(Amt. in ₹)

Name of the Director	Equity Shares held	Stock Options Held	Sitting Fees	Gross Remuneration	Commission	Total
Mr. V. Vaidyanathan	*5,115,291	991,000	-	^ 41,205,479	Nil	41,205,479
Mr. Anil Singhvi	-	-	280,000	N.A.	15,00,000	17,80,000
Mr. N. C. Singhal	-	-	220,000	N.A.	15,00,000	17,20,000
Mr. Vishal Mahadevia	-	-	-	N.A.	Nil	Nil
Mr. Hemang Raja	-	-	240,000	N.A.	15,00,000	17,40,000
Mr. M S Sundara Rajan	-	-	240,000	N.A.	15,00,000	17,40,000

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

^ Gross Remuneration of Mr. V. Vaidyanathan includes ₹ 12,05,479/- provision made for Leave Encashment during 2013-14.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

SHAREHOLDERS'/INVESTORS' GRIEVANCES AND SHARE TRANSFER COMMITTEE

Terms of reference:

The terms of reference of the Shareholders'/Investors' Grievances and Share Transfer Committee *inter alia* includes carrying out such functions for redressal of the shareholders' and investors' complaints, including but not limited to, transfer of shares, non-receipt of annual report, non-receipt of dividend and any other grievance that a shareholder or investor of the Company may have against the Company. The Committee also oversees and approves Transfer/Transmission/Dematerialisation of shares, issue of Duplicate/Consolidated/Split Share Certificate(s) etc.

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

The terms of reference of the Shareholders'/Investors' Grievances and Share Transfer Committee has been revised and the existing Committee is renamed as "Stakeholders Relationship Committee" in the Board Meeting held on May 08, 2014 in order to align with Companies Act, 2013 and revised Clause 49 of Listing Agreement as amended from time to time.

Composition:

The Shareholders'/Investors' Grievances and Share Transfer Committee comprise of the following three Members and two of them are an Independent Director:

- Mr. Hemang Raja - Chairman (Independent Director)
- Mr. Anil Singhvi - Member (Independent Director)
- Mr. V. Vaidyanathan - Member (Executive Director)

Mr. Satish Gaikwad, Company Secretary, acts as Secretary to the Committee.

During the year under review, the Committee met four times, i.e. on May 27, 2013; August 06, 2013; November 13, 2013 and February 03, 2014. The details of the attendance of Directors at meeting(s) of the Committee held during the financial year are as under:

Name	Number of Shareholder's/Investor's Grievances and Share Transfer Committee Meeting(s) Attended
Mr. V. Vaidyanathan	4
Mr. Anil Singhvi	4
Mr. Hemang Raja	4

The minutes of the Shareholders'/Investors' Grievances and Share Transfer 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, 2014, the Company has approximately 122,506 shareholders and during the year, the Company has not received any request for transfer of equity shares in the physical form.

At the beginning of the year, 2 complaints/correspondences were pending. During the year under review, the Company and M/s. Link Intime India Private Limited, the Registrar and Share Transfer Agent, received 36 complaints / correspondence (arising out of IPO and also related to Dividend). All the complaints were resolved / replied during the year and none are pending as on March 31, 2014.

CODE OF CONDUCT

The Company has adopted the Code of 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.capfirst.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.

GENERAL BODY MEETINGS:

Details of General Meetings

During last three years, three Annual General Meetings i.e. Sixth, Seventh and Eighth Annual General Meetings of the Company, one Extraordinary General Meeting of the equity shareholders were held. The details of the Meetings and the Special Resolutions passed thereat are as follows:

REPORT ON CORPORATE GOVERNANCE (CONTD.)

General Meeting	Date, Time and Venue	Special Resolutions passed
Sixth Annual General Meeting	August 17, 2011, at 4:00 p.m. at the Mini Theatre, 3 rd floor, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai – 400 025.	None
Seventh Annual General Meeting	September 25, 2012, at 3:00 p.m. at the Mini Theatre, 3 rd floor, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai – 400 025.	a) Increase in borrowing limits b) Change in Name of the Company c) Alteration of Articles of Association
Eighth Annual General Meeting	August 22, 2013, at 3:00 p.m. at the Mini Theatre, 3 rd floor, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai – 400 025.	a) Approved the revision in remuneration payable to Mr. V. Vaidyanathan, Chairman and Managing Director of the Company b) Approved raising of funds / resources in Indian Rupees or equivalent thereof in any foreign currency upto ₹ 300 crore through various domestic/ international options, including QIP/ ECBs with conversion into shares / FCCBs/ ADRs/ GDRs/ FPO/ OCPS/CCPS etc., pursuant to section 81(1A) of the Companies Act, 1956 c) Approved Modification of 'Exercise Period' in all Employee Stock Option Scheme CFL ESOS-2007, CFL ESOS-2008, CFL ESOS-2009, CFL ESOS-2011 and CFL ESOS-2012 (Collectively "ESOS Schemes")
Extra Ordinary General Meeting	March 28, 2014 at 09.30 a.m. at the Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.	Preferential Allotment of 1,16,07,145 equity shares to M/s. Cloverdell Investment Ltd and M/s. HDFC Standard Life Insurance Company Limited

POSTAL BALLOT:

No resolution has been passed through Postal Ballot, during financial year 2013-14

DISCLOSURES:

i) Related Party Transactions

The Company has no material significant transactions with its related parties that may have a potential conflict with the interest of the Company. The details of transaction between the Company and the related parties are given for information under Notes to the Financial Statement for the year ended March 31, 2014.

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 & Exchange Board of India or Stock Exchanges or any other statutory authority during last 3 years.

iii) Disclosure of accounting treatment

In the preparation of the financial statements, the Company has followed all the applicable Accounting Standards laid down by the Institute of Chartered Accountants of India.

iv) Disclosures on Risk Management

The Company has laid down procedures to inform the Members of the Board about the risk assessment and minimisation procedures. A Risk Management Committee consisting of the Directors and the senior executives of the company reviews these procedures to ensure that executive management controls risk through the means of a properly defined framework.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

v) CEO / CFO Certification

In accordance with Sub-Clause V of Clause 49 of the Listing Agreement, a certificate from the Chairman & Managing Director and Chief Financial Officer & Head Corporate Centre was placed before the Board.

vi) Appointment / Re-appointment of Directors

The details in respect of the Director proposed to be re-appointed are provided in the Directors' Report.

vii) Management Discussion and Analysis

The Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under Clause 49(IV)(F) of the Listing Agreement.

- First Quarter Results : Second week of August, 2014
- Second Quarter Results : Second week of November, 2014
- Third Quarter Results : First week of February, 2015
- Fourth Quarter Results : First/Mid week of May, 2015

3. Dates of Book Closure : June 07, 2014 to June 18, 2014
(Both days inclusive)

4. Dividend Payment Date : On or after June 19, 2014

5. Listing on Stock Exchanges : BSE Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

National Stock Exchange of India Ltd (NSE)
Exchange Plaza, 5th Floor,
Plot No. C/1, G-Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051

6. Listing Fees : Listing fees of both the Stock Exchanges for the year 2013-14 have been paid.

7. Stock Code
BSE : 532938
NSE : CAPF
International Securities Identification Number (ISIN) : INE688I01017

MEANS OF COMMUNICATION:

Quarterly/annual audited financial results are regularly submitted to all the Stock Exchanges where the shares of the Company are listed in accordance with the Listing Agreement and published in a prominent English daily newspaper and in a regional language newspaper. The quarterly/annual results are also displayed on the Company's website www.capfirst.com soon after their declaration.

GENERAL SHAREHOLDER INFORMATION:

1. Annual General Meeting:

- Date and Time : Wednesday, June 18, 2014; 3:00 p.m.
- Venue : Hall of Culture, Nehru Centre,
Dr. Annie Besant Road,
Worli, Mumbai-400 018.

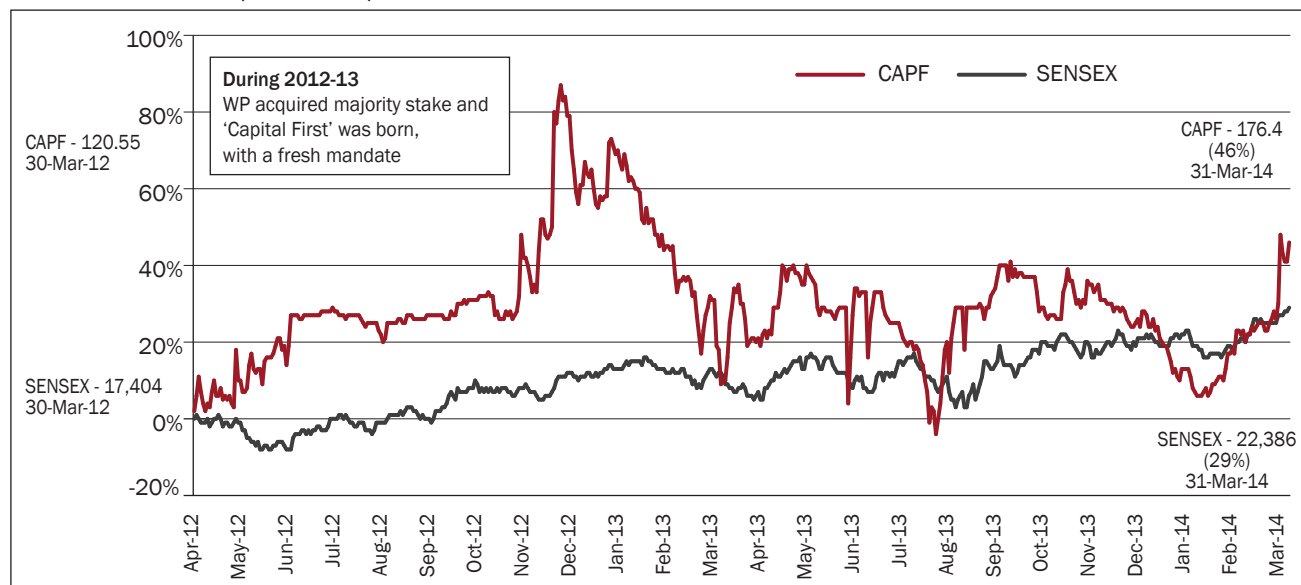
2. Tentative Financial : The financial year of the Company is from April 1 to March 31 of the following year.

8. Market Price Data during the financial year ended March 31, 2014

Month	BSE		NSE	
	High	Low	High	Low
April, 2013	171.95	141.40	173.90	139.00
May, 2013	173.00	151.00	173.25	151.50
June, 2013	166.00	109.50	166.35	110.00
July, 2013	163.50	127.00	166.95	126.00
August, 2013	111.45	155.55	158.90	111.00
September, 2013	145.00	167.00	172.60	143.00
October, 2013	146.25	152.00	174.00	149.10
November, 2013	177.30	150.00	170.00	150.10
December, 2013	164.50	148.65	162.00	145.10
January, 2014	162.00	125.00	162.95	126.05
February, 2014	150.00	126.05	151.00	126.05
March, 2014	187.00	143.00	187.70	141.00

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Performance of share price in comparison with BSE SENSEX:



9. Distribution of Shareholdings as at March 31, 2014:

Sr. No.	Shareholding Nominal Value of		Shareholders		Share Amount	
	₹	₹	Number	% to Total	In ₹	% to Total
	(1)	(2)	(2)	(3)	(4)	(5)
1	Upto	- 5,000	121,587	99.25	22,519,560	2.73
2	5,001	- 10,000	450	0.37	3,521,290	0.43
3	10,001	- 20,000	217	0.18	3,207,290	0.39
4	20,001	- 30,000	67	0.05	1,761,060	0.21
5	30,001	- 40,000	39	0.03	1,392,700	0.17
6	40,001	- 50,000	30	0.02	1,417,590	0.17
7	50,001	- 1,00,000	55	0.04	4,063,790	0.49
8	1,00,001	and above	61	0.05	788,431,410	95.42
	Total		122,506	100.00	826,314,690	100.00

10. Categories of Shareholdings as on March 31, 2014:

Category	No. of Shares	%
Promoters	59,485,602	71.99
Mutual Funds	10,396	0.01
Banks, Financial Institutions, Insurance Companies	3,357,794	4.06
Foreign Institutional Investors	652,265	0.79
Bodies Corporate	12,941,285	15.66
Indian Public	4,930,144	5.97
Non Resident Individuals	1,060,782	1.29
Others*	193,201	0.23
Total	82,631,469	100.0%

* Includes Qualified Foreign Investors, Clearing members and Trusts

REPORT ON CORPORATE GOVERNANCE (CONTD.)

11. Registrar and Share Transfer Agents : Link Intime India Private Limited
(Formerly Intime Spectrum Registry Limited),
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078.
Tel No.: +91 22 2594 6970
Fax No.: +91 22 2594 6969
E-mail : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in
12. Dematerialisation of shares and liquidity : Equity shares of the Company are under compulsory Demat trading. As on March 31, 2014, a total of 82,631,244 equity shares aggregating to 99.99% of the total issued, subscribed and paid-up equity share capital of the Company, are in dematerialised form.
(Out of total equity shares 83,57,145 equity shares of ₹ 10/- each allotted to Cloverdell Investment Ltd., Promoter of the Company and 32,50,000 equity shares of ₹ 10/- each allotted to HDFC Standard Life Insurance Company Limited on March 28, 2014 on preferential basis. The Company has received the necessary listing and trading approvals from the Stock Exchanges and also the shares are credited to demat account of the respective allottees subsequent to March 31, 2014)
13. Outstanding GDRs/ADRs/Warrants or any Convertible instruments : Nil
14. Plant Locations : Not Applicable
15. Address for correspondence : Registrar and Transfer Agent
Link Intime India Private Limited
(Formerly Intime Spectrum Registry Limited),
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078.
Tel No.: +91 22 2594 6970
Fax No.: +91 22 2594 6969
E-mail : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Mr. Satish Gaikwad
Company Secretary
Capital First Limited
(Formerly known as Future Capital Holdings Limited)
Indiabulls Finance Centre,
15th Floor, Tower-2,
Senapati Bapat Marg, Elphinstone (West), Mumbai - 400 013.
Tel. No.: 022 - 4042 3400;
Fax No.: 022 - 4042 3401
Website: www.capfirst.com
CIN: L29120MH2005PLC156795
16. Designated E-mail ID : secretarial@capfirst.com

REPORT ON CORPORATE GOVERNANCE (CONTD.)

17. Pursuant to the requirements of the Circular dated April 24, 2009, issued by the Securities & Exchange Board of India (“SEBI”) and in accordance with Clause 5A of the Listing Agreement, 2 shareholders approached the Company during the year for transfer of 8 shares each, aggregating to total 16 shares, from the unclaimed suspense account and the said shares were transferred to them. As on March 31, 2014, 368 shareholders holding in aggregate 2,944 shares are outstanding in unclaimed suspense account of the Company. The Company has opened a separate demat suspense account and has credited the said unclaimed shares in compliance with requirements of the said SEBI Circular/Clause 5A of the Listing Agreement. 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.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:

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

i) Remuneration Committee

Please refer to the details given under “Compensation and Nomination Committee”.

ii) Shareholders’ Rights

The equity shares of the Company are listed on the Stock Exchanges with effect from February 1, 2008. The Company has not yet commenced sending half yearly financial performance to each household of the shareholders.

iii) Audit Qualifications

There are no audit qualifications in the financial statements for the financial year 2013-14. Standard practices and procedures are in place to ensure unqualified financial statements.

iv) Training of Board Members

The Directors interact with the management in a very free and open manner on information that may be required by them for orientation with the business of the Company.

v) Mechanism for evaluating Non-executive Board Members

The evaluation process is yet to be formulated by the Board.

vi) Whistle Blower Policy

The Company has formulated a Whistle Blower Policy. The policy comprehensively provides an opportunity for any employee of the Company to raise and report any issue or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy has been communicated to the employees and also posted on the Company’s intranet.

Place : Mumbai

Date : May 08, 2014

CODE OF CONDUCT - DECLARATION

In accordance with Sub-Clause 1(D) of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, 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 2013-14.

For Capital First Limited

V. Vaidyanathan
Chairman

Place : Mumbai

Date : May 08, 2014

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,

The Members

Capital First Limited (formerly Future Capital Holdings Limited)

We have examined the compliance of conditions of corporate governance by **Capital First Limited (formerly Future Capital Holdings Limited)** (the "Company"), for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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 Chetan Gandhi & Associates,
Practising Company Secretary,**

Chetan Gandhi
CP No: 11416

Place : Mumbai

Date : May 08, 2014



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INDEPENDENT AUDITOR'S REPORT

To the Members of Capital First Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Capital First Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

2. As required by Section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs; and
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Shrawan Jalan

Partner

Membership No. 102102

Place : Mumbai

Date : May 8, 2014

ANNEXURE TO AUDITOR'S REPORT

The Annexure referred to in our report to the members of Capital First Limited for the year ended March 31, 2014. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has disposed off a substantial part of the fixed assets. Based on the information and explanations given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said part of fixed assets has not affected the going concern status of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under Paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanation provided by the management we are of the opinion that the particulars of contract or arrangement referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, for the products of the Company.

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the informations and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) Based on information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has issued unsecured debentures during the year, on which no security or charge is required to be created.
- (xx) The Company has not raised any money by public issues during the year.

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Shrawan Jalan

Partner

Membership No. 102102

Place : Mumbai

Date : May 8, 2014

BALANCE SHEET AS AT MARCH 31, 2014

₹ in Lakhs

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	8,202.18	7,041.46
Reserves and Surplus	4	105,281.87	87,153.27
		113,484.05	94,194.73
Share Application Money Pending Allotment	3	83.56	-
Non - Current Liabilities			
Long term borrowings	5	554,196.68	445,215.32
Other Long term liabilities	6	3,786.45	2,893.21
Long term provisions	7	9,618.10	8,684.92
		567,601.23	456,793.45
Current Liabilities			
Short term borrowings	8	149,372.14	109,376.55
Trade payables	9	6,449.35	5,275.15
Other current liabilities	10	160,076.13	84,590.58
Short term provisions	11	3,677.78	4,204.23
		319,575.40	203,446.51
TOTAL		1,000,744.24	754,434.69
ASSETS			
Non - Current Assets			
Fixed Assets			
- Tangible assets	12	2,240.07	2,400.35
- Intangible assets	12	516.32	565.16
		2,756.39	2,965.51
Non - current investments	13	8,039.80	11,484.55
Deferred tax assets (Net)	14	1,672.05	770.94
Long term loans and advances	15	492,506.86	398,145.29
Other non current assets	16	25,113.82	24,544.55
		530,088.92	437,910.84
Current Assets			
Current Investments	17	34,631.52	-
Trade receivables	18	895.32	1,399.42
Cash and Bank Balances	19	198,962.17	112,211.83
Short term loans and advances	20	222,595.19	193,030.03
Other current assets	21	13,571.12	9,882.57
		470,655.32	316,523.85
TOTAL		1,000,744.24	754,434.69
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the Financial Statements			

As per our report of even date

For S.R. BATLIBOI & CO. LLPICAI Firm Registration No. 301003E
Chartered Accountants**per Shrawan Jalan**Partner
Membership No. 102102

Place : Mumbai

Date : May 8, 2014

For and on behalf of the Board of Directors of
Capital First Limited**V. Vaidyanathan**
Chairman &
Managing Director**N. C. Singhal**
Director**Pankaj Sanklecha**
Chief Financial Officer &
Head-Corporate Centre

Place : Mumbai

Date : May 8, 2014

Satish Gaikwad
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Particulars	Note no.	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue from operations	22	105,240.83	79,316.05
Other Income	23	2,730.40	689.36
Total Revenue		107,971.23	80,005.41
Expenses			
Employee benefits expense	24	12,639.37	13,077.44
Finance costs	25	64,982.76	48,846.60
Depreciation and Amortisation expense	26	569.21	563.23
Other expenses	27	22,246.53	12,105.85
Total Expenses		100,437.87	74,593.12
Profit before exceptional items and tax		7,533.36	5,412.29
Exceptional items	28	(3,444.75)	2,432.10
Profit before tax		4,088.61	7,844.39
Tax expense:			
- Current tax		3,014.05	1,605.70
- Minimum Alternative Tax (MAT) Credit entitlement		-	(658.37)
- Deferred tax credit		(901.11)	(90.98)
- Tax for earlier years (Refer note no. 45)		(1,722.69)	10.66
		390.25	867.01
Profit for the year		3,698.36	6,977.38
Earning per equity share:			
- Basic (₹)	29	5.20	10.49
- Diluted (₹)		5.19	10.44
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 S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E
Chartered Accountants

per Shrawan Jalan

Partner
Membership No. 102102
Place : Mumbai
Date : May 8, 2014

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

V. Vaidyanathan
Chairman &
Managing Director

N. C. Singhal
Director

Pankaj Sanklecha
Chief Financial Officer &
Head-Corporate Centre
Place : Mumbai
Date : May 8, 2014

Satish Gaikwad
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	4,088.61	7,844.39
Adjustments for :		
Depreciation/amortisation	569.21	563.23
Excess provision written back	-	(72.40)
Bad loans and trade receivables written off	2,934.31	1,100.91
Provision for standard assets	235.80	270.29
Provision for doubtful loans and advances	2,079.76	(108.68)
Provision for diminution in value of investments	3,444.75	-
Provision for employee benefits	(82.05)	116.75
Profit on sale of investments	(578.93)	(2,847.28)
Profit on trading in commodities (net)	-	(83.52)
Dividend income	(2,050.42)	-
Loss on sale of fixed assets	111.54	220.56
Interest on Investments	(4,721.85)	(1,818.37)
	1,942.12	(2,658.51)
Operating Profit Before Working Capital Changes	6,030.73	5,185.88
Adjustment for changes in working capital:		
(Increase)/Decrease in Trade Receivables	504.10	(935.35)
Increase in Loans and Advances	(123,526.55)	(118,944.52)
Increase in Other Assets	(6,257.81)	(13,033.74)
Increase in Trade payables and other liabilities	11,048.05	8,424.80
Cash used in operations	(112,201.48)	(119,302.93)
Direct taxes paid (net of refund)	(4,597.84)	(2,675.40)
Net Cash used in from Operating Activities (A)	(116,799.32)	(121,978.33)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including intangible assets and Capital Work in progress	(485.12)	(1,089.02)
Sale proceeds from fixed assets	13.48	16.65
Disposal of Subsidiaries	-	3,756.47
Purchase of investments	(575,425.57)	(17,512.78)
Sale proceeds from investments	541,372.97	23,389.29
Dividend Income	2,050.42	-
Interest received on Investments	4,721.85	1,818.37
Net Cash (used in)/generated from Investing Activities (B)	(27,751.97)	10,378.98
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	1,160.71	313.94
Proceeds from issue of Compulsorily convertible Preference Shares	-	308.64
Proceeds from Securities Premium on issue of Equity Share Capital	16,691.07	4,760.14
Proceeds from Share Application Money Pending Allotment	83.56	-
Proceeds from Securities Premium on issue of Compulsorily convertible Preference Shares	-	4,691.36
Payment of securities issue expenses	(634.72)	(2,015.44)
Payment of dividend	(1,278.44)	(971.98)
Payment of dividend tax	(217.27)	(157.68)
Refund of share application money	(0.92)	(2.88)
Proceeds from long term borrowings	272,367.20	173,181.71
Repayment of long term borrowings	(98,865.17)	-
Proceeds from short term borrowings	65,699.98	54,756.00
Repayment of short term borrowings	(25,704.37)	(60,602.97)
Net Cash generated from Financing Activities (C)	229,301.63	174,260.84

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Net increase in Cash and Cash Equivalents during the year (A+B+C)	84,750.34	62,661.49
Cash and Cash equivalents at beginning of the year	112,211.83	49,550.34
Cash and Cash equivalents at the end of the year	196,962.17	112,211.83

	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Cash and Cash equivalents comprises of :		
Cash in Hand	1,393.99	1,602.42
Balance with Banks:		
- in unpaid dividend accounts (Refer note 3 below)	13.72	8.83
- in unpaid share application money (Refer note 3 below)	19.32	20.24
- in current accounts	108,719.79	90,580.34
- in deposit accounts having original maturity less than three months	86,815.35	20,000.00
Total	196,962.17	112,211.83

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method " as set out in Accounting Standard (AS) - 3 'Cash Flow Statements' as notified by the Companies (Accounting Standards) Rules, 2006.
- Cash and cash equivalents in the balance sheet comprises of Cash in hand and Cash at bank.
- The balances are not available for use by the Company as they represent corresponding unpaid dividend liability and unpaid share application money.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E
Chartered Accountants

per Shrawan Jalan

Partner
Membership No. 102102
Place : Mumbai
Date : May 8, 2014

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

V. Vaidyanathan
Chairman &
Managing Director

N. C. Singhal
Director

Pankaj Sanklecha
Chief Financial Officer &
Head-Corporate Centre
Place : Mumbai
Date : May 8, 2014

Satish Gaikwad
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1 CORPORATE INFORMATION

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

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared to comply in all material respects with the notified Accounting Standard ('AS') notified under the Companies Act, 1956 (the 'Act'), read with General Circular 8/2014 dated April 4, 2014 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 under the historical cost convention on an accrual basis. The notified Accounting Standards (AS) are followed by the Company insofar as they are not inconsistent with the NBFC Regulation.

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

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As required by Revised Schedule VI, 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.

(b) 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) Tangible Fixed assets

Tangible Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and any other directly attributable costs of bringing the asset to its working condition for its intended use. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits for existing assets 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.

(d) 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. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits for existing assets beyond its previously assessed standard

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Intangible assets not yet available for use are tested for impairment annually. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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.

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

Depreciation on tangible assets is provided using straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

Leasehold improvements are depreciated on straight line basis over shorter of useful lives or primary period of lease agreements which ranges from three to five years.

Intangible assets includes domain names, trademarks, copyrights and computer software, which are acquired, capitalized and amortized on a straight-line basis over the estimated useful lives of 5 years.

All fixed assets costing ₹ 5,000 or less individually are fully depreciated/amortised in the year of purchase.

(f) Loans

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

(g) 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.

Finance Lease

Where the Company is the lessor

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the Internal Rate of Return ('IRR') method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

(h) Impairment of 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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.

(i) Investments

On Initial recognition, all investments are measured at cost. Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Unquoted investments in units of mutual funds are stated at net asset value.

(j) 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.

(k) 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.

(l) Revenue recognition

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

Interest income

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

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

Income on discounted instruments

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

Fee income

Fee income on loans and subvention income 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 processing fees and subvention income is recognised as income at the time of such foreclosure/transfer through assignment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Commission and brokerage income

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

Income from Assignment of loans and receivables

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

Income on retained interest in the assigned asset, if any, is accounted on accrual basis.

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

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

(m) Accounting for Derivative Instruments

Derivatives are financial instruments falling under the category of "fair value through profit and loss" as defined under Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement.

The Company has used derivative financial instruments such as commodity futures for trading purpose which are initially recorded at fair value. The same are subsequently measured at fair value at each reporting date with their fair valuation gain/loss taken to Statement of Profit & Loss.

On final settlement or squaring up of contracts for commodity futures, the realised profit or loss after adjusting the unrealised loss, if any, is recognised in the Statement of Profit & Loss.

(n) Securities issue expenses

Securities issue expenses are debited against securities premium account in accordance with the provisions of Section 78 of the Companies Act, 1956.

(o) Retirement and other employee benefits

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

Gratuity

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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.

(p) Leave encashment

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

(q) Borrowing costs

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

(r) Loan origination cost

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

(s) Income Taxes

Income tax comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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.

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.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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 Overdue assets

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

The Company accounts for provision for doubtful assets after taking into account the time lag between an accounts becoming overdue, its recognition as such and realisation of available security.

Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/03.02.002/2010-11 issued by Reserve Bank of India.

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

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on "Accounting for Employee Share-based Payments" issued by The Institute of the Chartered Accountants of India ('ICAI'). The Company measures compensation cost relating to employee stock options using the intrinsic value method. The compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.

(v) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period 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 period 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, 2014

₹ in Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
3. Share Capital		
Authorized:		
103,000,000 (Previous Year: 103,000,000) Equity shares of ₹ 10/- each	10,300.00	10,300.00
10,000,000 (Previous Year: 10,000,000) Compulsorily Convertible Preference shares ('CCPS') of ₹ 10/- each	1,000.00	1,000.00
	11,300.00	11,300.00
Issued, subscribed and fully paid up:		
82,631,469 (Previous Year: 71,024,324) Equity shares of ₹ 10/- each	8,263.15	7,102.43
Less: 609,713 shares (Previous Year: 609,713) held by Employee Welfare Trusts but not allotted to Employees (Refer note no. 43)	(60.97)	(60.97)
	8,202.18	7,041.46

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

	As at March 31, 2014		As at March 31, 2013	
	Number	₹ in Lakhs	Number	₹ in Lakhs
At the beginning of the reporting year	71,024,324	7,102.43	64,798,484	6,479.85
Issued during the year				
- Employees Stock Option Scheme	-	-	53,000	5.30
Issued during the year (Refer note no. 42)	11,607,145	1,160.72	3,086,420	308.64
Conversion of Compulsory Convertible Preference Shares into Equity Shares	-	-	3,086,420	308.64
At the close of the reporting year	82,631,469	8,263.15	71,024,324	7,102.43

- b. Reconciliation of number of CCPS and amount outstanding at the beginning and at the end of the reporting year:

	As at March 31, 2014		As at March 31, 2013	
	Number	₹ in Lakhs	Number	₹ in Lakhs
At the beginning of the reporting year	-	-	-	-
Addition during the year				
Issued during the year	-	-	3,086,420	308.64
Conversion into Equity Shares	-	-	(3,086,420)	(308.64)
At the close of the reporting year	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

c. 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.

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

	As at March 31, 2014		As at March 31, 2013	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Equity shares of ₹ 10/- each				
Cloverdell Investment Ltd	58,237,645	5,823.76	49,880,500	4,988.05
Dayside Investment Ltd	1,247,957	124.80	243,761	24.38

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

	As at March 31, 2014		As at March 31, 2013	
	Number	%	Number	%
Cloverdell Investment Ltd	58,237,645	70.48%	49,880,500	70.23%
Future Retail Limited (earlier known as Pantaloon Retail (India) Limited)	6,479,848	7.84%	6,479,848	9.12%
JV & Associates LLP	4,773,795	5.78%	4,773,795	6.72%

	As at March 31, 2014	As at March 31, 2013
f. Securities convertible into equity shares	NIL	NIL
g. Shares reserved for issue under Employee Stock Option Scheme (Refer note no. 32)	4,635,500	4,024,000
h. Aggregate number of shares issued for a consideration other than cash during the period of five years immediately preceeding the reporting date	NIL	NIL

i. **Share Application Money Pending Allotment**

Share application money pending allotment represents money received from employees pursuant to exercise of stock options i.e. 62,500 equity shares with face value ₹ 10 at a premium of ₹ 123.70. The shares were allotted subsequent to the balance sheet date on April 9, 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
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	5,633.83	4,238.35
Add : Transferred from Statement of Profit and Loss	739.67	1,395.48
	6,373.50	5,633.83
Securities Premium Account		
Balance as per last Balance Sheet	64,655.80	57,219.74
Add : Received during the year	16,691.07	9,451.50
Less : Securities issue expenses		
- Debentures issue expenses	(535.18)	(2,015.44)
- Equity issue expenses	(99.53)	-
	80,712.16	64,655.80
Less: 609,713 shares (Previous Year: 609,713) held by Employee Welfare Trusts but not allotted to Employees (Refer note no. 43)	(1,429.38)	(1,457.38)
	79,282.78	63,198.42
General Reserve		
Balance as per last Balance Sheet	1,260.57	737.27
Add : Transferred from Statement of Profit and Loss	277.38	523.30
	1,537.95	1,260.57
Surplus in the Statement of Profit and Loss		
Balance as per last Balance Sheet	11,135.45	7,572.56
Add: Profit for the year	3,698.36	6,977.38
Less: Appropriations:		
Transfer to statutory reserve under section 45-IC of the RBI Act, 1934	(739.67)	(1,395.48)
Proposed dividend (Amount per share ₹ 2.00 (Previous year ₹ 1.80))	(1,654.12)	(1,278.44)
Dividend tax thereon (Refer note no. 46)	-	(217.27)
Transfer to general reserve	(277.38)	(523.30)
	12,162.64	11,135.45
	105,281.87	87,153.27

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Particulars	Non Current Portion		Current Maturities*	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
5. Long Term Borrowings				
Secured				
Redeemable Non Convertible Debentures	57,430.00	68,910.00	6,480.00	2,500.00
Term Loans				
- from Banks	435,267.35	318,244.99	119,374.00	71,333.33
Unsecured				
Redeemable Non Convertible Perpetual Debentures	14,000.00	12,500.00	-	-
Redeemable Non Convertible Debentures (Subordinated debt)	20,000.00	15,000.00	-	-
Term Loans				
- from Banks (Subordinate debt)	27,499.33	27,497.58	-	-
- from Banks (Other)	-	-	12,500.00	-
Inter Corporate Deposits from related parties	-	3,062.75	-	-
	554,196.68	445,215.32	138,354.00	73,833.33

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

- Security details for Secured Redeemable Non Convertible Debentures
Debentures are secured by first 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.
- Particulars of Secured Redeemable Non Convertible Debentures

₹ in Lakhs

Particulars	Face Value (₹ in Lakhs)	Quantity	Date of Redemption	As at	As at
				March 31, 2014	March 31, 2013
10.00% CAPFIRSTNCD Series 2	10.00	1,000	March 20, 2018	10,000.00	10,000.00
10.00% CAPFIRSTNCD Series 1	10.00	1,000	February 15, 2018	10,000.00	10,000.00
11.25%,Tranche 2	10.00	1,250	December 1, 2015	12,500.00	12,500.00
11.25%,Tranche 1	10.00	1,250	October 1, 2015	12,500.00	12,500.00
10.25%,Tranche 2-A *	10.00	60	August 31, 2015	600.00	600.00
11.00%,Tranche 2-B3	10.00	4	August 31, 2015	40.00	40.00
10.25%,Tranche 1-A *	10.00	500	August 16, 2013	-	5,000.00
10.25%,Tranche 1-A *	10.00	751	August 16, 2015	7,510.00	7,510.00
11.00%,Tranche 1-B3	10.00	428	August 16, 2015	4,280.00	4,280.00
11.00%,Tranche 2-B2	10.00	3	February 28, 2015	30.00	30.00
11.00%,Tranche 1-B2	10.00	321	February 16, 2015	3,210.00	3,210.00
11.00%,Tranche 2-B1	10.00	3	August 31, 2014	30.00	30.00
11.00%,Tranche 1-B1	10.00	321	August 16, 2014	3,210.00	3,210.00
10.35%,Tranche 1	10.00	250	December 30, 2013	-	2,500.00
				63,910.00	71,410.00

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

5. Long Term Borrowings (Contd.)

c. Security details for Secured Term loans

- 1 Term loans of ₹ 5,999.73 lakhs (Previous Year: ₹ 12,979.90 lakhs) is secured by way of first exclusive charge on receivables of priority sector lending of the Company.
- 2 Term loans of ₹ 510,392.06 lakhs (Previous year: ₹ 330,342.72 lakhs) is secured by way of first pari passu charge on receivables of retail, wholesale credit and current assets of the Company.
- 3 Term loans of ₹ 38,249.56 lakhs (Previous Year: ₹ 46,255.70 lakhs) is secured by way of first exclusive charge on receivables of the Company.

d. Particulars of Unsecured Redeemable Non Convertible Perpetual Debentures

₹ in Lakhs

Particulars	Issue Date	Coupon	Quantity	As at March 31, 2014	As at March 31, 2013
CAPFIRSTPEPNCD Series 1	March 8, 2013	11%	1,000	10,000.00	10,000.00
CAPFIRSTPEPNCD Series 2	March 14, 2013	11%	250	2,500.00	2,500.00
CAPFIRSTPEPNCD Series 3	May 24, 2013	10.65%	150	1,500.00	-
				14,000.00	12,500.00

₹ in Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Funds raised through perpetual debentures	14,000.00	12,500.00
Amount outstanding as at the end of the year	14,000.00	12,500.00
Percentage of Perpetual Debt Instrument to Total Tier I Capital	11.17%	12.41%
Financial year in which interest on Perpetual Debt Instrument is not paid on account of Lock-in-clause	NA	NA

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

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

₹ in Lakhs

Particulars	Face Value (₹ in Lakhs)	Quantity	Date of Redemption	As at March 31, 2014	As at March 31, 2013
10.30% CAPFIRSTUNNCD Series 1	10.00	1,000	February 28, 2023	10,000.00	10,000.00
10.30% CAPFIRSTUNNCD Series 2	10.00	500	February 28, 2023	5,000.00	5,000.00
9.50% CAPFIRSTUNNCD Series 3	10.00	500	May 17, 2028	5,000.00	-
				20,000.00	15,000.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

5. Long Term Borrowings (Contd.)

f. Terms of repayment:

Term loans from Banks -Secured

As at March 31, 2014

₹ in Lakhs

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 Months	10.25%	Quarterly Instalments	30,000.00	-
48-60 months	10.20% to 10.50%	Quarterly Instalments	174,998.93	19,999.00
36-48 months	10.20% to 10.55%	Quarterly Instalments	161,437.87	56,041.67
24-36 months	10.25% to 10.50%	Semi-Annual & Quarterly Instalments	65,497.23	37,500.00
12-24 months	10.25% to 10.70%	Quarterly Instalments	3,333.32	5,833.33
Upto 12 months	10.00% to 10.25%	Quarterly Instalments	-	-
			435,267.35	119,374.00

As at March 31, 2013

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 Months	10.75%	Quarterly Instalments	22,500.00	2,500.00
48-60 months	10.50% to 10.75%	Quarterly Instalments	157,485.62	10,000.00
36-48 months	10.30% to 11.25%	Semi-Annual & Quarterly Instalments	134,092.70	50,500.00
24-36 months	10.70%	Quarterly Instalments	4,166.67	3,333.33
Upto 12 months	10.75%	Quarterly Instalments	-	5,000.00
			318,244.99	71,333.33

Term Loan from bank- Unsecured

As at March 31, 2014

₹ in Lakhs

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 months	10.50%	Bullet	7,499.33	-
48-60 months	11.75%	Bullet	20,000.00	-
Upto 12 months	10.00% to 10.25%	Bullet	-	12,500.00
			27,499.33	12,500.00

As at March 31, 2013

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 months	10.50% to 11.75%	Bullet	27,497.58	-
			27,497.58	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
6. Other Long Term Liabilities		
Unamortised processing fees/ subvention income (Refer Note No. 40(c))	3,786.45	2,893.21
	3,786.45	2,893.21
7. Long Term Provisions		
For standard assets	1,207.32	1,006.71
For doubtful loans and advances	2,265.33	485.87
For foreclosure/ credit loss on assignment	5,961.60	7,024.24
Provision for employee benefits	-	-
- Gratuity	183.85	168.10
	9,618.10	8,684.92
8. Short Term Borrowings		
Secured		
Loans repayable on demand		
- from banks *	146,644.64	104,546.10
Unsecured		
Commercial papers	-	2,482.95
Inter Corporate Deposits from related parties **	2,727.50	2,347.50
	149,372.14	109,376.55

*** Additional Information:**

- Cash credit (including Working Capital Demand Loan) of ₹ 106,743.33 lakhs (Previous Year: ₹. 64,667.15 lakhs) is secured by way of first pari passu charge on receivables of retail, wholesale credit and current assets of the Company.
- Cash Credit of ₹ 39,901.31 lakhs (Previous Year: ₹ 39,878.95 lakhs) is secured by way of first exclusive charge on receivables of the Company.

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

During the year, the Company has raised ₹ 2,727.50 lakhs at the rate of 10.25% (Previous Year ₹ 2,347.50 at the rate of 12%) by way of Inter Corporate deposits, which is repayable on February 24, 2015 i.e. 1 year from the date of its disbursement. By mutual consent, same can also be repaid prior to its scheduled repayment date without the levy of any prepayment penalty or charges.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
9. Trade Payables		
To Micro, Small and Medium Enterprises *	-	-
Others	6,449.35	5,275.15
	6,449.35	5,275.15
* 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, 2014. 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)	138,354.00	73,833.33
Interest accrued and due on borrowings	210.10	180.54
Interest accrued but not due on borrowings	2,656.49	2,488.13
Income received in advance	22.56	18.57
Overdrawn book balance	7,428.67	1,731.53
Unamortised processing fees/ subvention income (Refer Note No. 40(c))	5,188.74	2,838.39
Unclaimed dividends	13.72	8.83
Unclaimed share application money	19.32	20.24
Other liabilities	6,182.53	3,471.02
	160,076.13	84,590.58
11. Short Term Provisions		
Proposed dividend	1,654.12	1,278.44
Dividend tax thereon (Refer Note No. 46)	-	217.27
Provision for employee benefits		
- Gratuity	20.43	18.68
- Leave encashment and availment	58.89	158.45
For standard assets	546.78	491.59
For doubtful loans and advances	257.86	80.12
For doubtful debts	259.87	137.32
For foreclosure/ credit loss on assignment	879.83	1,822.36
	3,677.78	4,204.23

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

12. Fixed Assets

90

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			NET BLOCK		
	As at April 1, 2013	Additions during the year	Deductions during the year	As at March 31, 2014	As at April 1, 2013	For the year	Deductions	As at March 31, 2014	As at March 31, 2013
Tangible Assets									
Own assets									
Land *	6.25	-	-	6.25	-	-	-	6.25	6.25
Computers and Printers	1,665.16	268.59	123.31	1,810.24	756.48	215.49	1,172	854.25	908.69
Office Equipment	713.06	43.96	93.85	663.17	204.83	32.13	47.65	189.30	508.23
Furnitures & Fixtures	570.81	27.48	150.08	448.21	222.57	31.51	117.06	137.02	348.24
Electrical Installation	202.74	12.19	8.89	206.04	13.74	9.78	0.82	22.7	189
Air Conditioners	59.59	9.17	43.13	25.63	50.16	0.74	38.17	12.73	9.44
Leasehold Improvements	1,201.01	10.76	543.28	668.49	770.51	117.74	516.29	371.96	430.5
Vehicles	0.23	-	0.23	-	0.23	-	0.23	-	-
Sub-Total (A)	4,418.85	372.15	962.98	3,828.04	2,018.52	407.39	837.95	1,587.97	2,400.35
Intangible assets									
Domain Names and Trade Names	16.31	-	-	16.31	15.96	0.07	-	16.03	0.35
Data Processing Software	912.15	112.96	-	1,025.11	347.34	161.73	-	509.07	564.81
Sub-Total (B)	928.46	112.96	-	1,041.42	363.3	161.8	-	525.1	565.16
Total (A+B)	5,347.31	485.11	962.98	4,869.46	2,381.82	569.19	837.95	2,113.07	2,965.51

*Mortgaged as security against Secured Non-Convertible Debentures

Previous Year

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			NET BLOCK		
	As at April 1, 2012	Additions during the year	Deductions during the year	As at March 31, 2013	As at April 1, 2012	For the year	Deductions	As at March 31, 2013	As at March 31, 2012
Tangible Assets									
Own assets									
Land *	6.25	-	-	6.25	-	-	-	6.25	6.25
Computers and Printers	1,173.45	551.87	60.16	1,665.16	622.84	175.61	41.97	756.47	550.61
Office Equipment	607.73	136.6	31.26	713.06	167.05	42.12	4.33	204.83	440.68
Furnitures & Fixtures	651.56	79.28	160.03	570.81	234.61	40.04	52.07	222.57	416.95
Electrical Installation	211.96	34.93	44.14	202.74	13.15	11.5	10.91	13.74	189
Air Conditioners	80.81	-	21.22	59.59	54.38	1.19	5.42	50.15	26.43
Leasehold Improvements	1,216.79	101.02	116.8	1,201.01	733.89	137.34	100.72	770.51	482.9
Vehicles	0.23	-	-	0.23	0.23	-	-	0.23	-
Sub-Total (A)	3,948.78	903.7	433.61	4,418.85	1,826.15	407.8	215.42	2,018.5	2,122.63
Intangible assets									
Domain Names and Trade Names	15.94	20.83	20.46	16.31	11.93	5.7	1.68	15.96	4.01
Data Processing Software	409.26	503.27	0.38	912.15	197.73	149.74	0.13	347.34	211.53
Sub-Total (B)	425.2	524.1	20.84	928.46	209.66	155.44	1.81	363.3	215.54
Total (A+B)	4,373.98	1,427.8	454.45	5,347.31	2,035.81	563.24	217.23	2,381.8	2,965.51

*Mortgaged as security against Secured Non-Convertible Debentures

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Name of the Company	Quantity	As at March 31, 2014	Quantity	As at March 31, 2013
13. Non-Current Investments				
Trade Investments: (Valued at Cost unless otherwise stated)				
Investments in Equity Instruments (Unquoted):				
<i>Investments in Subsidiaries:</i>				
<i>In fully paid-up equity shares of ₹ 10 each</i>				
Capital First Investment Advisory Limited	6,005,903	1,194.05	6005,903	1,194.05
Capital First Securities Limited	55,355,600	7,852.23	55,355,600	7,852.23
Capital First Home Finance Private Limited	36,274,999	3,627.50	36,274,999	3,627.50
Anchor Investment and Trading Private Limited	16,987	7.75	16,987	7.75
		12,681.53		12,681.53
Less: Provision for diminution in value of investments **		(5,841.73)		(2,396.98)
		6,839.80		10,284.55
Investments in Preference shares (Unquoted):				
<i>Investments in Subsidiaries:</i>				
<i>In fully paid-up preference shares of ₹ 100 each</i>				
13% Cumulative Non-convertible Preference Shares of Capital First Securities Limited	1,200,000	1,200.00	1,200,000	1,200.00
		8,039.80		11,484.55
Additional Information:				
Aggregate value of unquoted investments:		13,881.53		13,881.53
Aggregate provision for diminution in value of investments:		5,841.73		2,396.98

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
14. Deferred Tax Assets (Net)		
Deferred tax asset:		
On account of depreciation on fixed assets	191.08	293.67
On other disallowances under Income Tax Act, 1961		
- Retirement Benefit	69.44	63.48
- Provision for doubtful debts	88.33	46.67
- Provision for doubtful retail loans	857.63	192.38
- Unamortised Processing fees	3,050.67	1,948.17
- Provision for standard assets	596.22	509.27
	4,853.37	3,053.64
Deferred tax liability:		
Unamortised loan origination cost	2,212.74	1,644.52
Unamortised borrowing costs	968.58	638.18
	3,181.32	2,282.70
Net Deferred tax assets	1,672.05	770.94
15. Long Term Loans and Advances		
<i>Secured, considered good</i>		
Loans and advances relating to financing activity	444,046.20	380,672.59
<i>Secured, considered good</i>		
Loans and advances relating to financing activity	3,879.66	1,650.17
<i>Unsecured, considered good</i>		
Capital advances	79.71	88.36
Security Deposits	541.76	635.68
Loans and advances relating to financing activity	33,028.86	4,478.58
Receivables under loans assigned	3,480.55	6,463.03
Advances to staff *	-	100.00
Advances recoverable in cash or in kind or for value to be received	126.57	235.79
Advance taxes (net of provision for tax)	7,064.15	3,757.66
<i>Unsecured, considered doubtful</i>		
Loans and advances relating to financing activity	259.40	63.43
	492,506.86	398,145.29
* Additional Information:		
Debts due by directors or other officers of the Company	-	100.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
16. Other Non-Current Assets		
Unamortised loan origination cost (Refer Note No. 40(a))	3,753.61	3,469.82
Unamortised borrowing costs (Refer Note No. 40(b))	2,086.85	1,405.73
Balances with banks		
- in deposit accounts exceeding twelve months maturity *	19,273.36	19,669.00
	25,113.82	24,544.55

* includes under lien ₹ 16,021.01 lakhs (Previous year ₹ 16,667.10 lakhs) relating to assignment and ₹ 3,250.45 lakhs (Previous year ₹ 3,000.00 lakhs) relating to term loans.

₹ in Lakhs

Name of the Company	Quantity	As at March 31, 2014	Quantity	As at March 31, 2013
17. Current Investments				
Investments in Commercial Papers	7,000	34,631.52	-	-
		34,631.52		-
Additional Information:				
Aggregate value of unquoted investments		34,631.52		-
Name of body corporate:				
Aditya Birla Finance Limited	1,000	4,962.79	-	-
Kotak Mahindra Investment Limited	1,000	4,924.25	-	-
Family Credit Limited	2,000	9,914.04	-	-
L&T FinCorp Limited	2,000	9,901.59	-	-
Tata Housing Development Company Limited	1,000	4,928.85	-	-
	7,000	34,631.52	-	-

₹ in Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
18. Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, considered doubtful	259.87	137.31
	259.87	137.31
Other debts		
- Unsecured, considered good	635.45	1,262.11
	635.45	1,262.11
	895.32	1,399.42

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
19. Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand *	1,393.99	1,602.42
Balances with Banks		
- in unclaimed dividend accounts	13.72	8.83
- in unclaimed share application money	19.32	20.24
- in current accounts	108,719.79	90,580.34
- in deposit accounts having original maturity less than three months	86,815.35	20,000.00
	196,962.17	112,211.83
Other Bank Balances		
Deposit with original maturity for more than three months but less than twelve months #	2,000.00	-
	198,962.17	112,211.83
*Includes Cash in transit amounting to ₹ 120.98 lakhs (Previous year ₹ 169.36 lakhs).		
# includes under lien ₹ 2,000.00 lakhs (Previous year ₹ Nil) relating to assignment.		
20. Short Term Loans and Advances		
<i>Secured, considered good</i>		
Loans and advances relating to financing activity *	155,008.14	146,720.32
Receivables under loans assigned	-	21,690.00
<i>Secured, considered doubtful</i>		
Loans and advances relating to financing activity *	311.51	116.74
<i>Unsecured, considered good</i>		
Loans and advances relating to financing activity *	51,467.77	19,305.53
Loans and advances to related parties	-	2,627.50
Receivables under loans assigned	1,448.94	1,642.27
Advances to staff **	100.00	-
Advances recoverable in cash or in kind or for value to be received	13,513.18	781.27
Security deposits	168.14	43.73
<i>Unsecured, considered doubtful</i>		
Loans and advances relating to financing activity *	577.51	102.67
	222,595.19	193,030.03
*Includes current maturities of long-term loans and advances and overdue loan and advances.		
** Additional Information:		
Debts due by directors or other officers of the Company	100.00	-
21. Other Current Assets		
Interest accrued and due	129.70	745.94
Interest accrued but not due	9,464.00	6,926.71
Unamortised loan origination cost (Refer Note No. 40(a))	2,756.35	1,368.45
Unamortised borrowing costs (Refer Note No. 40(b))	762.75	471.82
Unbilled Subvention Income	458.32	369.65
	13,571.12	9,882.57

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
22. Revenue from Operations		
Interest income	97,421.90	73,019.14
Other financial services		
Fee income	6,501.67	2,167.56
Income from assignment of loans	309.02	2,833.76
Commission and brokerage income	1,008.24	1,295.59
	105,240.83	79,316.05
23. Other Income		
Dividend income from subsidiary	2,050.42	-
Profit on sale of current investments (net)	578.93	415.18
Profit on trading in commodities (net)	-	83.52
Interest on Income Tax Refund	89.76	108.35
Excess provision written back	-	72.40
Other non operating income	11.29	9.91
	2,730.40	689.36
24. Employee Benefits Expense		
Salaries and wages	11,978.46	12,470.49
Contribution to provident and other funds	335.25	370.65
Staff welfare expenses	325.66	236.30
	12,639.37	13,077.44
25. Finance costs		
Interest expense	62,804.44	43,813.44
Other borrowing costs	2,178.32	5,033.16
	64,982.76	48,846.60
26. Depreciation and Amortisation Expense		
Depreciation	407.40	407.79
Amortisation of intangible assets	161.81	155.44
	569.21	563.23

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
27. Other Expenses		
Rent	1,455.43	1,477.05
Repairs others	732.21	484.18
Insurance	41.51	50.53
Rates and taxes	259.33	66.38
Auditors Remuneration		
- as auditor	62.00	50.00
- Tax audit fees	1.00	1.00
- for Certification	4.05	3.48
- for reimbursement of expenses	4.97	3.09
Business promotion expenses	234.90	260.05
Commission and brokerage	368.40	242.72
Travelling expenses	744.97	587.92
Communication expenses	682.87	610.69
Printing and stationery	333.84	200.49
Recruitment expenses	105.56	160.11
Membership and subscription	43.17	24.27
Advertisement and publicity expenses	378.64	371.53
Electricity charges	248.40	196.95
Amortised loan origination cost	5,099.50	1,964.34
Provision and Write offs:		
Provision for doubtful loans and advances	2,079.76	(108.68)
Provision for standard assets	235.80	270.29
Bad loans and trade receivables written off (net of recovery)	2,934.31	1,100.91
	5,249.87	1,262.52
Loss on sale of fixed asset (including write off) (net)	111.54	220.56
Legal and professional charges	3,620.28	2,259.38
CMS Charges	579.16	727.07
Directors sitting fees	9.80	18.00
Collection expenses	1,303.71	254.00
Remuneration to non-whole time directors		
- Commission	60.00	48.00
Miscellaneous expenses	511.42	561.54
	22,246.53	12,105.85
28. Exceptional Items:		
Provision for diminution in value of investments (Refer Note (i) below)	(3,444.75)	-
Profit on sale of subsidiaries (Refer Note (ii) & (iii) below)	-	2,432.10
	(3,444.75)	2,432.10

- (i) The Board of Directors at its meeting held on November 13, 2013 decided to discontinue its broking business carried on through its subsidiaries viz. Capital First Securities Limited (CFSL) & Capital First Commodities Limited (CFCL) (subsidiary of CFSL). CFSL has been engaged in broking of equities, equity derivatives & currency derivatives. The Company has provided diminution in the value of its investment in the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- (ii) During the year ended March 31, 2013, the Company had sold its stake in Myra Mall Management Company Limited vide Share Purchase Agreement dated July 09, 2012 for a consideration of ₹ 2,236.00 lakhs having book value of investments of ₹ 100.00 lakhs. The profit of ₹ 2,136.00 lakhs on sale of shares has been reported as exceptional items.
- (iii) During the year ended March 31, 2013, the Company had sold its stake in Future Finance Limited vide Share Purchase Agreement dated September 17, 2012 for a net consideration of ₹ 1,520.47 lakhs having book value of investments of ₹ 1,224.37 lakhs. The profit of ₹ 296.10 lakhs on sale of shares has been reported as exceptional items.

29. Earnings Per Equity Share ('EPS')

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Basic EPS		
Net Profit considered for basic EPS calculation	3,698.36	6,977.38
Weighted average number of equity shares	71,151,526	66,525,931
Nominal value per equity share (₹)	10.00	10.00
Earning per equity share - Basic (₹)	5.20	10.49
Diluted EPS		
Net Profit considered for diluted EPS calculation	3,698.36	6,977.38
Weighted average number of equity shares	71,151,526	66,525,931
Add: Weighted number of equity shares under options	153,611	331,053
Weighted average number of diluted equity shares	71,305,137	66,856,984
Nominal value per equity share (₹)	10.00	10.00
Earning per equity share - Diluted (₹)	5.19	10.44

30. Contingent Liabilities

a. Contingent Liabilities not provided for in respect of:

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Corporate guarantee given by Company to banks	900.00	1,900.00
Income-tax matters under dispute*	142.99	142.99

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

b. Capital commitments:

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	194.98	205.24
Commitments relating to loans sanctioned but undrawn	12,083.96	15,820.48

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

31. Post-employment Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service. Gratuity expense has been included in Salaries, wages and allowances 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

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Present Value of the Obligation as at the beginning of the year	186.78	123.49
Interest Cost	17.74	10.19
Current Service Cost	94.35	111.22
Benefit Paid	(26.76)	(17.12)
Actuarial (gain)/ loss on obligations	(67.83)	(41.00)
Present Value of the Obligation as at the end of the year	204.28	186.78

B. Amount recognised in the Statement of Profit and Loss

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Cost	17.74	10.19
Current Service Cost	94.35	111.22
Actuarial (gain)/loss on obligations	(67.83)	(41.00)
Total expense/(income) recognised in the Statement of Profit and Loss	44.26	80.41

C. Reconciliation of Balance Sheet

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	Year ended March 31, 2014	Year ended March 31, 2013
Present Value of the Obligation as at the beginning of the year	186.78	123.49
Total expense recognised in the Statement of Profit and Loss	44.26	80.41
Benefits paid	(26.76)	(17.12)
Present Value of the Obligation as at the end of the year	204.28	186.78

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

Assumptions	Gratuity (Unfunded)	
	March 31, 2014	March 31, 2013
Discount rate	9.50%	8.25%
Increase in compensation cost	8%	8%
Employee turnover	2%	2%

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

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

32. Employee Stock Option Scheme ('ESOS')

For the year ended March 31, 2014

Particulars of Options	ESOP 2007	ESOP 2008	ESOP 2009	ESOP 2011	ESOP 2012
Outstanding as at the beginning of the year	344,000	597,500	350,000	1,432,500	1,300,000
Granted during the year	-	200,000	-	22,500	955,000
Forfeited /Cancelled during the year	-	285,000	-	76,000	205,000
Lapsed during the year	-	-	-	-	-
Exercised / Allotted during the year	-	-	-	-	-
Outstanding as at the end of the year	344,000	512,500	350,000	1,379,000	2,050,000
Exercisable at the end of the year	344,000	269,750	327,500	591,375	298,750
Weighted average remaining contractual life (in years)	10.15	10.75	10.25	10.63	11.57
Weighted average fair value of options granted (₹)	146.37	88.36	141.14	74.00	87.45
Method of settlement	Equity	Equity	Equity	Equity	Equity

For the year ended March 31, 2013

Particulars of Options	ESOP 2007	ESOP 2008	ESOP 2009	ESOP 2011	ESOP 2012
Outstanding as at the beginning of the year	452,000	579,500	350,000	1,197,000	-
Granted during the year	-	40,000	30,000	347,500	1,315,000
Forfeited/ Cancelled during the year	100,000	20,000	30,000	69,000	15,000
Lapsed during the year	-	-	-	-	-
Exercised/ Allotted during the year	8,000	2,000	-	43,000	-
Outstanding as at the end of the year	344,000	597,500	350,000	1,432,500	1,300,000
Exercisable at the end of the year	-	162,100	160,000	217,000	-
Weighted average remaining contractual life (in years)	3.44	4.51	4.40	6.68	6.19
Weighted average fair value of options granted (₹)	146.37	95.53	141.14	73.71	98.38
Method of settlement	Equity	Equity	Equity	Equity	Equity

ESOS 2007

No further options were granted during the year under this scheme. Options under this scheme will vest after the expiry of 3 years from the date of grant. All the options are exercisable within 4 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2008

The Compensation and Nomination Committee at its Meeting held on May 27, 2013 has granted options in respect of 200,000 equity shares to the eligible employees at an exercise price of ₹ 155.70. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options are exercisable within 4 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, 2014

ESOS 2009

No further options were granted during the year under this scheme. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options are exercisable within 4 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2011

The Compensation and Nomination Committee at its Meeting held on May 27, 2013 has granted options in respect of 22,500 equity shares to the eligible employees at an exercise price of ₹ 155.70. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options are exercisable within 4 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2012

The Compensation and Nomination Committee at its Meeting held on May 27, 2013 granted options in respect of 915,000 equity shares and the said Committee vide Circular resolution dated October 7, 2013 granted options in respect of 40,000 equity shares to the eligible employees at an exercise price of ₹ 155.70 and ₹ 165.25 respectively. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options are exercisable within 4 years from the date of vesting or 10 years from the date of grant, whichever is later.

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

Particulars	ESOS 2007/ ESOS 2008/ ESOS 2009/ ESOS 2011/ ESOS 2012
Exercise Price	ESOS 2008- 200,000 stock options with exercise price of ₹ 155.70 ESOS 2011- 22,500 stock options with exercise price of ₹ 155.70 ESOS 2012- 915,000 stock options with exercise price of ₹ 155.70 and 40,000 stock options with exercise price of ₹ 165.25
Historical Volatility	44.65% - 53.76%
Life of the options granted (Vesting and exercise period) in years	<u>Vesting schedule:</u> 25% each year from the end of 1, 2, 3 and 4 years of the date of grant respectively. <u>Exercise Period:</u> Within 4 years from the date of vesting or 10 years from the date of grant, whichever is later
Dividend yield	0.9% - 1.09%
Average risk-free interest rate	7.18% - 8.70%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Details of modification to employee stock option scheme (change in exercise period) :

- a. The shareholders of the Company have approved modification of the exercise period of 3 years from the date of vest for Scheme 2007 and 4 years from the date of vest for other Schemes to 10 years from the date of grant, at the Annual General meeting held on August 22, 2013.
- b. The details of incremental fair value as a result of modification in the exercise period is as follows:

Sr No.	Scheme Name	Grant Name	Grant Date	Fair value on Date of Grant (₹)	Pre Modification Fair value (₹)	Post Modification Fair value (₹)	Incremental Cost per option (₹)
1	ESOP 2007	Grant-4	27-May-13	146.37	20.62	42.77	22.15
2	ESOP 2008	Grant-3	23-Sep-10	136.07	22.66	42.40	19.73
3	ESOP 2008	Grant-4	3-Jan-11	102.83	38.79	57.79	19.00
4	ESOP 2008	Grant-5	29-Jun-11	68.62	63.40	78.99	15.60
5	ESOP 2008	Grant-6	11-Dec-12	98.57	56.85	75.10	18.25
6	ESOP 2008	Grant-7	27-May-13	71.11	73.69	88.67	14.97
7	ESOP 2009	Grant-1	18-Oct-10	147.95	24.07	44.05	19.98
8	ESOP 2009	Grant-2	3-Jan-11	102.83	38.79	57.79	19.01
9	ESOP 2009	Grant-3	11-Dec-12	98.57	56.85	75.10	18.25
10	ESOP 2011	Grant-1	29-Jun-11	68.62	63.40	78.99	15.60
11	ESOP 2011	Grant-2	26-Dec-11	61.88	71.87	86.44	14.56
12	ESOP 2011	Grant-3	12-Jan-12	59.66	73.58	87.91	14.34
13	ESOP 2011	Grant-4	11-Dec-12	98.57	56.85	75.10	18.25
14	ESOP 2011	Grant-5	27-May-13	71.11	73.69	88.67	14.97
15	ESOP 2012	Grant-1	11-Dec-12	98.57	56.85	75.10	18.25
16	ESOP 2012	Grant-2	6-Feb-13	82.51	65.59	82.34	16.74
17	ESOP 2012	Grant-3	27-May-13	71.11	73.69	88.66	14.97

- c. The fair value of options has been calculated using Black Scholes options pricing formula.
- d. 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, 2014	For the year ended March 31, 2013
Net Profit after tax as reported	3,698.36	6,977.38
Less: Employee stock compensation cost under fair value method (Refer Note below)	1,787.74	933.52
Total	1,910.62	6,043.86
Basic earnings per share as reported (₹)	5.20	10.49
Proforma Basic earnings per share (₹)	2.69	9.08
Diluted earnings per share as reported (₹)	5.19	10.44
Proforma Diluted earnings per share (₹)	2.68	9.03

Note:

Employee stock compensation cost includes ₹ 551.00 lakhs pertaining to incremental fair value pursuant to change in exercise period which is accounted as follows:

- where modification occurred after the vesting period, the incremental fair value is recognised immediately.
- where modification occurred during the vesting period, the incremental fair value is recognised over the remainder of the original vesting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

33. Segment Reporting

Primary segment information (by business segments):

As permitted by paragraph 4 of Accounting Standard-17 (AS-17), 'Segment Reporting', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. Thus, disclosures required by AS-17 are given in consolidated financial statements.

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. (w.e.f. November 2, 2012)
	Future Retail Limited (earlier known as Pantaloon Retail (India) Limited) (upto September 28, 2012)
Subsidiaries	Capital First Investment Advisory Limited
	Myra Mall Management Company Limited (upto July 9, 2012)
	Future Finance Limited (upto February 28, 2013)
	Future E-Commerce Infrastructure Limited (upto September 28, 2012)
	Future Value Retail Limited (upto September 28, 2012)
	Capital First Securities Limited
	Capital First Commodities Limited
Capital First Home Finance Private Limited	
	Anchor Investment and Trading Private Limited

Names of other related parties with whom transactions have taken place during the year:

Relationship	Name of the Party
Fellow subsidiaries	Dayside Investment Ltd. (w.e.f. November 2, 2012)
Key Management Personnel	Mr. V. Vaidyanathan – Chairman and Managing Director
Enterprises significantly influenced by key management personnel	JV & Associates LLP

Refer Annexure 1 and 1A for the transactions with related parties for the year ended March 31, 2014.

35. Operating Leases

The Company's significant leasing arrangements are in respect of operating leases are for premises (residential and office) and vehicle which are renewable on mutual consent at agreed terms. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 36 to 60 months. There are no sub-leases.

The aggregate lease rentals payable are charged to the Statement of Profit and Loss.

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Lease payments recognized in the Statement of Profit and Loss	1,455.43	1,477.05

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Details of non-cancellable leases are as follows:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Minimum Lease Payments:		
Not later than one year	789.97	683.70
Later than one year but not later than five years	1,120.37	1,766.46
Later than five years	Nil	Nil

Finance Leases

In accordance with Accounting Standard – AS 19 – Leases, the reconciliation between the total gross investment in the lease and the present value of minimum lease payments (MLP) receivables is as under:

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Gross investment in lease	5.50	215.64
Less: Unearned finance income	0.25	8.04
MLP Receivables	5.25	207.60

Maturity Pattern of the Gross Investments in lease/ Present Value of MLP Receivables:

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Gross investment for each of the following years:		
- Not later than one year	5.50	205.53
- Later than one year and not later than five years	-	10.11
	5.50	215.64
Present value of minimum lease payment for each of the following years:		
- Not later than one year	5.25	198.24
- Later than one year and not later than five years	-	9.35
	5.25	207.59
Unmatured finance charges	Nil	Nil
Unguaranteed residual value accruing to the benefit of lessor	Nil	Nil
Accumulated provision for minimum lease payment receivable	Nil	Nil

36. Disclosure pursuant to Clause 32 of Listing Agreement

Included in Loans and Advances are:

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Due from subsidiaries		
Capital First Investment Advisory Limited (Maximum amount outstanding during the year ₹ 14.00 lakhs (Previous year ₹ 46.61 lakhs))	2.53	Nil
Capital First Home Finance Private Limited (Maximum amount outstanding during the year ₹ 1,502.12 lakhs (Previous year ₹ 60.65 lakhs))	310.38	Nil
Capital First Securities Limited (Maximum amount outstanding during the year ₹ 1,637.93 lakhs (Previous year ₹ 3,581.57 lakhs))	Nil	2,627.57
Capital First Commodities Limited (Maximum amount outstanding during the year ₹ 170.00 lakhs (Previous year ₹ Nil))	-	Nil

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

37. Foreign Currency

₹ in Lakhs		
Earnings in foreign currency (Accrual basis)	For the year ended March 31, 2014	For the year ended March 31, 2013
Commission and brokerage Income	0.92	-

₹ in Lakhs		
Expenditures in foreign currency (Accrual basis)	For the year ended March 31, 2014	For the year ended March 31, 2013
Travelling	0.32	-
Membership & Subscription	6.46	1.59
License Fees	39.80	-
Training expenses	2.02	5.51

38. Amounts remitted in foreign currencies for dividend

₹ in Lakhs		
Earnings in foreign currency (Payment basis)	For the year ended March 31, 2014	For the year ended March 31, 2013
Number of shareholders	1	1
Number of shares held	940,000	940,000
Dividend remitted	16.92	14.10
Year related	FY 2012-13	FY 2011-12

39. The Company sells loans through direct assignments. The information on direct assignment activity of the Company as an Originator is as given below:

₹ in Lakhs		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
No. of loan assets assigned	3,037	748
Book value of loan assets directly assigned	169,036.01	57,587.02
Sale consideration received	169,036.01	57,587.02
Income on account of direct assignment (net)	309.02	2,833.76
Outstanding credit enhancement – Fixed Deposit	16,021.01	16,667.10

The information on assignment of the Company as an originator in respect of outstanding amount of assigned assets is given below:

₹ in Lakhs			
Sl. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
1.	No. of SPVs sponsored by the bank for assignment transactions	NA	NA
2.	Total amount of assigned assets as per books of the SPVs sponsored by the bank	NA	NA
3.	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	18,002.38	2,018.47

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Sl. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
4.	Amount of exposures to assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	NA	NA
	• Others	NA	NA
	ii) Exposure to third party assignments		
	• First loss	NA	NA
	• Others	NA	NA
	b) On-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	NA	NA
	• Others	NA	NA
	ii) Exposure to third party assignments		
	• First loss	NA	NA
	• Others	NA	NA

As the Circular No. DNBS. PD. No. 301/3.10.01/2012-13 is effective from August 21, 2012, hence assignment done after circular date are consider for disclosure purpose only.

40. 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, 2014	For the year ended March 31, 2013
Total loan origination cost deferred	6,771.19	4,663.56
Cost amortised and charged to Statement of Profit and Loss during the year	5,099.50	1,964.34
Unamortised cost shown into balance sheet :		
- Current	2,756.35	1,368.45
- Non-current	3,753.61	3,469.82

b. Borrowing cost

₹ in Lakhs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Total borrowing cost deferred	1,767.45	2,172.03
Cost amortised and charged to Statement of Profit and Loss during the year	795.40	294.47
Unamortised borrowing cost shown into balance sheet :		
- Current	762.75	471.82
- Non-current	2,086.85	1,405.73

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

c. Processing fees and subvention income

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Total unamortised income from processing fees/ subvention income deferred	12,290.04	7,423.54
Income amortised and credited to Statement of Profit and Loss during the year		
- Fee income	4,292.63	1,512.03
- Interest income	4,753.82	1,876.01
Unamortised processing fees/ subvention income shown into balance sheet:		
- Current	5,188.74	2,838.39
- Non-current	3,786.45	2,893.21

41. Additional disclosures as required by circular no DNBS.CC.PD. No. 265/03.10.01/2011-2012 dated March 31, 2012 issued by Reserve Bank of India:

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Total Gold loan Portfolio	57,460.81	44,009.04
Total Assets	1,000,744.24	754,434.69
Gold loan portfolio as a % age of total assets	5.74%	5.83%

42. During the year, the Board of Directors vide Circular Resolution dated March 28, 2014 allotted 11,607,145 equity shares of the Company of ₹ 10/- each, at the premium of ₹ 143.80/- each on preferential basis. The said funds aggregating to ₹ 17,851.79 lakhs received pursuant to the aforesaid allotment have been unutilised as on March 31, 2014. The aforesaid allotment is subject to the lock-in requirements as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, with regard to the Preferential Issue.
43. As per the Guidance Note issued by the Chartered Accountants of India on Accounting for Employee Share-based payment which requires that shares allotted to a trust but not transferred to the employees be reduced from Share Capital and Reserves. Accordingly, the Company has adjusted the Share Capital by ₹ 60.97 lakhs (Previous year: ₹ 60.97 lakhs) and Securities Premium by ₹ 1,429.38 lakhs (Previous year: ₹ 1,457.38 lakhs) in respect of ₹ 609,713 (Previous year: 609,713) shares held by the trusts. The current year amount is after adjusting the repayment received from the trust.
44. Additional disclosures as required by Circular No. DNBS.CC.PD.No.356 /03.10.01/2013-14 dated September 16, 2013 issued by Reserve Bank of India:

Particulars	₹ in Lakhs
	As at March 31, 2014
Number of loan accounts	3,345
Outstanding amounts	4,272.86
Value Fetched on Auctions	3,920.26

Note: None of the sister concerns of the Company has participated in any of the auctions mentioned above.

45. An amount of ₹ 1,732.72 lakhs relates to tax credit of Assessment Year 2011-12 in respect of bad debts written off allowed as a deduction on completion of assessment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

46. The Company has received dividend of ₹ 2,050.42 lakhs from its wholly owned foreign subsidiary on which income tax of ₹ 348.47 lakhs has been paid by the Company. As per the provision of the Income Tax Act, 1961, this tax paid is eligible for set off against the tax on dividend proposed by the Company aggregating to ₹ 281.12 lakhs. Hence there is no dividend tax liability on the Company relating to dividend proposed.
47. 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.
48. Figures for previous year have been regrouped and/or reclassified wherever considered necessary, to conform to current year's classification.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E
Chartered Accountants

per Shrawan Jalan

Partner
Membership No. 102102

Place : Mumbai

Date : May 8, 2014

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

V. Vaidyanathan

Chairman &
Managing Director

Pankaj Sanklecha

Chief Financial Officer &
Head-Corporate Centre

Place : Mumbai

Date : May 8, 2014

N. C. Singhal

Director

Satish Gaikwad

Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Annexure 1

Transactions with Related parties for the year ended March 31, 2014

Relationship	Holding Company		Subsidiaries		Fellow Subsidiaries		Key Management Personnel	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Year								
Purchase of goods/services	-	-	165.79	211.88	-	14.53	-	-
Interest expense	-	-	435.95	521.81	-	-	-	-
Rent/Lease rent paid	-	23.06	-	96.08	-	8.06	-	-
Reimbursement of expenses	-	-	212.59	131.20	-	-	-	-
Commission & Brokerage Income received	-	-	22.25	87.59	-	-	-	-
Interest received	-	-	171.79	198.29	-	-	-	-
Dividend Income	-	-	2,050.42	-	-	-	-	-
Purchase/Transfer of Fixed Assets	-	-	109.22	-	-	-	-	-
Transfer of Security Deposit	-	-	7.24	-	-	-	-	-
Subvention Income Received	-	52.45	-	-	-	23.76	-	-
Loans/Advances given	-	-	5,054.66	249.32	-	-	-	-
Loans/Advances repayment received	-	-	4,839.23	441.32	-	-	-	-
Inter corporate deposits Given	-	-	5,412.50	22,305.50	-	-	-	-
Inter corporate deposits Received Back	-	-	8,040.00	15,373.00	-	-	-	-
Inter corporate deposits Taken	-	-	6,349.66	12,505.25	-	-	-	-
Inter corporate deposits Repaid	-	-	9,032.41	5,350.00	-	-	-	-
Purchase of investments	-	-	-	9,345.25	-	-	-	-
Sale of investments	-	-	-	5,028.12	-	-	-	-
Allotment of Equity Shares	12,853.29	-	-	-	-	-	-	-
Managerial Remuneration	-	-	-	-	-	-	412.05	386.03
Closing Balances : Receivable / (Payable)	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013		
Inter corporate deposits payable	-	-	(2,727.50)	(5,410.25)	-	-	-	-
Inter corporate deposits granted/ (taken)	-	-	-	2,627.50	-	-	-	-
Advances Recoverable / (Payable)	-	-	312.89	0.07	-	-	-	-

₹ in Lakhs

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Annexure 1A

Transactions with Related parties for the year ended March 31, 2014

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Purchase of Goods / Services		
Capital First Securities Limited	161.84	171.38
Capital First Commodities Limited	3.95	40.51
Future E-Commerce Infrastructure Limited	-	14.53
Total	165.79	226.42
Interest expense		
Capital First Investment Advisory Limited	255.57	217.01
Capital First Home Finance Private Limited	-	7.92
Future Finance Limited	-	86.06
Capital First Securities Limited	31.29	55.32
Capital First Commodities Limited	149.09	155.49
Total	435.95	521.80
Rent/ Lease rent paid		
Future Finance Limited	-	0.85
Future Retail Limited (earlier known as Pantaloon Retail (India) Limited)	-	23.06
Future Value Retail Limited	-	8.06
Myra Mall Management Company Limited	-	95.24
Total	-	127.21
Reimbursement of expenses		
Myra Mall Management Company Limited	-	3.00
Future Finance Limited	-	8.25
Capital First Home Finance Private Limited	91.31	9.00
Capital First Investment Advisory Limited	9.00	9.00
Capital First Securities Limited	112.28	101.95
Total	212.59	131.20
Commission & Brokerage income received		
Capital First Commodities Limited	14.45	64.21
Capital First Securities Limited	7.80	23.38
Total	22.25	87.59
Interest Income		
Myra Mall Management Company Limited	-	118.66
Capital First Commodities Limited	-	5.86
Capital First Securities Limited	171.79	73.76
Total	171.79	198.28
Dividend Income		
Anchor Investment & Trading Private Limited	2,050.42	-
Total	2,050.42	-
Purchase of Fixed Assets		
Capital First Securities Limited	107.14	-
Capital First Investment Advisory Limited	0.43	-
Capital First Commodities Limited	1.65	-
Total	109.22	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Annexure 1A (contd.)

Transactions with Related parties for the year ended March 31, 2014

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Transfer of Security Deposit		
Capital First Securities Limited	7.24	-
Total	7.24	-
Subvention Income Received		
Future Retail Limited (earlier known as Pantaloon Retail (India) Limited)	-	52.45
Future Value Retail Limited	-	23.76
Total	-	76.21
Loans/ Advances given		
Future Finance Limited	-	65.89
Capital First Investment Advisory Limited	18.65	97.07
Capital First Home Finance Private Limited	4,536.01	23.81
Capital First Securities Limited	500.00	-
Myra Mall Management Company Limited	-	62.55
Total	5,054.66	249.32
Loans/ Advances repayment received		
Future Finance Limited	-	89.89
Capital First Investment Advisory Limited	25.73	130.57
Capital First Home Finance Private Limited	4,313.50	58.81
Capital First Commodities Limited	-	4.69
Capital First Securities Limited	500.00	70.80
Myra Mall Management Company Limited	-	86.55
Total	4,839.23	441.31
Inter corporate deposits Given		
Capital First Securities Limited	5,412.50	15,162.50
Capital First Commodities Limited	-	2,943.00
Myra Mall Management Company Limited	-	4,200.00
Total	5,412.50	22,305.50
Inter corporate deposits Received Back		
Capital First Securities Limited	8,040.00	12,710.00
Capital First Commodities Limited	-	2,663.00
Total	8,040.00	15,373.00
Inter corporate deposits Taken		
Capital First Investment Advisory Limited	213.00	3,157.75
Future Finance Limited	-	1,465.00
Capital First Home Finance Private Limited	-	2,627.50
Capital First Securities Limited	2,615.00	2,627.50
Capital First Commodities Limited	3,521.66	2,627.50
Total	6,349.66	12,505.25
Inter corporate deposits Repaid		
Capital First Investment Advisory Limited	3,275.75	95.00
Capital First Securities Limited	2,615.00	2,627.50
Capital First Home Finance Private Limited	-	2,627.50
Capital First Commodities Limited	3,141.66	-
Total	9,032.41	5,350.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Annexure 1A (contd.)

Transactions with Related parties for the year ended March 31, 2014

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Investment in Shares		
Capital First Investment Advisory Limited - Equity Shares	-	262.75
Capital First Home Finance Private Limited - Equity Shares	-	2,627.50
Capital First Securities Limited - Preference Shares	-	1,200.00
Capital First Securities Limited - Equity Shares	-	5,255.00
Total	-	9,345.25
Redemption in Shares		
Future Finance Limited	-	1,224.37
Capital First Securities Limited - Preference Shares 12%	-	3,803.75
Total	-	5,028.12
Allotment of Equity Shares		
Cloverdell Investment Ltd.	12,853.29	-
Total	12,853.29	-
Managerial Remuneration	412.05	386.03
Mr. V. Vaidyanathan		
Closing Balance	As at March 31, 2014	As at March 31, 2013
Loans/ Inter corporate deposits Payable		
Capital First Investment Advisory Limited	-	(3,062.75)
Capital First Securities Limited	-	-
Capital First Commodities Limited	(2,727.50)	(2,347.50)
Total	(2,727.50)	(5,410.25)
Loans/ Inter corporate deposits granted		
Capital First Securities Limited	-	2,627.50
Total	-	2,627.50
Receivable/(Payable)		
Capital First Investment Advisory Limited	2.53	-
Capital First Commodities Limited	-	-
Capital First Home Finance Private Limited	310.38	-
Capital First Securities Limited	(0.02)	0.07
Total	312.89	0.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Annexure 2 of the Note No. 47 to the Notes to the Financial Statements for the year ended March 31, 2014

A. Capital to Risk Assets Ratio (CRAR)

Items	Current Year	Previous Year
i) CRAR (%)	22.16%	23.53%
ii) CRAR - Tier I capital (%)	16.28%	16.26%
iii) CRAR - Tier II Capital (%)	5.88%	7.27%

B. Exposures to real estate sector, both direct and indirect

Items	₹ in Lakhs	
	Current Year	Previous Year
a) Direct exposure		
(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	317,453.82	282,665.95
(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	105,784.64	96,238.40
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial Real Estate	26,769.59	14,380.81
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

C. Maturity pattern of assets and liabilities

	₹ in Lakhs				
	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	-	3,000.00	24,343.75	31,302.08	219,872.80
	(3,125.00)	(2,500.00)	(7,208.33)	(18,250.00)	(144,796.10)
Market borrowings	-	-	-	3,240.00	5,967.50
	(2,482.95)	(-)	(-)	(-)	(4,847.50)
Assets					
Advances *	23,894.58	12,580.92	22,451.09	43,483.05	125,005.53
	(17,704.29)	(6,209.29)	(15,357.10)	(26,561.61)	(91,489.85)
Investments	52,391.14	44,475.60	24,580.14	-	3,210.50
	(-)	(-)	(1,714.29)	(1,714.29)	(3,428.57)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	₹ in Lakhs			
	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities				
Borrowings from banks	292,079.33	157,213.34	13,474.02	741,285.32
	(197,203.32)	(118,541.67)	(29,997.58)	(521,622.00)
Market borrowings	37,430.00	20,000.00	34,000.00	100,637.50
	(51,972.75)	(20,000.00)	(27,500.00)	(106,803.20)
Assets				
Advances *	258,200.41	74,646.71	128,316.76	688,579.05
	(121,743.41)	(39,105.67)	(226,927.53)	(545,098.75)
Investments	-	-	4,829.29	129,486.67
	(3,530.07)	(3,993.60)	(11,484.54)	(25,865.36)

* Represents interest bearing loans and inter corporate deposits.

Figures in bracket relate to previous year.

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	63,910.00	-
- Unsecured	34,000.00	-
b. Deferred Credits	-	-
c. Term Loans	594,640.68	-
d. Inter-corporate loans and borrowings	2,727.50	-
e. Commercial Paper	-	-
f. Other Loans - Demand loans	146,644.64	-
* 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		603,245.51
b. Unsecured		90,263.03
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		-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		₹ in Lakhs	
		Amount Outstanding	
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		
	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		34,631.52
	Long Term Investments		
1.	Quoted		
i.	Shares - Equity		-
	- Preference		-
ii.	Debentures and Bonds		-
iii.	Units of mutual funds		-
iv.	Government Securities		-
v.	Others		-
2.	Unquoted		
i.	Shares - Equity		6,839.79
	- Preference		1,200.00
ii.	Debentures and Bonds		-
iii.	Units of mutual funds		-
iv.	Government Securities		-
v.	Others		-
5.	Borrower group-wise classification of assets financed as in (2) and (3) above : Please see Note 2 below:		
Category	Amount net of provision		
	Secured	Unsecured	Total
1.	Related Parties**		
a.	-	312.91	312.91
b.	-	-	-
c.	-	-	-
2.	Other than related parties		
	603,245.51	89,950.12	693,195.63
Total	603,245.51	90,263.03	693,508.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):
Please see note 3 below

Category	₹ in Lakhs	
	Market Value/ Break up of fair value or NAV	Book Value (Net of Provisions)
1 Related Parties**		
a. Subsidiaries	10,813.48	8,039.80
b. Companies in the same group	-	-
c. Other related parties		
2 Other than related parties	34,631.52	34,631.52
Total	45,445.00	42,671.32

** As per Accounting Standard of ICAI (Please see Note 3)

7. Other information

Particulars	Amount
i. Gross Non-Performing Assets	
a. Related Parties	-
b. Other than related parties	3,078.25
ii. Net Non-Performing Assets	
a. Related Parties	-
b. Other than related parties	555.06
iii. Assets acquired in satisfaction of debt	-

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in category (4) above.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Capital First Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Capital First Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of one of the subsidiary, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

Other Matter

We did not audit total assets of ₹ 2,121.58 lakhs as at March 31, 2014, total revenues of ₹ 2.30 lakhs and net cash inflow amounting to ₹ 543.43 lakhs for the year then ended, included in the accompanying consolidated financial statements in respect of one subsidiary whose financial statements and other financial information have been audited by other auditors and whose report has been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiary is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Shrawan Jalan

Partner

Membership No. 102102

Place : Mumbai

Date : May 8, 2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

₹ in Lakhs

Particulars	Note no.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	8,202.18	7,041.46
Reserves and Surplus	4	108,899.49	89,029.80
		117,101.67	96,071.26
Share application money pending allotment	3	83.56	-
Non - Current Liabilities			
Long term borrowings	5	557,009.18	442,152.57
Other Long term liabilities	6	3,836.26	2,917.50
Long term provisions	7	9,525.75	8,527.08
		570,371.19	453,597.15
Current Liabilities			
Short term borrowings	8	146,644.64	107,029.05
Trade payables	9	13,967.27	6,179.90
Other current liabilities	10	161,259.24	85,347.98
Short term provisions	11	3,765.95	5,307.30
		325,637.10	203,864.23
TOTAL		1,013,193.52	753,532.64
ASSETS			
Non - Current Assets			
Fixed Assets			
- Tangible assets	12	2,240.07	2,561.83
- Intangible assets	12	516.32	700.46
- Goodwill on Consolidation		644.88	644.88
		3,401.27	3,907.17
Non - current investments	13	110.71	110.71
Deferred tax assets (Net)	14	1,708.03	867.43
Long term loans and advances	15	500,851.89	398,718.10
Other non current assets	16	25,176.38	24,544.55
		531,248.28	428,147.96
Current Assets			
Current Investments	17	34,631.52	-
Trade receivables	18	935.97	3,898.86
Cash and Bank Balances	19	201,307.51	119,060.30
Short term loans and advances	20	231,429.17	192,505.13
Other current assets	21	13,641.07	9,920.39
		481,945.24	325,384.68
TOTAL		1,013,193.52	753,532.64
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the Financial Statements			

As per our report of even date

For S.R. BATLIBOI & CO. LLPICAI Firm Registration No. 301003E
Chartered Accountants**per Shrawan Jalan**Partner
Membership No. 102102Place : Mumbai
Date : May 8, 2014For and on behalf of the Board of Directors of
Capital First Limited**V. Vaidyanathan**
Chairman &
Managing Director**Pankaj Sanklecha**
Chief Financial Officer &
Head-Corporate CentrePlace : Mumbai
Date : May 8, 2014**N. C. Singhal**
Director**Satish Gaikwad**
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2014

₹ in Lakhs

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue from Operations	22	105,300.75	80,029.42
Other Income	23	950.67	834.19
Total revenue		106,251.42	80,863.61
EXPENSES			
Employee benefits expense	24	12,678.94	13,077.45
Finance costs	25	64,668.12	48,327.60
Depreciation and Amortisation expense	26	588.75	612.28
Other expenses	27	21,840.51	13,009.22
Total Expenses		99,776.32	75,026.55
Profit before exceptional items and tax		6,475.10	5,837.06
Exceptional Items	28	-	2130.95
Profit before tax		6,475.10	7,968.01
Tax expense:			
- Current tax		3,161.29	1,811.63
- Minimum Alternative Tax (MAT) Credit entitlement		(17.55)	(658.37)
- Deferred tax credit		(842.83)	(173.27)
- Tax for earlier years (Refer note 40)		(1,720.90)	10.66
		580.01	990.65
Profit for the year from Continuing Operations	(A)	5,895.09	6,977.36
Profit/(loss) before tax from discontinuing operations		(572.35)	(646.24)
Tax expense of discontinuing operations		59.92	20.18
Profit/(loss) from discontinuing operations (after tax) (Refer note 42)	(B)	(632.27)	(666.42)
Profit/(Loss) for the year	(A)+(B)	5,262.82	6,310.94
Earning per equity share:			
- Basic (₹)	29	7.40	9.49
- Diluted (₹)		7.38	9.44
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 S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E
Chartered Accountants

per Shrawan Jalan

Partner
Membership No. 102102

Place : Mumbai
Date : May 8, 2014

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

V. Vaidyanathan
Chairman &
Managing Director

N. C. Singhal
Director

Pankaj Sanklecha
Chief Financial Officer &
Head-Corporate Centre

Place : Mumbai
Date : May 8, 2014

Satish Gaikwad
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	6,475.10	7,968.01
Profit before tax from discontinuing operations	(572.35)	(646.24)
Adjustments for :		
Depreciation/amortisation on continuing operation	588.75	612.28
Depreciation/amortisation on discontinuing operation	54.38	87.52
Preliminary expenses written off	-	4.85
Bad loans and trade receivables written off	3,552.96	1,100.91
Provision for standard assets	268.09	270.43
Provision for doubtful loans and advances	1,064.82	808.73
Goodwill written off	-	153.79
Provision for employee benefits	(92.20)	119.21
Profit on sale of investments (net)	(829.67)	-
Profit on sale of subsidiaries	-	(2,130.95)
Profit on trading in commodities	-	(83.52)
Loss on sale of fixed assets	111.54	321.85
Fixed Assets written off	-	11.59
Excess provision written back	(0.15)	(36.94)
Gain on translation of foreign subsidiary	176.63	-
Interest on Fixed Deposit & Investments	(4,721.85)	-
	173.30	1,239.75
Operating Profit Before Working Capital Changes	6,076.05	8,561.52
Adjustment for changes in working capital:		
Increase in Trade Receivables	2,962.90	(2,435.23)
Increase in Loans and Advances	(140,533.16)	(120,469.24)
Increase in Other Assets	(4,352.46)	(13,706.83)
Increase in Trade payables and other liabilities	18,010.69	8,486.33
Cash used in operations	(117,835.98)	(119,563.45)
Direct taxes paid (net of refund)	(5,572.19)	(2,787.02)
Net Cash used in Operating Activities (A)	(123,408.17)	(122,350.47)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including intangible assets) and Capital work in progress	(492.71)	(1,041.00)
Sale proceeds from fixed assets	243.91	46.69
Sale proceeds from investments	549,173.71	26,857.00
Disposal of subsidiaries	-	2,130.96
Purchase of investments	(582,975.57)	(7,922.53)
Increase or decrease in investments - Fixed Deposit	(87.00)	-
Interest on Fixed Deposit & Investments	4,721.85	-
Net Cash (used in)/generated from Investing Activities (B)	(29,415.81)	20,071.12

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	1,160.71	313.94
Proceeds from issue of Compulsorily convertible Preference Shares	-	308.64
Proceeds from Share Application Money Pending Allotment	83.56	-
Proceeds from Securities Premium on issue of Equity Share Capital	16,691.07	4,760.14
Proceeds from Securities Premium on issue of Compulsorily Convertible Preference Shares	-	4,691.36
Payment of securities issue expenses	(634.72)	(2,015.44)
Payment of dividend	(1,278.44)	(971.98)
Payment of dividend tax	(217.27)	(157.68)
Refund of share application money	(0.92)	(2.88)
Proceeds from long term borrowings	278,429.95	222,527.46
Repayment of long term borrowings	(98,865.35)	-
Proceeds from short term borrowings	65,319.98	-
Repayment of short term borrowings	(25,704.38)	(60,602.97)
Net Cash generated from Financing Activities (C)	234,984.19	168,850.59
Net increase in Cash and Cash Equivalents during the year (A+B+C)	82,160.21	66,571.24
Cash and Cash equivalents at beginning of the year	117,130.91	50,559.67
Cash and Cash equivalents at the end of the year	199,291.12	117,130.91

	₹ in Lakhs	
Particulars	As at March 31, 2014	As at March 31, 2013
Cash and Cash equivalents comprises of :		
Cash in Hand	1,394.07	1,604.45
Balance with Banks		
- in unpaid dividend accounts (Refer note 3 below)	13.72	8.83
- in unpaid share application money (Refer note 3 below)	19.32	20.24
- in current account	111,048.66	95,497.39
- in deposit accounts having original maturity less than three months	86,815.35	20,000.00
Total	199,291.12	117,130.91

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 'Cash Flow Statements' as notified by the Companies (Accounting Standards) Rules, 2006.
- Cash and cash equivalents in the balance sheet comprises of Cash in hand and Cash at bank.
- The balances are not available for use by the Company as they represent corresponding unpaid dividend liability and unpaid share application money.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E
Chartered Accountants

per Shrawan Jalan

Partner
Membership No. 102102

Place : Mumbai

Date : May 8, 2014

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

V. Vaidyanathan
Chairman &
Managing Director

N. C. Singhal
Director

Pankaj Sanklecha
Chief Financial Officer &
Head-Corporate Centre

Place : Mumbai

Date : May 8, 2014

Satish Gaikwad
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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 Consolidated financial statements have been prepared to comply in all material respects with the notified Accounting Standard ('AS') notified under the Companies Act, 1956 (the 'Act'), read with General Circular 8/2014 dated April 4, 2014 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 consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The notified Accounting Standards (AS) are followed by the Company insofar as they are not inconsistent with the NBFC Regulation. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year .

B) Principles of Consolidation

- i. The Consolidated Financial Statements are prepared in accordance with AS - 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI). The financial statements of these group companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of Inter Company transactions are eliminated on consolidation.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the Consolidated Financial Statements and are presented in the same manner as the Company's standalone financial statements.

- ii. The subsidiary companies considered in the presentation of the Consolidated Financial Statements are:

Particulars	Country of incorporation	Proportion of ownership interest as at March 31, 2014	Proportion of ownership interest as at March 31, 2013	Financial year ends on
Subsidiaries :				
Capital First Investment Advisory Limited	India	100%	100%	31st March
Capital First Commodities Limited	India	100%	100%	31st March
Anchor Investment & Trading Private Limited	Mauritius	100%	100%	31st March
Capital First Home Finance Private Limited	India	100%	100%	31st March
Capital First Securities Limited	India	100%	100%	31st March

For the purpose of Consolidated Financial Statements, the results of CFL and its subsidiaries for the year ended March 31, 2014 have been derived from the respective Company's audited financials of the year ended March 31, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

2. GOODWILL ON CONSOLIDATION

The excess of cost to the holding Company of its investment in subsidiaries over the holding Company's portion of equity in the subsidiaries at the respective dates, on which investments in subsidiaries were made, has been recognized in the Consolidated Financial Statements as goodwill. The holding Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

The Goodwill on consolidation is evaluated for impairment whenever events or changes in circumstances indicate that its carrying amount may have been impaired.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As required by Revised Schedule VI, 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.

(b) 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) Tangible Fixed assets

Tangible Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and any other directly attributable costs of bringing the asset to its working condition for its intended use. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits for existing assets 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.

(d) 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. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits for existing assets 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Intangible assets not yet available for use are tested for impairment annually. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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.

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

Depreciation on tangible assets is provided using straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

Leasehold improvements are depreciated on straight line basis over shorter of useful lives or primary period of lease agreements which ranges from three to five years.

Intangible assets includes domain names, trademarks, copyrights and computer software, which are acquired, capitalized and amortized on a straight-line basis over the estimated useful lives of 5 years.

All fixed assets costing ₹ 5,000 or less individually are fully depreciated/amortised in the year of purchase.

(f) Loans

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

(g) 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.

Finance Lease

Where the Company is the lessor

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the Internal Rate of Return ('IRR') method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

(h) Impairment of 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 assets 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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.

(i) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Unquoted investments in units of mutual funds are stated at net asset value.

(j) Investment Property

An investment in land or buildings, which is not intended to be occupied substantially for use, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use.

Depreciation on building component of investment property is calculated on straight line basis at the rates prescribed under the Schedule VI of the Companies Act, 1956.

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

(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.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Interest income

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

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

Income on discounted instruments

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

Fee income

Fee income on loans and subvention income is recognised as income over the tenor of the loan agreements. The unamortized balance is being disclosed as part of current liabilities. However, if the agreement is foreclosed/transferred through assignment, balance of processing fees and 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 distribution of products

Income from distribution on various products is accounted on the basis of procurements undertaken during the period with a reasonable estimate towards the trail fees.

Income from Assignment of loans and receivables

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

Income on retained interest in the assigned asset, if any, is accounted on accrual basis.

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.

Lease Rental and Amenities

Lease rentals are recognized as an income in the statement of profit and loss on a straight line basis over the primary lease period, net of service tax.

Amenities charges are recognized in accordance with the arrangements entered into with the lessees, net of service tax.

Profit/Loss on sale of investments

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

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

(n) Accounting for Derivative Instruments

Derivatives are financial instruments falling under the category of "fair value through profit and loss" as defined under Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

The Company has used derivative financial instruments such as commodity futures for trading purpose which are initially recorded at fair value. The same are subsequently measured at fair value at each reporting date with their fair valuation gain/loss taken to Statement of Profit & Loss.

On final settlement or squaring up of contracts for commodity futures, the realised profit or loss after adjusting the unrealised loss, if any, is recognised in the Statement of Profit & Loss.

(o) Securities issue expenses

Securities issue expenses are debited against securities premium account in accordance with the provisions of Section 78 of the Companies Act, 1956.

(p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group 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 Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

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

In case of funded liability the Group makes contribution to a scheme administered by the Life Insurance Corporation of India ("LIC") and Future Generali India Life Insurance Company Limited to discharge the gratuity liability to employees. The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

(q) Leave Encashment

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

(r) Borrowing costs

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

(s) Loan origination cost

Loan origination costs such as credit verification, agreement stamping, direct selling agents commission and valuation charges are recognised as expense over the contractual tenor of the loan agreements. Full month's amortization is done in the month of booking of loan. For the agreements foreclosed or transferred through assignment, the unamortised portion

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

of the loan acquisition costs is recognised as charge to the Statement of Profit and Loss at the time of such foreclosure/transfer through assignment.

(t) Income taxes

Income tax comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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.

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.

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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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

(u) Provisioning/Write-off on Overdue assets

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

The Company accounts for provision for doubtful assets after taking into account the time lag between an accounts becoming overdue, its recognition as such and realisation of available security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.

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

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on "Accounting for Employee Share-based Payments" issued by The Institute of the Chartered Accountants of India ('ICAI'). The Company measures compensation cost relating to employee stock options using the intrinsic value method. The compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.

(w) Earnings per share

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

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

(x) Provisions

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

(y) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group 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 Group does not recognize a contingent liability but discloses its existence in the financial statements.

(z) Cash and Cash Equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs			
	As at March 31, 2014	As at March 31, 2013		
3. Share Capital				
Authorized:				
103,000,000 (Previous Year: 103,000,000) Equity shares of ₹ 10/- each	10,300.00	10,300.00		
10,000,000 (Previous Year: 10,000,000) Compulsorily Convertible Preference shares ('CCPS') of ₹ 10/- each	1,000.00	1,000.00		
	11,300.00	11,300.00		
Issued, subscribed and fully paid-up:				
82,631,469 (Previous Year: 71,024,324) equity shares of ₹ 10/- each	8,263.15	7,102.43		
Less: 609,713 equity shares of ₹ 10/- each (Previous Year: 609,713) held by Employee Welfare Trusts but not allotted to Employees (Refer Note No. 38)	(60.97)	(60.97)		
	8,202.18	7,041.46		
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, 2014		As at March 31, 2013	
	Number	₹ in Lakhs	Number	₹ in Lakhs
At the beginning of the year	71,024,324	7,102.43	64,798,484	6,479.85
Issued during the year - Employees Stock Option Scheme	-	-	53,000	5.30
Issued during the year (Refer Note No. 37)	11,607,145	1,160.72	3,086,420	308.64
Conversion of Compulsory Convertible Preference Shares into Equity Shares	-	-	3,086,420	308.64
At the close of the reporting year	82,631,469	8,263.15	71,024,324	7,102.43
b. Reconciliation of number of CCPS and amount outstanding at the beginning and at the end of the reporting year:				
	As at March 31, 2014		As at March 31, 2013	
	Number	₹ in Lakhs	Number	₹ in Lakhs
At the beginning of the year	-	-	-	-
Issued during the year	-	-	3,086,420	308.64
Conversion into Equity Shares	-	-	(3,086,420)	(308.64)
At the close of the reporting year	-	-	-	-
c. 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.				
d. Shares held by the holding company and the subsidiary of the ultimate holding company:				
	As at March 31, 2014		As at March 31, 2013	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Equity shares of ₹ 10/- each				
Cloverdell Investment Ltd.	58,237,645	5,823.76	49,880,500	4,988.05
Dayside Investment Ltd.	1,247,957	124.80	243,761	24.38
e. Particulars of equity share holders holding more than 5% of the total number of equity share capital:				
	As at March 31, 2014		As at March 31, 2013	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Cloverdell Investment Ltd.	58,237,645	70.48%	49,880,500	70.23%
Future Retail Limited (earlier known as Pantaloon Retail (India) Limited)	6,479,848	7.84%	6,479,848	9.12%
JV & Associates LLP	4,773,795	5.78%	4,773,795	6.72%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		₹ in Lakhs	
		As at March 31, 2014	As at March 31, 2013
f.	Securities convertible into equity shares:	Nil	Nil
g.	Shares reserved for issue under Employee Stock Option Scheme (Refer Note No. 32)	4,635,500	4,024,000
h.	Aggregate number of shares issued for a consideration other than cash during the period of five years immediately preceding the reporting date.	Nil	Nil
i.	Share Application Money Pending Allotment Share application money pending allotment represents money received from employees pursuant to exercise of stock options i.e. 62,500 equity shares with face value ₹ 10 at a premium of ₹ 123.70. The shares were allotted subsequent to the balance sheet date on April 9, 2014.		

		₹ in Lakhs	
Particulars		As at March 31, 2014	As at March 31, 2013
4.	Reserves and Surplus		
	Capital Reserve		
	Balance as per last Balance Sheet	5,925.00	5,925.00
	Statutory Reserve under Section 45-IC of the RBI Act, 1934		
	Balance as per last Balance Sheet	5,700.14	4,306.94
	Less: Reduction on account of sale of subsidiary i.e. Future Finance Limited	-	(2.28)
	Add: Transferred from Statement of Profit and Loss	739.67	1,395.48
		6,439.81	5,700.14
	Statutory Reserve under Section 29C of the National Housing Bank Act, 1987		
	Balance as per last Balance Sheet	-	-
	Add: Transferred from Statement of Profit and Loss	34.41	-
		34.41	-
	Securities Premium Account		
	Balance as per last Balance Sheet	70,609.71	63,173.65
	Add: Received during the year	16,691.07	9,451.50
	Less: Securities issue expenses		
	- Debentures issue expenses	(535.18)	(2,015.44)
	- Equity issue expenses	(99.53)	-
		86,666.07	70,609.71
	Less: 609,713 equity shares (Previous Year: 609,713) issued to Employee Welfare Trusts but not allotted to Employees (Refer Note No. 38)	(1,429.38)	(1,457.38)
		85,236.69	69,152.33
	Foreign Exchange Fluctuation Reserve		
	Balance as per last Balance Sheet	229.55	122.53
	Add: Addition during the year	176.63	107.02
		406.18	229.55
	General Reserve		
	Balance as per last Balance Sheet	1,260.57	737.27
	Add: Transferred from Statement of Profit and Loss	277.38	523.30
		1,537.95	1,260.57
	Surplus in the Statement of Profit and Loss		
	Balance as per last Balance Sheet	6,762.21	3,538.30
	Add: Loss of subsidiary excluded on sale	-	327.46
	Add: Profit for the year	5,262.82	6,310.94
	Less: Appropriations:		
	Transfer to statutory reserve u/s 45-IC of the RBI Act, 1934	(739.67)	(1395.48)
	Transfer to statutory reserve u/s 29C of the National Housing Bank Act, 1987)	(34.41)	-
	Proposed dividend (Amount per share ₹ 2.00 (Previous year ₹ 1.80))	(1,654.12)	(1278.44)
	Dividend tax thereon (Refer Note No. 43)	-	(217.27)
	Transfer to general reserve	(277.38)	(523.30)
		9,319.45	6,762.21
		108,899.49	89,029.80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs			
	Non Current Portion		Current Maturities*	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
5. Long Term Borrowings				
Secured				
Redeemable Non-Convertible Debentures	57,430.00	68,910.00	6,480.00	2,500.00
Term Loans				
- from Banks	438,079.85	318,244.99	119,561.32	71,333.33
Unsecured				
Redeemable Non-Convertible Perpetual Debentures	14,000.00	12,500.00	-	-
Redeemable Non-Convertible Debentures (Subordinated debt)	20,000.00	15,000.00	-	-
Term Loans				
- from Banks (Subordinate debt)	27,499.33	27,497.58	-	-
- from Banks (Other)	-	-	12,500.00	-
	557,009.18	442,152.57	138,541.32	73,833.33

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

a. Security details for Secured Redeemable Non Convertible Debentures

Debentures are secured by first 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.

b. Particulars of Secured Redeemable Non-Convertible Debentures

Particulars	Face Value (₹ in Lakhs)	Quantity	Date of Redemption	₹ in Lakhs	
				As at March 31, 2014	As at March 31, 2013
10.00% CAPFIRSTNCD Series 2	10.00	1,000	March 20, 2018	10,000.00	10,000.00
10.00% CAPFIRSTNCD Series 1	10.00	1,000	February 15, 2018	10,000.00	10,000.00
11.25%, Tranche 2	10.00	1,250	December 1, 2015	12,500.00	12,500.00
11.25%, Tranche 1	10.00	1,250	October 1, 2015	12,500.00	12,500.00
10.25%, Tranche 2-A *	10.00	60	August 31, 2015	600.00	600.00
11.00%, Tranche 2-B3	10.00	4	August 31, 2015	40.00	40.00
10.25%, Tranche 1-A *	10.00	500	August 16, 2013	-	5,000.00
10.25%, Tranche 1-A *	10.00	751	August 16, 2015	7,510.00	7,510.00
11.00%, Tranche 1-B3	10.00	428	August 16, 2015	4,280.00	4,280.00
11.00%, Tranche 2-B2	10.00	3	February 28, 2015	30.00	30.00
11.00%, Tranche 1-B2	10.00	321	February 16, 2015	3,210.00	3,210.00
11.00%, Tranche 2-B1	10.00	3	August 31, 2014	30.00	30.00
11.00%, Tranche 1-B1	10.00	321	August 16, 2014	3,210.00	3,210.00
10.35%, Tranche 1	10.00	250	December 30, 2013	-	2,500.00
				63,910.00	71,410.00

* 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.

c. Security details for Secured Term loans

- Term loans of ₹ 513,391.88 lakhs (Previous year: ₹ 330,342.72 lakhs) is secured by way of first pari passu charge on receivables of retail, wholesale credit and current assets of the Company.
- Term loans of ₹ 5,999.73 lakhs (Previous Year: ₹ 12,979.90 lakhs) is secured by way of first exclusive charge on receivables of priority sector lending of the Company.
- Term loans of ₹ 38,249.56 lakhs (Previous Year: ₹ 46,255.70 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, 2014

5. Long Term Borrowings (Contd.)

d. Particulars of Unsecured Redeemable Non-Convertible Perpetual Debentures					₹ in Lakhs	
Particulars	Issue Date	Coupon	Quantity	As at	As at	
				March 31, 2014	March 31, 2013	
CAPFIRSTPEPNCD Series 1	March 8, 2013	11%	1,000	10,000.00	10,000.00	
CAPFIRSTPEPNCD Series 2	March 14, 2013	11%	250	2,500.00	2,500.00	
CAPFIRSTPEPNCD Series 3	May 24, 2013	10.65%	150	1,500.00	-	
				14,000.00	12,500.00	

Particulars	As at March 31, 2014	As at March 31, 2013
Funds raised through perpetual debentures	14,000.00	12,500.00
Amount outstanding as at the end of the year	14,000.00	12,500.00
Percentage of Perpetual Debt Instrument to Total Tier I Capital	11.17%	12.41%
Financial year in which interest on Perpetual Debt Instrument is not paid on account of Lock-in-clause	NA	NA

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

e. Particulars of Unsecured Redeemable Non Convertible Debentures (Subordinated debt)					₹ in Lakhs	
Particulars	Face Value (₹ in Lakhs)	Quantity	Date of Redemption	As at	As at	
				March 31, 2014	March 31, 2013	
10.30% CAPFIRSTUNNCD Series 1	10.00	1,000	February 28, 2023	10,000.00	10,000.00	
10.30% CAPFIRSTUNNCD Series 2	10.00	500	February 28, 2023	5,000.00	5,000.00	
9.50% CAPFIRSTUNNCD Series 3	10.00	500	May 17, 2028	5,000.00	-	
				20,000.00	15,000.00	

f. Terms of repayment:

Term loans from Banks - Secured

As at March 31, 2014

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 Months	10.25%	Quarterly Instalments	32,812.50	187.32
48-60 months	10.20% to 10.50%	Quarterly Instalments	174,998.93	19,999.00
36-48 months	10.20% to 10.55%	Quarterly Instalments	161,437.87	56,041.67
24-36 months	10.25% to 10.50%	Semi-Annual & Quarterly Instalments	65,497.23	37,500.00
12-24 months	10.25% to 10.70%	Quarterly Instalments	3,333.32	5,833.33
Upto 12 months	10.00% to 10.25%	Quarterly Instalments	-	-
			438,079.85	119,561.32

As at March 31, 2013

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 Months	10.75%	Quarterly Instalments	22,500.00	2,500.00
48-60 months	10.50% to 10.75%	Quarterly Instalments	157,485.62	10,000.00
36-48 months	10.30% to 11.25%	Semi-Annual & Quarterly Instalments	134,092.70	50,500.00
24-36 months	10.70%	Quarterly Instalments	4,166.67	3,333.33
Upto 12 months	10.75%	Quarterly Instalments	-	5,000.00
			318,244.99	71,333.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

5. Long Term Borrowings (Contd.)

Term Loan from bank - Unsecured

As at March 31, 2014

₹ in Lakhs

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 months	10.50%	Bullet	7,499.33	-
48-60 months	11.75%	Bullet	20,000.00	-
Upto 12 months	10.00% to 10.25%	Bullet	-	12,500.00
			27,499.33	12,500.00

As at March 31, 2013

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 months	10.50% to 11.75%	Bullet	27,497.58	-
			27,497.58	-

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
6. Other Long Term Liabilities		
Unamortised processing fees/subvention income (Refer Note No. 36(c))	3,836.26	2,893.21
Others	-	24.29
	3,836.26	2,917.50
7. Long Term Provisions		
For standard assets	1,238.59	1,006.71
For doubtful loans and advances	2,265.34	485.87
For foreclosure/credit loss on assignment	5,837.97	6,866.40
Provisions for employee benefits		
- Gratuity	183.85	168.10
Total	9,525.75	8,527.08
8. Short Term Borrowings		
Secured		
Loans repayable on demand *		
- from banks	146,644.64	104,546.10
Unsecured		
Commercial papers	-	2,482.95
Total	146,644.64	107,029.05

* Additional Information:

- Cash credit (including Working Capital Demand Loan) of ₹ 106,743.33 lakhs (Previous Year: ₹ 64,667.15 lakhs) is secured by way of first pari passu charge on receivables of retail, wholesale credit and current assets of the Company.
- Cash Credit of ₹ 39,901.31 lakhs (Previous Year: ₹ 39,878.95 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, 2014

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
9. Trade Payables		
To Micro, Small and Medium Enterprises*	-	-
Others (Refer Note No. 41)	13,967.27	6,179.90
	13,967.27	6,179.90
* 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, 2014. 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)	138,541.32	73,833.33
Interest accrued and due on borrowings	210.10	180.54
Interest accrued but not due on borrowings	2,656.49	2,488.13
Income received in advance	22.56	29.95
Overdrawn Book balance	8,341.30	1,731.53
Unamortised processing fees/subvention income (Refer Note No. 36(c))	5,193.95	2,838.39
Unclaimed dividends	13.72	8.83
Unclaimed Share Application Money	19.32	20.24
Security Deposits	9.79	47.89
Other liabilities (includes statutory liabilities and payables under assignment activity)	6,250.69	4,169.15
	161,259.24	85,347.98
11. Short Term Provisions		
Proposed dividend	1,654.12	1,278.44
Dividend tax thereon (Refer Note No. 43)	-	217.27
Provision for employee benefits		
- Gratuity	20.43	18.68
- Leave encashment and availment	59.41	169.12
For standard assets	547.80	491.59
For doubtful loans and advances	285.58	112.96
For doubtful debts	300.53	1,136.60
For doubtful deposits	18.25	18.25
For foreclosure/credit loss on assignment	879.83	1,822.36
For income tax (net of advance taxes)	-	42.03
	3,765.95	5,307.30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2013	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2014	As at April 1, 2013	For the year		Deletions/ Adjustments during the year	As at March 31, 2014	As at March 31, 2013
						For Continued operations	For Discontinued operations			
Tangible Assets										
Own assets										
Land *	6.25	-	-	6.25	-	-	-	-	6.25	6.25
Computers and Printers	1,983.94	268.59	444.05	1,808.48	964.63	222.47	22.04	356.65	852.49	1,019.31
Office Equipment	705.65	43.96	143.84	605.77	211.06	44.71	0.44	85.55	170.66	494.59
Furniture and Fixtures	650.14	27.48	164.12	513.50	246.37	31.51	0.51	122.72	155.67	403.77
Electrical Installation	202.74	12.19	8.89	206.04	13.74	9.78	-	0.82	22.70	183.34
Air Conditioners	72.63	9.17	56.16	25.64	51.83	0.74	0.40	40.24	12.73	12.91
Leasehold Improvements	1,261.20	18.20	618.79	660.61	833.08	117.74	5.16	584.01	371.97	288.64
Vehicles	20.63	-	20.63	-	20.63	-	-	20.63	-	-
Generator set	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)	4,903.18	379.59	1,456.48	3,826.29	2,341.34	426.95	28.55	1,210.62	1,586.22	2,240.07
Intangible Assets										
Domain Names and Trade Names	16.31	-	-	16.31	15.96	0.07	-	-	16.03	0.28
Data Processing Software	1,187.36	113.12	273.61	1,026.87	487.25	161.73	25.83	163.98	510.83	516.04
Sub-Total (B)	1,203.67	113.12	273.61	1,043.18	503.21	161.80	25.83	163.98	526.86	700.46
Total (A + B)	6,106.85	492.71	1,730.09	4,869.47	2,844.55	588.75	54.38	1,374.60	2,113.08	3,262.29

* Mortgaged as security against Secured Non Convertible Debentures

₹ in Lakhs

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2012	Additions for the year	Deletions/ Adjustments during the year	As at March 31, 2013	As at April 1, 2011	For the year		Deletions/ Adjustments during the year	As at March 31, 2013	As at March 31, 2012
						For Continued operations	For Discontinued operations			
Tangible Assets										
Own assets										
Land *	6.25	-	-	6.25	-	-	-	-	6.25	6.25
Computers and Printers	1,531.96	572.58	118.72	1,983.94	835.35	190.47	33.90	93.20	964.63	696.61
Office Equipment	705.07	137.20	135.57	705.65	203.16	44.34	0.68	36.34	211.06	501.92
Furniture and Fixtures	737.83	79.28	164.19	650.14	259.48	40.08	1.04	53.33	246.37	478.35
Electrical Installation	244.68	34.93	62.56	202.74	21.17	11.94	-	15.62	13.74	223.50
Air Conditioners	108.87	0.56	36.80	72.63	58.70	1.28	1.01	9.16	51.83	50.18
Leasehold Improvements	1,327.41	103.39	169.60	1,261.20	824.56	137.90	12.79	142.17	833.08	502.85
Vehicles	20.63	-	-	20.63	20.63	-	-	-	20.63	-
Generator set	15.65	-	15.65	-	3.76	0.19	-	-	3.95	11.89
Sub-Total (A)	4,698.35	927.94	687.44	4,903.18	2,226.81	426.20	49.42	349.82	2,341.34	2,471.55
Intangible Assets										
Domain and Trade Names	15.94	20.83	20.46	16.31	11.93	5.70	-	1.67	15.96	4.01
Data Processing Software	678.74	509.00	0.38	1,187.36	299.54	149.74	38.10	0.13	487.25	379.19
Sub-Total (B)	694.68	529.83	20.84	1,203.67	311.47	155.44	38.10	1.80	503.21	383.20
Total (A+B)	5,393.03	1,457.77	708.28	6,106.85	2,538.28	581.64	87.52	351.62	2,844.55	3,262.29

* Mortgaged as security against Secured Non Convertible Debentures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs				
Name of the Company	Quantity	As at		Quantity
		March 31, 2014		
13. Non -Current Investments				
Trade Investments: (Valued at Cost unless otherwise stated)				
Investments in Equity Instruments (Unquoted):				
Others:				
In fully paid-up equity shares of ₹ 10 each				
IndoSpace Rohan Industrial Park Private Limited	7,146	21.95	7,146	21.95
IndoSpace Rohan Industrial Park Mahalunge Private Limited	105	20.01	105	20.01
IndoSpace Rohan Industrial Park Khed Private Limited	166	24.34	166	24.34
IndoSpace Rohan Industrial Park Pune Private Limited	105	20.05	105	20.05
IndoSpace SKCL Industrial Park Orgadem Private Limited	12,025	16.56	12,025	16.56
IndoSpace FWS Industrial Park Private Limited	3,957	7.80	3,957	7.80
		110.71		110.71
Additional Information:				
Aggregate value of unquoted investments:		110.71		110.71

₹ in Lakhs			
Particulars	As at		As at March 31, 2013
	March 31, 2014		
14. Deferred Tax Assets (Net)			
Deferred tax asset:			
On account of depreciation on fixed assets		191.08	336.00
On other disallowances under Income Tax Act, 1961			
- Retirement Benefit		69.44	63.48
- Provision for doubtful debts		101.52	94.62
- Provision for doubtful retail loans		857.63	192.38
- Unamortised Processing fees		3,068.52	1,948.17
- Provision for standard assets		606.70	509.27
- Other disallowance		27.53	6.21
		4,922.42	3,150.13
Deferred tax liability:			
Special Reserve		11.16	-
Unamortised loan origination cost		2,233.44	1,644.52
Unamortised borrowing costs		969.79	638.18
		3,214.39	2,282.70
Net Deferred tax assets		1,708.03	867.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
15. Long Term Loans and Advances		
<i>Secured, considered good</i>		
Loans and advances relating to financing activity	451,836.18	380,592.77
<i>Secured, considered doubtful</i>		
Loans and advances relating to financing activity	3,879.66	1,650.17
<i>Unsecured, considered good</i>		
Capital advances	79.71	90.66
Security Deposits	754.76	1,046.47
Loans and advances relating to financing activity	33,028.86	4,478.58
Receivables under loans assigned	3,480.55	6,463.03
Advances to staff *	-	100.00
Advances recoverable in cash or in kind or for value to be received	144.81	894.65
Advance taxes (net of provision for tax)	7,387.96	3,338.34
<i>Unsecured, considered doubtful</i>		
Loans and advances relating to financing activity	259.40	63.43
	500,851.89	398,718.10
*Additional Information:		
Debts due by directors or other officers of the company	-	100.00
16. Other Non-Current Assets		
Unamortised loan origination cost (Refer Note No. 36(a))	3,813.23	3,469.82
Unamortised borrowing costs (Refer Note No. 36(b))	2,089.79	1,405.73
Balances with banks		
- in deposit accounts exceeding twelve months maturity *	19,273.36	19,669.00
	25,176.38	24,544.55

* includes under lien ₹ 16,021.01 lakhs (Previous year ₹ 16,667.10 lakhs) relating to assignment and ₹ 3,250.45 lakhs (Previous year ₹ 3,000.00 lakhs) relating to term loans.

Particulars	₹ in Lakhs			
	Quantity	As at March 31, 2014	Quantity	As at March 31, 2013
17. Current Investments				
Investments in Commercial Papers	7,000	34,631.52	-	-
	7,000	34,631.52	-	-
Additional Information:				
Aggregate value of unquoted investments: - Cost		34,631.52		
Name of body corporate:				
Aditya Birla Finance Limited	1,000	4,962.79	-	-
Kotak Mahindra Investment Limited	1,000	4,924.25	-	-
Family Credit Limited	2,000	9,914.04	-	-
L&T FinCorp Limited	2,000	9,901.59	-	-
Tata Housing Development Company Limited	1,000	4,928.85	-	-
	7,000	34,631.52	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
18. Trade receivables		
Trade receivables exceeding six months		
- Secured, considered good	-	4.83
- Unsecured, considered doubtful	259.87	283.11
	259.87	287.94
Other debts		
- Secured, considered good	-	1,255.07
- Unsecured, considered good	635.45	2,311.88
- Unsecured, considered doubtful	40.65	43.97
	676.10	3,610.92
	935.97	3,898.86
19. Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand *	1,394.07	1,604.45
Balances with Banks		
- in unclaimed dividend accounts	13.72	8.83
- in unclaimed share application money	19.32	20.24
- in current accounts	111,048.66	95,497.39
- in deposit accounts having original maturity less than three months	86,815.35	20,000.00
	199,291.12	117,130.91
Other Bank Balances		
Deposit with original maturity for more than three months but less than twelve months		
- in fixed deposit accounts #	2,006.39	20.00
- in fixed deposit accounts lien against Bank Guarantee **	-	1,899.39
- in fixed deposit account earmarked against Trade Guarantee Fund	10.00	10.00
	201,307.51	119,060.30

* Includes Cash in transit amounting to ₹ 120.98 lakhs (Previous year ₹ 169.36 lakhs).

includes under lien ₹ 2,000.00 lakhs (Previous year ₹ Nil) relating to assignment.

** Other Bank balances include a restricted fixed deposit of amount ₹ Nil (Previous year ₹ 1,411.89 lakhs) which was in relation to performance fees and received from third party as set out in a Service Agreement between the Company's subsidiary and third party. The subsidiary has terminated the agreement with third party, subsequent to which fixed deposit was transferred to subsidiary's current account and is available for use by the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
20. Short Term loans and advances		
<i>Secured, considered good</i>		
Loans and advances relating to financing activity *	155,212.81	146,720.32
Receivables under loans assigned	-	21,690.00
<i>Secured, considered doubtful</i>		
Loans and advances relating to financing activity *	311.50	116.73
<i>Unsecured, considered good</i>		
Loans and advances relating to financing activity *	51,467.77	19,305.53
Receivables under loans assigned	1,448.94	1,642.27
Advances to staff **	100.00	-
Advances recoverable in cash or in kind or for value to be received (Refer Note No. 41)	22,099.53	2,831.50
Security Deposits	168.14	45.02
<i>Unsecured, considered doubtful</i>		
Security Deposits	18.25	18.25
Loans and advances relating to financing activity *	577.51	102.67
Advances recoverable in cash or in kind or for value to be received	24.72	32.84
	231,429.17	192,505.13
* Includes current maturities of long-term loans and advances and overdue advances.		
** Additional Information:		
Debts due by directors or other officers of the company	100.00	-
21. Other Current Assets		
Interest accrued and due	129.82	750.88
Interest accrued but not due	9,514.01	6,928.91
Unamortised loan origination cost (Refer Note No. 36(a))	2,760.53	1,368.45
Unamortised borrowing costs (Refer Note No. 36(b))	763.56	471.82
Unbilled Subvention Income	458.32	369.65
Others	14.83	30.68
	13,641.07	9,920.39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
22. Revenue from operations		
Interest income	97,484.59	72,839.45
Other financial services		
Fee income	6,504.99	2,167.56
Rental income	-	108.68
Income from assignment of loans	325.18	2,920.85
Profit on sale of Leased Assets	-	11.44
Management fees	-	748.32
Commission and brokerage Income	985.99	1,233.12
	105,300.75	80,029.42
23. Other Income		
Profit on sale of current investments (net)	750.27	615.96
Profit on trading in commodities (net)	-	83.52
Interest on income tax refund	89.76	110.81
Excess provision written back	0.15	0.16
Other non operating income	110.49	23.74
	950.67	834.19
24. Employee Benefits Expense		
Salaries and wages	11,986.45	12,470.49
Contribution to provident and other funds	366.83	370.65
Staff Welfare Expense	325.66	236.31
	12,678.94	13,077.45
25. Finance Costs		
Interest expense	62,418.19	43,294.28
Other borrowing costs	2,249.93	5,033.32
	64,668.12	48,327.60
26. Depreciation and Amortisation expense		
Depreciation on Fixed Assets	426.95	426.20
Depreciation on Investment Property	-	30.64
Amortisation of intangible assets	161.80	155.44
	588.75	612.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
27. Other expenses		
Rent	1,456.90	1,411.06
Repairs others	735.60	487.93
Insurance	41.57	51.62
Rates and taxes	259.71	114.89
Auditors Remuneration		
- as auditor	74.79	55.59
- Tax audit fees	1.00	1.00
- for Certification and others	4.05	4.18
- for reimbursement of expenses	5.17	3.48
Business promotion expenses	234.90	260.05
Commission and brokerage	248.80	89.44
Travelling expenses	745.19	587.92
Communication expenses	683.17	610.69
Printing and stationery	334.81	200.49
Recruitment expenses	105.56	160.11
Membership and subscription	43.17	24.27
Advertisement and publicity expenses	378.64	371.53
Electricity charges	248.55	198.15
Amortised loan origination cost	5,101.55	1,964.34
Provision and Write offs:		
Provision for doubtful loans and advances	1,064.82	808.73
Provision for standard assets	268.09	270.43
Bad loans and trade receivables written off (net of recovery)	3,552.96	1,100.91
	4,885.87	2,180.07
Loss on sale of fixed asset (including write off) (net)	111.54	321.85
Legal and professional charges	3,655.80	2,272.11
CMS Charges	579.16	727.07
Directors sitting fees	10.71	18.82
Collection expenses	1,303.71	254.00
Remuneration to non-whole time directors		
- Commission	60.00	48.00
Preliminary expenses written off	-	4.85
Miscellaneous expenses	530.59	585.71
	21,840.51	13,009.22
28. Exceptional items		
Provision for diminution in value of investments	-	-
Profit on sale of subsidiaries (Refer note (i) below)	-	2,130.95
	-	2,130.95

Note:

- (i) During the year ended March 31, 2013, the Company had sold its stake in Myra Mall Management Company Limited vide Share Purchase Agreement dated July 09, 2012 for a consideration of ₹ 2,236.00 lakhs. The profit of ₹ 2,236.00 lakhs on sale of shares has been reported as exceptional items.
- (ii) During the year ended March 31, 2013, the Company has sold its stake in Future Finance Limited vide Share Purchase Agreement dated September 17, 2012 for a net consideration of ₹ 1,520.47 lakhs. The net loss of ₹ 105.05 lakhs after goodwill write off has been reported as exceptional items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

₹ in Lakhs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
29. Earnings per equity share ('EPS')		
Basic EPS		
Profit for the year after tax expense considered for basic EPS calculation	5,262.82	6,310.94
Weighted average number of equity shares	71,151,526	66,525,931
Nominal value per equity share (₹)	10.00	10.00
Earning per equity share - Basic (₹)	7.40	9.49
Diluted EPS		
Net Profit considered for diluted EPS calculation	5,262.82	6,310.95
Weighted average number of equity shares	71,151,526	66,525,931
Add: Weighted number of equity shares under options	153,611	331,053
Add: Weighted number of equity shares under Compulsorily Convertible Preference Shares	-	-
Weighted average number of diluted equity shares	71,305,137	66,856,984
Nominal value per equity share (₹)	10.00	10.00
Earning per equity share - Diluted (₹)	7.38	9.44

30. Contingent liabilities

Contingent Liabilities not provided for in respect of:

₹ in Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Guarantees given by Bank on behalf of the Group	-	975.00
Corporate guarantee given by group to banks	900.00	1,900.00
Liability on account of retail trades	19.00	20.80
Income-tax matters under dispute *	362.33	362.33

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

₹ in Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	194.98	205.24
Commitments relating to loans sanctioned but undrawn	12,083.96	15,820.48

31. Post-employment benefit plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service. Gratuity expense has been included in Salaries, wages and allowances 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

A. Change in Present Value of Obligation

₹ in Lakhs

Particulars	Gratuity (Unfunded)		Gratuity (Funded)	
	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013
Present Value of the Obligation as at the beginning of the year	186.78	123.49	15.65	8.63
Interest Cost	17.74	10.19	1.49	0.71
Current Service Cost	94.35	111.22	0.73	7.39
Benefit Paid	(26.76)	(17.12)	(8.79)	(3.11)
Actuarial (gain)/loss on obligations	(67.83)	(41.00)	(6.28)	2.03
Present Value of the Obligation as at the end of the year	204.28	186.78	2.80	15.65

B. Fair Value of Plan Assets

₹ in Lakhs

Particulars	Gratuity (Unfunded)		Gratuity (Funded)	
	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013
Fair Value of the Plan Assets as at the beginning of the year	-	-	30.62	26.69
Expected return on Plan Assets	-	-	2.17	2.34
Difference in accrued interest and actual interest for previous year	-	-	0.05	-
Contributions	-	-	-	4.70
Benefits paid	-	-	(7.86)	(3.11)
Fair Value of the Plan Assets as at the end of the year	-	-	24.98	30.62

C. Actual return on Plan Assets

₹ in Lakhs

Particulars	Gratuity (Unfunded)		Gratuity (Funded)	
	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013
Actual return on Plan Assets	-	-	2.17	2.34

D. Amount recognised in the Statement of Profit and Loss

₹ in Lakhs

Particulars	Gratuity (Unfunded)		Gratuity (Funded)	
	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Cost	17.74	10.19	1.49	0.71
Current Service Cost	94.35	111.22	0.73	7.39
Expected return on Plan Assets	-	-	(2.17)	(2.34)
Actuarial (gain)/loss on obligations	(67.83)	(41.00)	(6.28)	2.03
Total expense/(income) recognised in the Statement of Profit and Loss	44.26	80.41	(6.23)	7.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

E. Reconciliation of Balance Sheet

₹ in Lakhs

Particulars	Gratuity (Unfunded)		Gratuity (Funded)	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Present Value of the Obligation as at the beginning of the year	186.78	123.49	15.65	8.63
Total expense/(income) recognised in the Statement of Profit and Loss	44.26	80.41	(6.23)	7.79
Benefits paid	(26.76)	(17.12)	(8.79)	(3.11)
Expected Return on Plan Assets	-	-	2.17	2.34
Present Value of the Obligation as at the end of the year	204.28	186.78	2.80	15.65
Fair Value of the Plan Assets as at the end of the year	-	-	24.98	30.62
Over funded obligations (Net)	-	-	22.18	14.98

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

Assumptions	Gratuity (Unfunded)		Gratuity (Funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Discount rate	9.50%	8.25%	9.50%	8.25%
Increase in compensation cost	8%	8%	8%	5%
Employee turnover	2%	2%	2%	1%
Rate of Return on Plan Assets	NA	NA	8.68%	9.05%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on Balance Sheet date, applicable to the period over which the obligation is to be settled.

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

32. Employee Stock Option Scheme ('ESOS')

For the year ended March 31, 2014

Particulars of Options	ESOP 2007	ESOP 2008	ESOP 2009	ESOP 2011	ESOP 2012
Outstanding as at the beginning of the year	344,000	597,500	350,000	1,432,500	1,300,000
Granted during the year	-	200,000	-	22,500	955,000
Forfeited/Cancelled during the year	-	285,000	-	76,000	205,000
Lapsed during the year	-	-	-	-	-
Exercised/Allotted during the year	-	-	-	-	-
Outstanding as at the end of the year	344,000	512,500	350,000	1,379,000	2,050,000
Exercisable at the end of the year	344,000	269,750	327,500	591,375	298,750
Weighted average remaining contractual life (in years)	10.15	10.75	10.25	10.63	11.57
Weighted average fair value of options granted (₹)	146.37	88.36	141.14	74.00	87.45
Method of settlement	Equity	Equity	Equity	Equity	Equity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

For the year ended March 31, 2013

Particulars of Options	ESOP 2007	ESOP 2008	ESOP 2009	ESOP 2011	ESOP 2012
Outstanding as at the beginning of the year	452,000	579,500	350,000	1,197,000	-
Granted during the year	-	40,000	30,000	347,500	1,315,000
Forfeited/ Cancelled during the year	100,000	20,000	30,000	69,000	15,000
Lapsed during the year	-	-	-	-	-
Exercised/ Allotted during the year	8,000	2,000	-	43,000	-
Outstanding as at the end of the year	344,000	597,500	350,000	1,432,500	1,300,000
Exercisable at the end of the year	-	162,100	160,000	217,000	-
Weighted average remaining contractual life (in years)	3.44	4.51	4.40	6.68	6.19
Weighted average fair value of options granted (₹)	146.37	95.53	141.14	73.71	98.38
Method of settlement	Equity	Equity	Equity	Equity	Equity

ESOS 2007

No further options were granted during the year under this scheme. Options under this scheme will vest after the expiry of 3 years from the date of grant. All the options are exercisable within 4 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2008

The Compensation and Nomination Committee at its Meeting held on May 27, 2013 has granted options in respect of 200,000 equity shares to the eligible employees at an exercise price of ₹ 155.70. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options are exercisable within 4 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. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options are exercisable within 4 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2011

The Compensation and Nomination Committee at its Meeting held on May 27, 2013 has granted options in respect of 22,500 equity shares to the eligible employees at an exercise price of ₹ 155.70. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options are exercisable within 4 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2012

The Compensation and Nomination Committee at its Meeting held on May 27, 2013 granted options in respect of 915,000 equity shares and the said Committee vide Circular resolution dated October 7, 2013 granted options in respect of 40,000 equity shares to the eligible employees at an exercise price of ₹ 155.70 and ₹ 165.25 respectively. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 year respectively. All the options are exercisable within 4 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, 2014

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

Particulars	ESOS 2007/ ESOS 2008/ ESOS 2009/ ESOS 2011/ ESOS 2012
Exercise Price	ESOS 2008-200,000 stock options with exercise price of ₹ 155.70 ESOS 2011- 22,500 stock options with exercise price of ₹ 155.70 ESOS 2012- 915,000 stock options with exercise price of ₹ 155.70 and 40,000 stock options with exercise price of ₹ 165.25
Historical Volatility	44.65% - 53.76%
Life of the options granted (Vesting and exercise period) in years	<u>Vesting schedule:</u> 25% each year from the end of 1, 2, 3 and 4 years of the date of grant respectively <u>Exercise Period:</u> Within 4 years from the date of vesting or 10 years from the date of grant, whichever is later
Dividend yield	0.9% - 1.09%
Average risk-free interest rate	7.18% - 8.70%

Details of modification to employee stock option scheme (change in exercise period) :

- The shareholders of the Company have approved modification of the exercise period of 3 years from the date of vest for Scheme 2007 and 4 years from the date of vest for other Schemes to 10 years from the date of grant, at the Annual General meeting held on August 22, 2013.
- The details of incremental fair value as a result of modification in the exercise period is as follows:

Sl No.	Scheme Name	Grant Name	Grant Date	Fair value on Date of Grant (₹)	Pre Modification Fair value (₹)	Post Modification Fair value (₹)	Incremental Cost per option (₹)
1.	ESOP 2007	Grant-4	27-May-13	146.37	20.62	42.77	22.15
2.	ESOP 2008	Grant-3	23-Sep-10	136.07	22.66	42.40	19.73
3.	ESOP 2008	Grant-4	3-Jan-11	102.83	38.79	57.79	19.00
4.	ESOP 2008	Grant-5	29-Jun-11	68.62	63.40	78.99	15.60
5.	ESOP 2008	Grant-6	11-Dec-12	98.57	56.85	75.10	18.25
6.	ESOP 2008	Grant-7	27-May-13	71.11	73.69	88.67	14.97
7.	ESOP 2009	Grant-1	18-Oct-10	147.95	24.07	44.05	19.98
8.	ESOP 2009	Grant-2	3-Jan-11	102.83	38.79	57.79	19.01
9.	ESOP 2009	Grant-3	11-Dec-12	98.57	56.85	75.10	18.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Sl. No.	Scheme Name	Grant Name	Grant Date	Fair value on Date of Grant (₹)	Pre Modification Fair value (₹)	Post Modification Fair value (₹)	Incremental Cost per option (₹)
10.	ESOP 2011	Grant-1	29-Jun-11	68.62	63.40	78.99	15.60
11.	ESOP 2011	Grant-2	26-Dec-11	61.88	71.87	86.44	14.56
12.	ESOP 2011	Grant-3	12-Jan-12	59.66	73.58	87.91	14.34
13.	ESOP 2011	Grant-4	11-Dec-12	98.57	56.85	75.10	18.25
14.	ESOP 2011	Grant-5	27-May-13	71.11	73.69	88.67	14.97
15.	ESOP 2012	Grant-1	11-Dec-12	98.57	56.85	75.10	18.25
16.	ESOP 2012	Grant-2	6-Feb-13	82.51	65.59	82.34	16.74
17.	ESOP 2012	Grant-3	27-May-13	71.11	73.69	88.66	14.97

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

d. 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:

₹ in Lakhs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Net Profit after tax as reported	5,262.82	6,310.94
Less: Employee stock compensation cost under fair value method (Refer Note below)	1,787.74	933.52
Total	3,475.08	5,377.42
Basic earnings per share as reported (₹)	7.40	9.49
Proforma Basic earnings per share (₹)	4.88	8.08
Diluted earnings per share as reported (₹)	7.38	9.44
Proforma Diluted earnings per share (₹)	4.87	8.04

Notes:

Employee stock compensation cost includes ₹ 551.00 lakhs pertaining to incremental fair value pursuant to change in exercise period which is accounted as follows:

- where modification occurred after the vesting period, the incremental fair value is recognised immediately.
- where modification occurred during the vesting period, the incremental fair value is recognised over the remainder of the original vesting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

33. Segment Reporting

Primary segment information (by business segments):

Segment Report as per Accounting Standard ('AS') – 17, 'Segment Reporting' is as under:

₹ in Lakhs

Particulars	Consolidated		Financing Activities		Other reconciling items	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Primary Segment-Business						
Revenue						
Income from external operations	106,251.42	80,863.61	106,152.22	79,977.24	99.20	886.37
Inter segment revenue	2,483.86	516.16	2,228.29	-	255.57	516.16
Total	108,735.28	81,379.77	108,380.51	79,977.24	354.77	1,402.53
Segment result	6,546.09	8,003.42	6,116.76	8,249.01	429.33	(245.59)
Interest on unallocated reconciling items	(70.99)	(35.39)	-	-	(70.99)	(35.39)
Income taxes	(580.01)	(990.65)	(474.33)	(901.01)	(105.68)	(89.64)
Net Profit after tax	5,895.09	6,977.38	5,642.43	7,348.00	252.66	(370.62)
Net Profit/(Loss) after tax from discontinuing operations	(632.27)	(666.42)	-	-	(632.27)	(666.42)
Other Information						
Segment assets	996,059.03	743,819.37	990,539.06	741,079.61	5,519.97	2,739.76
Other unallocated assets	9,096.00	4,205.77	8,748.78	3,872.34	347.22	333.43
Assets relating to discontinuing operations	8,038.49	5,507.50	-	-	8,038.49	5,507.50
Total Assets	1,013,193.52	753,532.64	999,287.84	744,951.95	13,905.68	8,580.69
Segment liabilities	888,557.70	656,075.68	888,557.70	652,054.86	132.31	4,020.82
Other unallocated liabilities	-	-	-	-	-	-
Liabilities relating to discontinuing operations	7,450.59	1,385.70	-	-	7,450.59	1,385.70
Total Liabilities	896,008.29	657,461.38	888,557.70	652,054.86	7,582.90	5,406.52
Capital Expenditure *	492.71	1,457.76	485.12	1,427.79	7.59	29.97
Depreciation/ amortisation	588.75	612.28	569.21	563.23	19.54	49.05
Other non-cash expenses	4,997.41	2,501.92	5,393.70	1,483.08	(396.29)	1,018.84

* including for discontinued operations ₹ 7.59 lakhs.

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. (w.e.f. November 2, 2012)
	Future Retail Limited (earlier known as Pantaloon Retail (India) Limited) (upto September 28, 2012)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Names of other related parties with whom transactions have taken place during the year:

Relationship	Name of the Party
Fellow subsidiaries	Dayside Investment Ltd (w.e.f. November 2, 2012) Future E-Commerce Infrastructure Limited (upto September 28, 2012) Future Value Retail Limited (upto September 28, 2012)
Key Management Personnel	Mr. V. Vaidyanathan - Chairman and Managing Director
Enterprises significantly influenced by key management personnel	JV & Associates LLP

Refer Annexure 1 and 1A for the transactions with related parties for the year ended March 31, 2014.

35. Operating Leases

The Group's significant leasing arrangements in respect of operating leases are for premises (residential and office) and vehicle which are renewable on mutual consent at agreed terms. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 36 to 60 months. There are no sub-leases.

The aggregate lease rentals payable are charged to the statement of profit and loss.

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Lease payments recognized in the Statement of Profit and Loss	1,456.90	1,411.06

Details of non-cancellable leases are as follows:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Minimum Lease Payments:		
Not later than one year	789.97	693.41
Later than one year but not later than five years	1,120.37	1,782.83
Later than five years	Nil	Nil

Finance Leases

In accordance with Accounting Standard – AS 19 – Leases, the reconciliation between the total gross investment in the lease and the present value of minimum lease payments (MLP) receivables is as under:

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Gross investment in lease	5.50	215.64
Less: Unearned finance Income	0.25	8.04
MLP Receivables	5.25	207.60

Maturity Pattern of the Gross Investments in lease/ Present Value of MLP Receivables:

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Gross investment for each of the following years:		
- Not later than one year	5.50	205.53
- Later than one year and not later than five years	-	10.11
	5.50	215.64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
Present value of minimum lease payment for each of the following years:		
- Not later than one year	5.25	198.24
- Later than one year and not later than five years	-	9.35
	5.25	207.59
Unmatured finance charges	Nil	Nil
Unguaranteed residual value accruing to the benefit of lessor	Nil	Nil
Accumulated provision for minimum lease payment receivable	Nil	Nil

36. Deferment of loan origination cost, borrowing cost, processing fees and subvention income

a. Loan origination cost

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Total loan origination cost deferred	6,837.04	4,663.56
Cost amortised and charged to statement of profit and loss during the year	5,101.55	1,964.34
Unamortised cost shown into balance sheet :		
Current	2,760.53	1,368.45
Non-current	3,813.23	3,469.82

b. Borrowing cost

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Total borrowing cost deferred	1,771.44	2,172.03
Cost amortised and charged to statement of profit and loss during the year	795.65	294.47
Unamortised borrowing cost shown into balance sheet :		
Current	763.55	471.82
Non-current	2,089.79	1,405.73

c. Processing fees and subvention income

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Total unamortised income from processing fees/subvention income deferred	12,348.36	7,423.54
Income amortised and credited to Statement of Profit and Loss during the year		
- Fee income	4,295.84	1,512.03
- Interest income	4,753.91	1,876.01
Unamortised processing fees/subvention income shown into balance sheet:		
Current	5,193.95	2,838.39
Non-current	3,836.26	2,893.21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

37. During the year, the Board of Directors vide Circular Resolution dated March 28, 2014 allotted ₹ 11,607,145 equity shares of the Company of ₹ 10/- each, at the premium of ₹ 143.80/- each on preferential basis. The said funds aggregating to ₹ 17,851.79 lakhs received pursuant to the aforesaid allotment have been unutilised as on March 31, 2014. The aforesaid allotment is subject to the lock-in requirements as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, with regard to the Preferential Issue.
38. As per the Guidance Note issued by the Chartered Accountants of India on Accounting for Employee Share-based payment which requires that shares allotted to a trust but not transferred to the employees be reduced from Share Capital and Reserves Accordingly, the Company has adjusted the Share Capital by ₹ 60.97 lakhs (Previous year: ₹ 60.97 lakhs) and Securities Premium by ₹ 1,429.38 lakhs (Previous year: ₹ 1,457.38 lakhs) in respect of 609,713 (Previous year: 609,713) shares held by the trusts. The current year amount is after adjusting the repayment received from the trust.
39. Share application money pending allotment represents money received from employees pursuant to exercise of stock options. The shares were allotted subsequent to the balance sheet date.
40. An amount of ₹ 1,732.72 lakhs relates to tax credit of Assessment Year 2011-12 in respect of bad debts written off allowed as a deduction on completion of assessment.
41. One of the Subsidiary of the Company has exposure to National Spot Exchange Limited (NSE) of ₹ 7,365.20 lakhs with respect to trade relationship of its clients with NSEL. Based on the contracts with its clients and legal opinion obtained, by the Company, subsidiary being a broker would not incur any liability to its clients', consequent to the payment crisis at NSEL. The subsidiary would recognise its brokerage income on receipt basis, on the amount received from NSEL on behalf of its clients.
42. The Board of Directors at its meeting held on November 13, 2013 decided to discontinue its broking business carried on through its subsidiaries viz. Capital First Securities Limited (CFSL) & Capital First Commodities Limited (CFCL) (subsidiary of CFSL). In view of the foregoing, the accompanying financial statements have been prepared on the basis that the Company does not continue as a going concern and consequently, assets are measured at net realizable value and liabilities are measured at the cost to settle, as determined by the management. These expected realizable values and expected settlement values of assets and liabilities are subject to change on actual realization/settlement.

The carrying amount of Assets and Liabilities and Income and Expenditure for the year pertaining to discontinued operations are:

₹ in Lakhs

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Total income	106,251.42	800.46	82,994.56	1,099.59
Operating Expenses	99,776.32	1,358.44	75,026.55	1,731.07
Profit / (Loss) from operating activities	6,475.10	(557.98)	7,968.01	(631.48)
Interest expense	-	14.37	-	14.76
Profit / (Loss) before tax	6,475.10	(572.35)	7,968.01	(646.24)
Tax	580.01	59.92	990.65	20.18
Profit / (Loss) after tax	5,895.09	(632.27)	6,977.36	(666.42)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Total Assets	1,005,155.03	8,038.49	748,025.14	5,507.50
Total Liabilities	888,557.70	7,450.59	656,075.68	1,385.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- 43.** The Company has received dividend of ₹ 2,050.42 lakhs from its wholly owned foreign subsidiary on which income tax of ₹ 348.47 lakhs has been paid by the Company. As per the provision of the Income Tax Act, 1961, this tax paid is eligible for set off against the tax on dividend proposed by the Company aggregating to ₹ 281.12 lakhs. Hence there is no dividend tax liability on the Company relating to dividend proposed.
- 44.** Figures for previous year have been regrouped and/or reclassified wherever considered necessary, to conform to current year's classification.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E
Chartered Accountants

per Shrawan Jalan

Partner
Membership No. 102102

Place : Mumbai

Date : May 8, 2014

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

V. Vaidyanathan

Chairman &
Managing Director

N. C. Singhal

Director

Pankaj Sanklecha

Chief Financial Officer &
Head-Corporate Centre

Satish Gaikwad

Company Secretary

Place : Mumbai

Date : May 8, 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Annexure 1

Transactions with Related parties for the year ended March 31, 2014

Relationship	Holding Company		Subsidiaries		Fellow Subsidiaries		Key Management Personnel	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Purchase of goods/services	-	-	-	-	-	14.53	-	-
Rent/ Lease rent paid	-	23.06	-	-	-	8.06	-	-
Subvention Income Received	-	52.45	-	-	-	23.76	-	-
Allotment of Equity Shares	12,853.29	-	-	-	-	-	-	-
Managerial Remuneration	-	-	-	-	-	-	412.05	386.03

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Annexure 1A

Transactions with Related parties for the year ended March 31, 2014

Particulars	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Purchase of Goods/Services		
Future E-Commerce Infrastructure Limited	-	14.53
Total	-	14.53
Rent/Lease rent paid		
Future Retail Limited (earlier known as Pantaloon Retail (India) Limited)	-	23.06
Future Value Retail Limited	-	8.06
Total	-	31.12
Subvention Income Received		
Future Retail Limited (earlier known as Pantaloon Retail (India) Limited)	-	52.45
Future Value Retail Limited	-	23.76
Total	-	76.21
Allotment of Equity Shares		
Cloverdell Investment Ltd.	12,853.29	-
Managerial Remuneration		
Mr. V. Vaidyanathan	412.05	386.03

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Information on the financials of the subsidiary companies for the year ended March 31, 2014

[Prepared in compliance with the requirements of the exemption letter(s) of the Ministry of Corporate Affairs, Government of India]

Name of the Subsidiary Company	Capital First Investment Advisory Limited		Capital First Commodities Limited		Capital First Home Finance Private Limited		Capital First Securities Limited		Anchor Trading & Investment Private Limited	
	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
The financial year of subsidiary ended on	600.59	2,832.50	100.39	292.51	3,627.50	6,735.56	7.75			
Capital	3,040.11	100.39	292.51	(3,525.03)						
Reserves	3,745.60	10,314.20	8,325.75	3,396.64						
Total assets	104.90	7,381.31	4,405.74	186.11						
Total liabilities										
Investments (except in case of investment in subsidiaries)	110.71	-	-	2,828.00						
Turnover	352.46	427.33	409.29	823.43						
Profit/(Loss) before tax	370.85	142.50	256.14	(608.90)						
Provision for tax	111.14	59.92	84.08	-						
Profit/(Loss) after tax	259.71	82.58	172.06	(608.90)						
Proposed dividend	-	-	-	-						

Notes:

1. Ministry of Corporate Affairs (MCA) has vide its letter No. 47/91/2011-CL-III dated February 8, 2011, read with General Circular No. 2/2011 dated February 8, 2011 and General Circular No. 3/2011 dated February 21, 2011, has exempted the Company from attaching to its Balance Sheet, certain information in respect of its subsidiaries specified in Section 212(1) of the Companies Act, 1956.
2. The annual accounts of the subsidiary companies are available for inspection at the Registered Office of the Company



Registered & Corporate Office

CAPITAL FIRST LIMITED

(formerly known as Future Capital Holdings Limited)

CIN No. L29120MH2005PLC156795

IndiaBulls Finance Centre, Tower - 2, 15th Floor, Senapati Bapat Marg,
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