

2016-17 GAINING MOMENTUM



BUILT ON A STRONG FOUNDATION

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OUR VISION

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

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

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

OUR VALUES

RESPONSIBILITY

We respect the fact that our investors have entrusted us with their capital, our partners with their faith, our customers with their confidence and our employees with their aspirations. We will measure our success by the success of our stakeholders and will work diligently to ensure that we fulfil our fiduciary responsibility.

INTEGRITY

We firmly believe that the difference between a good business and a great organisation is the integrity of its people. We will conduct ourselves ethically and transparently in all our dealings, both internal and external.

LEADERSHIP

We will maintain an environment which fosters creativity and encourages innovation and run an ethical organisation. We believe that this will enable us to attract, retain and nurture the best talent and contribute to their growth.

MUTUAL RESPECT

We will build an organisation which has a positive mindset. By conducting every interaction with respect and consideration, we will create a self-reinforcing culture of success.

COMMUNITY

We believe that it is our responsibility to contribute to the environment in which we operate. By investing in our community, we will not only improve our surroundings today, but also provide better opportunities for future generations.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. V. Vaidyanathan

Chairman & Managing Director
DIN - 00082596

Mr. N. C. Singhal

Independent Director
DIN - 00004916

Mr. Vishal Mahadevia

Non-Executive Director
DIN - 01035771

Mr. M. S. Sundara Rajan

Independent Director
DIN - 00169775

Mr. Hemang Raja

Independent Director
DIN - 00040769

Dr. (Mrs.) Brinda Jagirdar

Independent Director
DIN - 06979864

Mr. Dinesh Kanabar

Independent Director
DIN - 00003252

Mr. Narendra Ostawal

Non-Executive Director
DIN - 06530414

Mr. Apul Nayyar

Executive Director
DIN - 01738973

Mr. Nihal Desai

Executive Director
DIN - 03288923

CHIEF FINANCIAL OFFICER & HEAD - CORPORATE CENTRE

Mr. Pankaj Sanklecha

HEAD - LEGAL, COMPLIANCE AND COMPANY SECRETARY

Mr. Satish Gaikwad

INVESTOR RELATIONS

Mr. Saptarshi Bapari

LIST OF BANKING RELATIONSHIPS & SUBSCRIBERS TO DEBT ISSUES

Allahabad Bank

Andhra Bank

Bank of Maharashtra

Bank of Baroda

Bank of India

BNP Paribas Mutual Fund

Canara Bank

Canara Robeco Mutual Fund

Central Bank of India

Cholamandalam MS General Insurance Company Ltd.

Citibank

Corporation Bank

Dena Bank

Deutsche Bank

DHFL Pramerica Life Insurance Co. Ltd.

DHFL Pramerica Mutual Fund

Franklin India Mutual Fund

Future Generali India Insurance Co. Ltd.

General Insurance Corporation of India

Gratuity Fund

HDFC Ergo General Insurance Co. Ltd.

HDFC Bank Ltd.

HDFC Standard Life Insurance Co. Ltd.

HSBC Bank

HSBC Mutual Fund

IDBI Bank Ltd.

IDBI Mutual Fund

IDFC Bank Limited

IFFCO-TOKIO General Insurance Co. Ltd.

Indian Bank

Indian Overseas Bank

Indusind Bank

International Finance Corporation

Invesco Mutual Fund

Kotak Bank Ltd.

L&T Liquid Fund

LIC Mutual Fund

Life Insurance Corporation of India

MUDRA

National Bank for Agriculture and Rural Development

Oriental Bank of Commerce

Pension Fund

Provident Funds

Punjab National Bank

Reliance General Insurance Co. Ltd.

Reliance Mutual Fund

Royal Sundaram General Insurance Co. Ltd.

SBI General Insurance Co. Ltd.

SBI Mutual Fund

Small Industries Development Bank of India

Star Union Dai-ichi Life Insurance Co. Ltd.

State Bank of Bikaner & Jaipur

State Bank of Hyderabad

State Bank of India

Superannuation Funds

Syndicate Bank

Taurus Mutual Fund

The Federal Bank Limited

The New India Assurance Co. Ltd.

UCO Bank

Union Bank of India

Union Mutual Fund

United Bank of India

UTI Mutual Fund

Vijaya Bank

STATUTORY AUDITORS

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

CAPITAL FIRST AT A GLANCE



₹ 198.24 Billion
AUM



AAA
Credit Rating



₹ 33,988 million
Total Capital



0.95%
Gross NPA



0.30%
Net NPA



4.06 million
Customers Financed



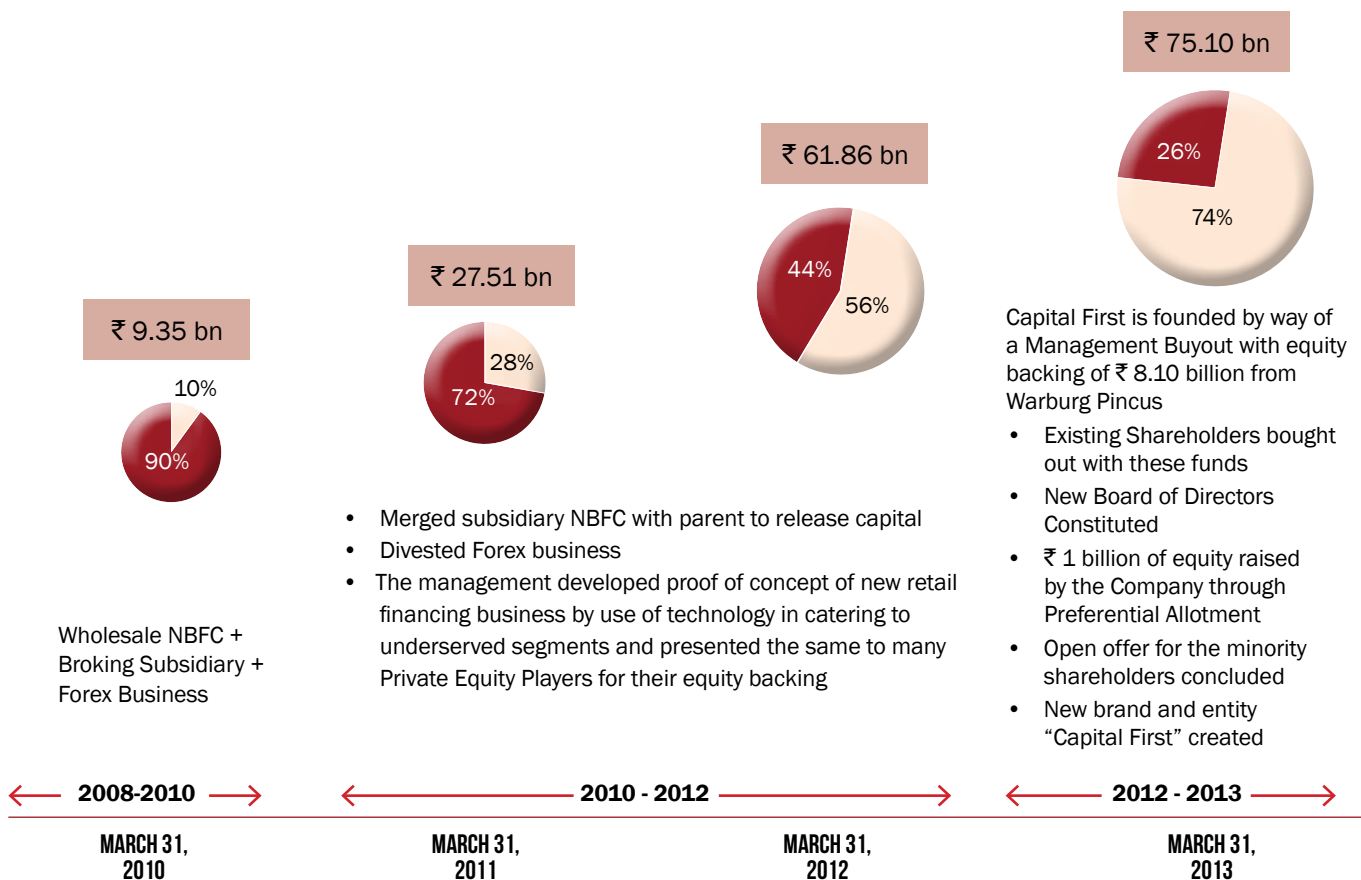
20.34%
Capital Adequacy
Ratio

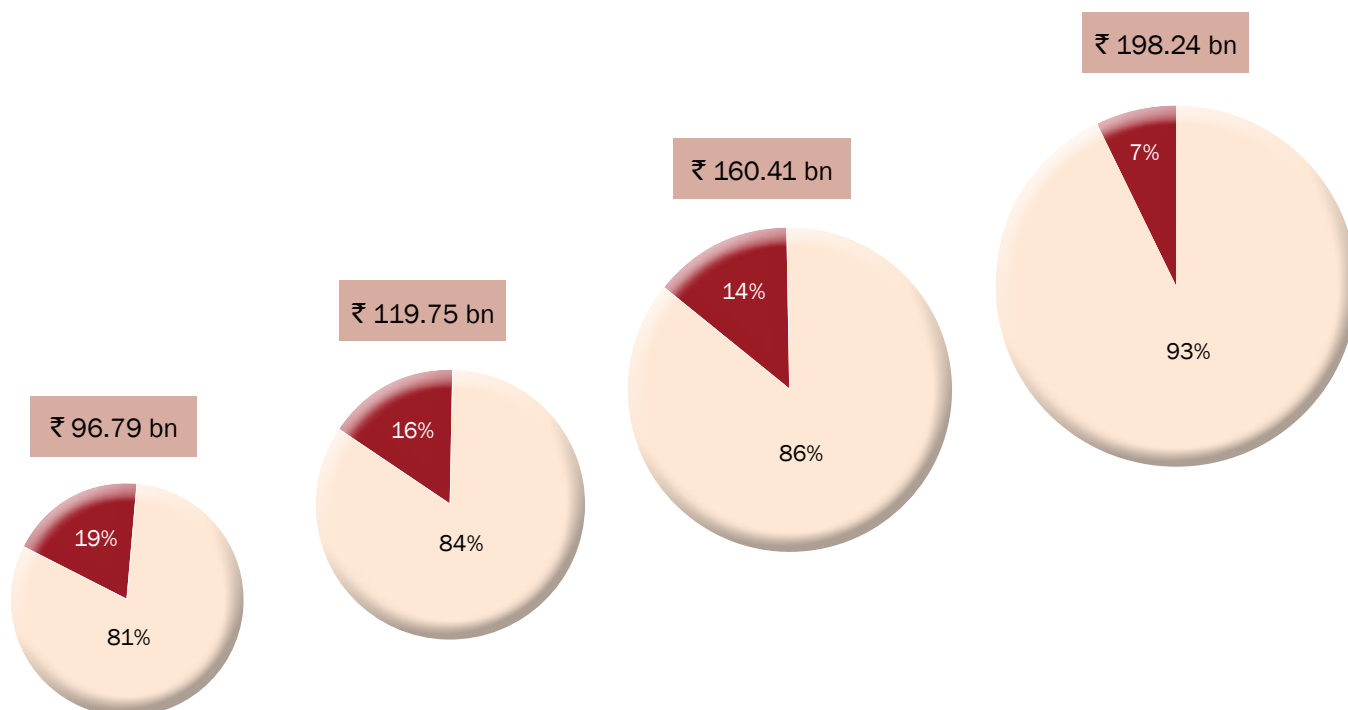


222
Locations covered across India

1. A Transformative Journey

Capital First has transformed from a Wholesale Lending NBFC to a strong Retail Lending NBFC in the last 7 years





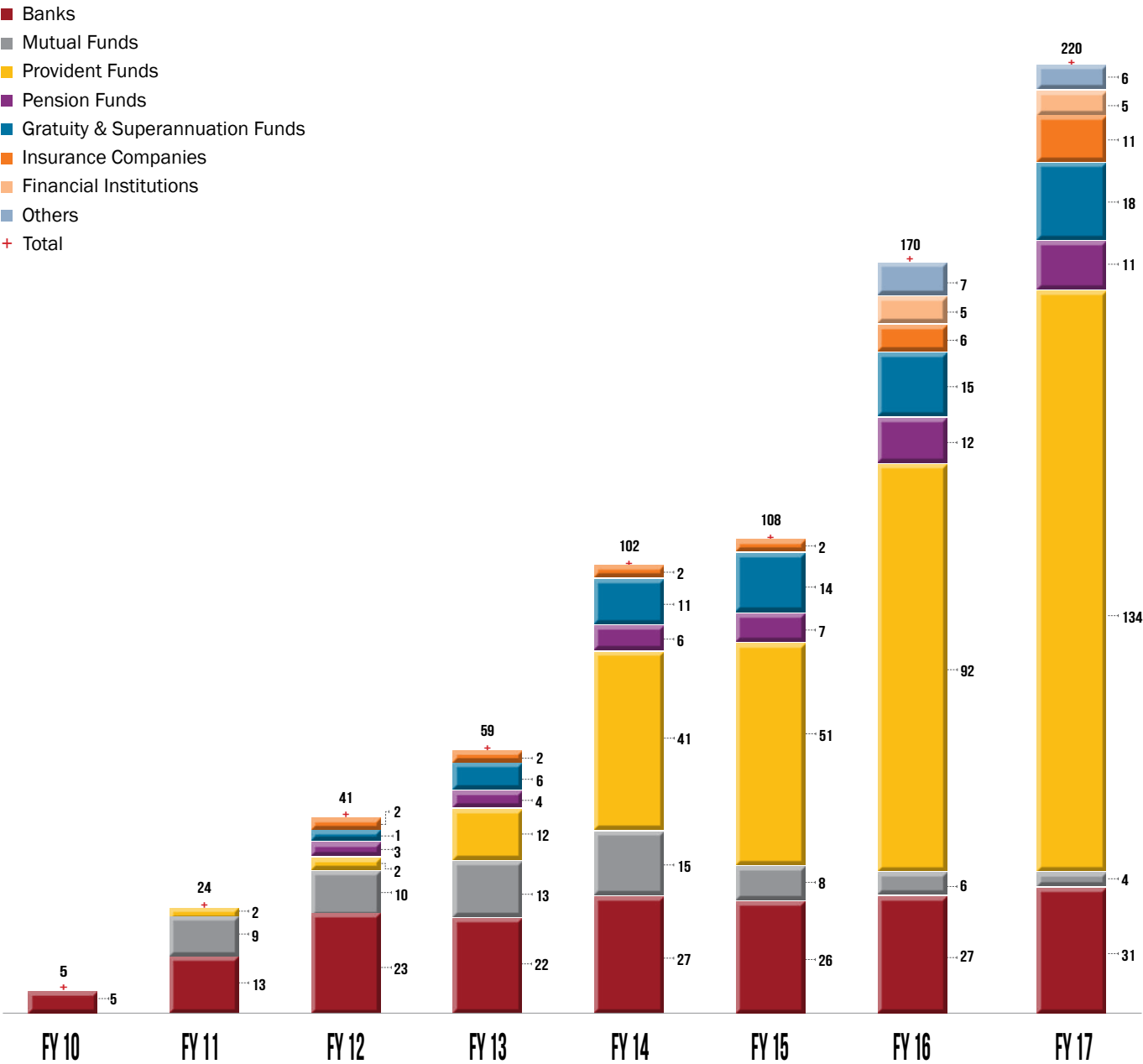
Company continued its journey to grow its retail financing businesses catering to consumer and MSME segment and achieved many new milestones every year since then

- “Capital First” is a lesser known brand in India since it is newly conceptualised. But it is gaining recognition in the marketplace of late. Reviews are generally very positive.
- Number of customers financed grew from a few thousand to over four million within five years.
- A number of marquee Domestic and International investors joined the Company as its shareholders along the way
- Market Capitalisation of the Company increased from ₹ 7.81 billion (₹ 781 crores) as on March 31, 2012 (last date of the financial year immediately preceding the Management Buyout) to ₹ 76.23 billion (₹ 7,623 crores) as on March 31, 2017

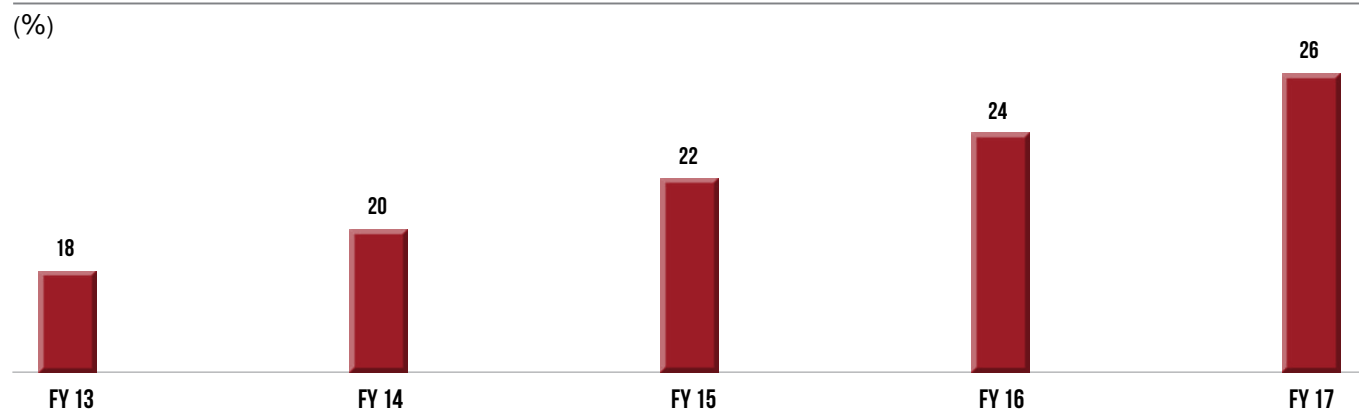


2. Number of Lenders

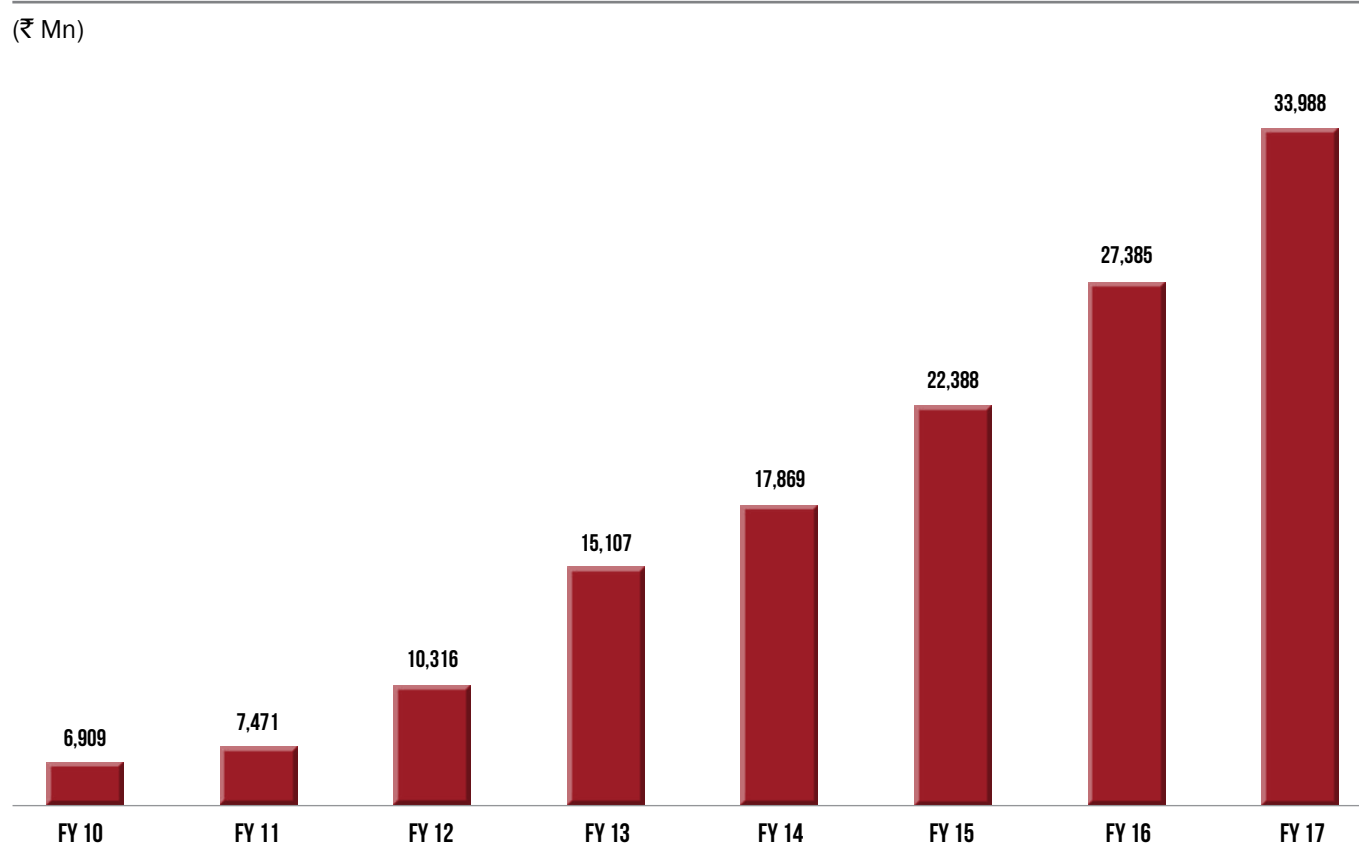
(Nos.)



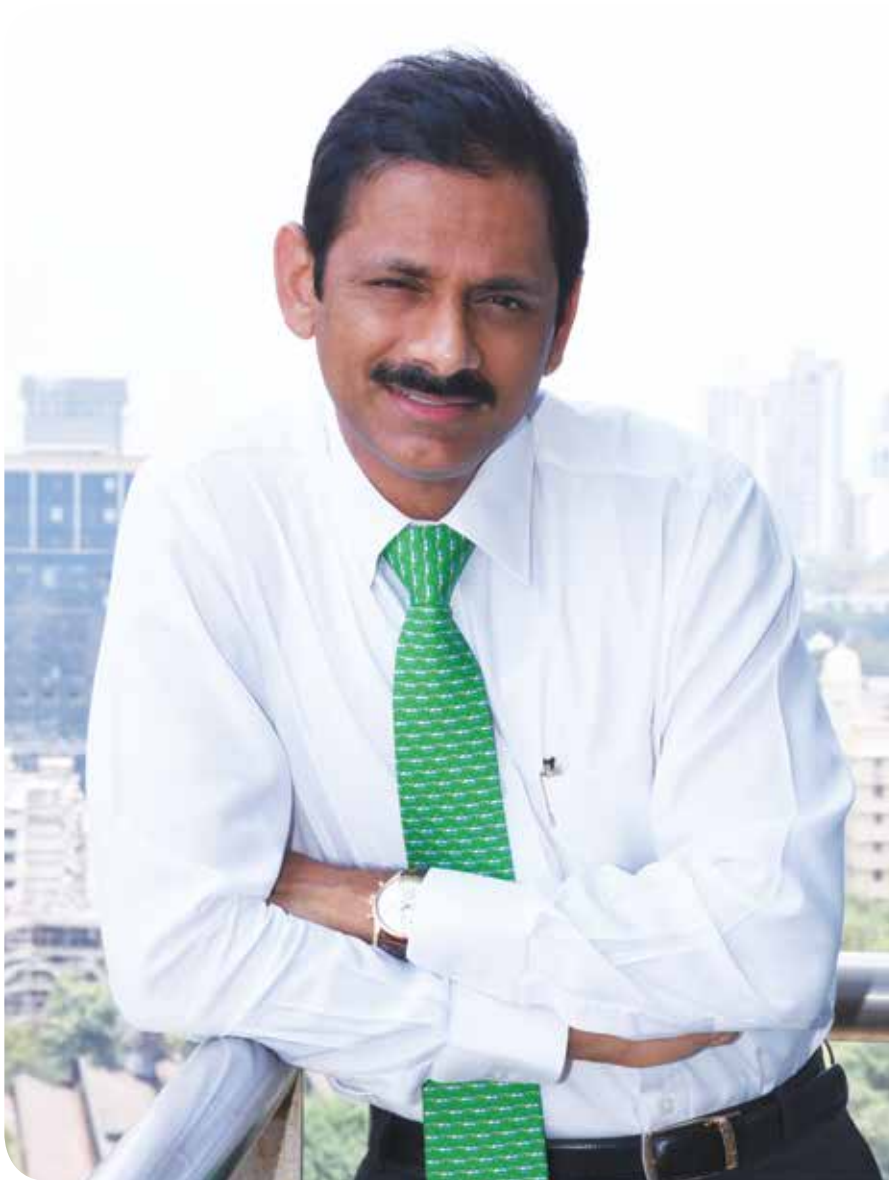
3. Dividend



4. Total Capital



CHAIRMAN'S ADDRESS



DEAR STAKEHOLDERS,

It gives me great pleasure to present to you your Company's Annual Report for FY17, share with you your Company's progress thus far, and thoughts for the future.

Clearly the most significant event of the year was the government's decision to demonetise 86% of the high-value currency in circulation in one stroke. This government has implemented many significant reforms since it has assumed office three years ago, but demonetisation has to be counted as the boldest decision this government has taken.

No matter what the contrasting opinions were, for all high-value currency to hit the system and wash itself for cleanliness, and to give a one-time jolt to promote digital India, this was amazing means. Data shows that economic activity is back to pre-November levels. Enquiries for loans are a lightning rod for economic activity. CIBIL reports show

“Iron man Sardar Vallabhbhai Patel unified India politically, GST will unify India economically. It’s that big a moment”

that retail loan enquiries fell 12% in November ‘16 over September ‘16, but by February ‘17, it was higher over September ‘16 by 9%.

That things stabilised quickly within 3 months, and business is back to normal is a big vindication. Nine million new taxpayers crawled out of the woodwork and paid their taxes for the first time.

Demonetisation may be remembered for a few years, but GST will be remembered for ever. Millions of un-organised business people will register themselves for GST and start paying their taxes for the first time, as not doing so will make them uncompetitive as they won’t get input credit. For the first time, we will become one nation economically— it was sometimes easier to import

instead of buying from another state of India! When the bill was passed in the Rajya Sabha in August 2016, I tweeted *“Iron man Sardar Vallabhbhai Patel unified India politically, GST will unify India economically. It’s that big a moment”*. That sums up GST’s significance for generations.

The smartest decision by this government has to be accepting Aadhaar as the platform for a new India, even if it was initiated by the previous government. The Aadhaar platform has not only made a digital India possible through e-KYC, e-signature, and e-payments, but has also helped reduce ghost beneficiaries who were sucking and siphoning what was meant for the poor. I hope the judiciary sees the merit of making Aadhaar mandatory for availing all government benefits to avoid such siphoning, of course with a lead notice period for the citizens to sign up. If

Nine million new taxpayers crawled out of the woodwork and paid their taxes for the first time.

It’s more equitable - after all why should small enterprises pay the same tax slab as the large ones?

we “also” provide subsidy benefits to people outside of such authentication system, the ghosts will always hide under the “also” category, we can’t effectively weed them out and middlemen will consume the poor’s entitlements.

An important part of India Inc. is the voiceless small entrepreneur. I have always been publicly advocating for progressive and lower tax rates for small enterprises in various forums including ASSOCHAM, National Business events, budget debates, and even in representation to the Finance Minister and to the Minister of State for Finance, over the last three years. It’s more equitable - after all why should small enterprises pay the same tax slab as the large ones? Don’t salaried people with large pay-checks pay higher taxes? Besides, small enterprises largely deal in cash so you

might as well encourage them with low taxes and bring them to the tax net. I am delighted that in its latest budget FY 17-18, the government reduced the tax rate for small companies with turnover of less than ₹ 50 crores to 25%. No one can say that any move by the government was because of their representation, neither can I. But I am happy nevertheless that this was implemented. In the next stage, I wish the same for other small entities, including proprietorships and partnerships, who are not covered under this structure today.

Finally, in financial services, the big breakthrough was awarding new bank licenses. India waited 25 years after nationalisation for 5 licenses to be issued in FY94. After ten years, in FY04, 2 more bank licenses were issued. After yet another ten years, in FY14, 2 more were issued. In FY15, 19 bank licenses, including payment and small banks, were issued. In FY16, it was announced that bank licenses would be issued on tap.

The theme with which your Company was founded is that financing India's 50 million MSMEs and its fast-emerging middle class, with a differentiated model, based on new technologies, provides a large and unique opportunity. Keeping with this theme, the Company has continuously

grown its retail businesses over the years, and has built a strong business model focussed on these areas. I am happy to share that the Company has so far successfully financed more than four million customers in 222 locations across the country thereby establishing a connect with millions of customers.

I am pleased to share with you that once again, we have augmented our presence in the retail business segment. Retail lending now stands at 93% of the Assets Under Management as of March 31, 2017.

The Company's loan book grew by 24% from ₹ 160.41 billion (₹ 16,041 crores) in FY16, to ₹ 198.24 billion (₹ 19,824 crores) by the end of FY17. We are happy to share that along with this growth, we have maintained our asset quality at high standards with Gross NPA at only 0.95% and Net NPA at 0.30%, on 120 DPD basis.

The NII has grown by 59% from ₹ 8,181 million in FY16 to ₹ 13,008 million in FY17. The total income too grew by 65% to ₹ 16,403 million in FY17 from ₹ 9,918 million in FY16.

The PAT grew by 44% from ₹ 1,661 million in FY16 to ₹ 2,389 million in FY17. I am confident that the Company will continue to grow its business at a compounded rate and such growth will translate into an abundant increase in profits as well.

I am happy to inform you that your Company has been rated AAA on its long-term debt instruments.

One of the remarkable successes for your Company in recent years is that it has successfully diversified its lines of credit from a large number of institutions. The Company now avails credit from over 221 reputed institutions including banks, mutual funds, provident funds, pension funds,

I am delighted to welcome GIC, the Sovereign Wealth Fund of Government of Singapore as the key shareholders of the Company. They are now the second largest shareholders after Warburg Pincus.

I am happy to assure you that all the employees are working extremely hard with great dedication, high energy and strong commitment throughout the year for your Company.

superannuation funds, gratuity funds insurance companies, domestic and international Financial Institutions as at end March 2017, compared to a total count of 171 institutions in FY16. This ensures a steady stream of funding for continued growth in the future.

I am delighted to share that during this financial year, GIC, the Sovereign Wealth Fund of Government of Singapore, with over USD 100 billion of funds under management invested ₹ 3.40 billion into the Company in December 2016, taking the Capital Adequacy to 20.34% as of March 2017. Subsequently in May 2017, Warburg Pincus reduced its stake from 61% to 36%, and we are proud to inform that the stake was bought by GIC and a number of marquee foreign and domestic investors. In the process, GIC demonstrated its confidence in the Company by increasing its shareholding to 14%. We are overwhelmed by such show of

confidence in your Company from globally top rated firms and hereby reaffirm our commitment for the highest standard of business and corporate governance anywhere in the world.

I am happy to share that your Company is carrying on CSR activities with great vigour. I assure you that I personally encourage employees to actively participate and widely support the CSR activities through their personal efforts. We have further expanded the scope and magnitude of these initiatives. Our flagship CSR programme, Capital First Scholarship Program (CFSP) entails providing financial assistance to meritorious students from the economically weaker sections of the society, and this is progressing extremely well. We have also tied up with various NGOs and change agents to sponsor programmes in the field of education and skill training for the economically

weaker sections of society. We are pleased to report that these programmes have moved beyond the drawing board stage and showing tangible results.

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

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

With your continued support and trust, we look forward to growing your Company and contributing to the economic progress that our country is set to achieve.

Thank you

With Best Wishes

V. Vaidyanathan

DIRECTORS AND SENIOR MANAGEMENT



N.C. SINGHAL

Independent Director

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

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

He has 57 years of experience in Corporate sector across development finance, project financing, and wholesale lending and has a wide experience in this field. He has presided over a large number of prestigious corporate boards during his distinguished career.

HEMANG RAJA

Independent Director

He is the former Managing Director and Head – India of Credit Suisse Private Equity Asia and was earlier the MD & CEO of IL&FS Investsmart Ltd.

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

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

He has a vast experience of over 36 years in financial services.

DR. (MRS.) BRINDA JAGIRDAR

Independent Director

She is the former Chief Economist of State Bank of India.

She is an independent consulting Economist with specialisation in areas relating to the Indian economy, both at a macro level as well at a micro level, keeps a close watch on policy announcements, and is a recognised voice in economic circles in India.

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

She has over 36 years of experience in banking industry.

V. VAIDYANATHAN

Chairman and Managing Director

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

Between 2010-2012, he acquired a stake in an existing finance company, changed the business model, and then secured an equity backing of USD 159 million from Warburg Pincus and founded Capital First as a new entity and brand.

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

He has 26 years of experience in financial sector.



VISHAL MAHADEVIA

Non-Executive Director

He is the Managing Director & Co-Head, Warburg Pincus India Private Ltd since 2006.

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

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

He has a wide range of experience of over 23 years across private equity investing in India and overseas.

DINESH KANABAR

Independent Director

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

He has handled some of the biggest tax controversies in India and has advised on complex structures for both inbound and outbound investments.

He is a Fellow Member of the Institute of Chartered Accountants of India.

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

NARENDRA OSTAWAL

Non-Executive Director

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

He has earlier worked with 3i India Private Limited (part of 3i Group Plc, UK) during 2006-2007 and McKinsey & Company during 2002-2004.

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

He has a wide range of experience covering consulting and private equity investing for over 15 years. At Warburg Pincus, he focusses his effort in Financial Services and Healthcare.

M. S. SUNDARA RAJAN

Independent Director

He is the former Chairman & Managing Director of Indian Bank. 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.

DIRECTORS AND SENIOR MANAGEMENT



APUL NAYYAR

Executive Director

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

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

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

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

He has more than 19 years of experience in the Financial Services Industry.

NIHAL DESAI

Executive Director

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

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

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

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

PANKAJ SANKLECHA

*Chief Financial Officer &
Head - Corporate Centre*

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

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

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

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

GAINING MOMENTUM. GROWING RESPONSIBLY.



Never worry about numbers. Help one person at a time, and always start with the person nearest to you.

- Mother Teresa



During FY 2016-17, we have launched seven key initiatives under these themes.

Key Programmes

1. Capital First Scholarship Program

Our flagship CSR program is called Capital First Scholarship Program (CFSP). We feel for students who are capable and get admissions to MBA schools and their equivalents on their own merit, yet cannot get their well-deserved education because they can't afford it as they belong to the economically weaker sections of the society.

We provide a scholarship of INR 1 lakh p.a. to each qualifying student. In FY2016-17, we have granted scholarships to 56 deserving and bright students. We share with you two sample stories of the 56 students who won the scholarships.

Nelson Mandela once said, "Education is the most powerful weapon for changing the world." We, at Capital First completely endorse this philosophy. Accordingly, the main focus at Capital First is to facilitate education for the economically weaker sections of society. We also selectively support two other causes – women empowerment and health.



GAINING MOMENTUM. GROWING RESPONSIBLY.

Since ours is a unique scholarship, which is primarily for students whose family income is less than ₹ 6 lakh p.a., we do necessary verification in order to make sure that we give away scholarships only to deserving students.

Towards this end, Capital First has tied up with TimesPro - An Education Venture of Times of India Group, which aims to provide a platform for aspirants in the BFSI sector. The organisation seeks to identify and nurture aspirants to deliver industry ready talent, by focussing on providing academic inputs and practical nuances on the BFSI sector.

2. Capital First - BALM Fellowship Program

The Banyan Academy of Leadership in Mental Health (BALM) is a sister organisation of 'The Banyan', which was founded in FY07. The focus of this initiative is to advocate for positive mental health, increased access to care and recovery, engage in research and capacity-building towards making relevant policy changes in the mental health and development sectors and to implement strategies to achieve visible outcomes, particularly in the context of

persons affected by homelessness and poverty.

Towards creating 'change-makers' who are capable of driving social innovations,

BALM offers masters' programs, such as Social Work in Mental Health, Applied Psychology (Counselling), Applied Psychology (Clinical) and Management, Entrepreneurship and



"My father is an ex-serviceman, who retired from the Indian army and my mother is a home maker. He took a personal loan of ₹ 2 lakh on his pension for my studies. I am very thankful to Capital First for giving me this scholarship which has helped me to finance my studies. In future, I want to help people who are financially underprivileged. Thank you once again for helping me to achieve this goal."

- M.D. Rafiulla

KL University, Vijayawada



"As I come from an agricultural background, I feel proud and privileged to be able to do a post-graduate course. I wish to thank Capital First for awarding me this scholarship which will help me to launch my career. My ambition is to start my own business. When I attain a good position in life, I'll strive hard to fund the education of others since we all know that education is as valuable as wealth."

- Balamurugan S.P.

SRM University, Chennai

All students with a family income of less than ₹ 1,50,000 per annum are eligible for Capital First – BALM Fellowship Program.

Policy Analysis in Health and Mental Health, in collaboration with the Tata Institute of Social Sciences (TISS).

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

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

3. Employee Social Responsibility

We took major efforts for employees to involve themselves in CSR directly. We are proud that 1,053 employees personally worked with 88 NGOs and contributed ₹ 52,64,950 on behalf of Capital First, with their personal attention, as part of the CSR.



GAINING MOMENTUM. GROWING RESPONSIBLY.

4. Capital First Woman of Substance

Towards empowering women from low-income backgrounds, using our primary platform of education, we have teamed up with the NGO - Etasha Society - to provide vocational training to our focus group. The objective of this initiative is to offer training to women, between the ages of 18 and 30 years, who are keen to earn a living.

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

5. Capital First EduBridge Training Program

In collaboration with EduBridge, a Mumbai-based training organisation, we have set up a co-branded career academy in Pune. Sponsored by Capital First Ltd., this academy provides job-oriented retail, BFSI, IT/ITeS and hospitality sector training and placements in reputed organisations in these sectors.

Actively participating in this program, through sponsorship, monitoring and mentoring, we have been able to mobilise 300 students till date at our Pune Academy. Out of these, 250+ students have successfully completed the training and are now either preparing themselves for placements or are successfully placed.

6. Om Creations Trust – Supporting Children with Down Syndrome

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

The project Om Creations Trust has students from the SPJ Sadhana School with Specialised Education in the Arts and Crafts, Hospitality and Catering skills. This enables them to earn a living and also lead a more meaningful life. Through this initiative, we give stipends to 20 students who are from weaker sections of the society.

We have been able to mobilise 300 students at our Pune Academy for providing job oriented training for retail, IT/ITES/ BFSI jobs.

7. Bala Janaagraha

Capital First in partnership with Bala Janaagraha runs an education programme for children in 12 schools in Bengaluru City. The programme focusses on teaching children the principles of good citizenship and, in the process, delivering multiple other benefits to them. It therefore equips them to become active citizens, change agents and leaders.

8. Project Sambhavna

Capital First decided to carry out training activities that cater to the aspirational development of children at

orphanages run by various NGOs that are supported by CSA (Catalysts for Social Action).

This project took off on February 20, 2017 and since then, we have trained 127 students at four locations – Wagholi - Pune, ROH - Kharghar, GCH - Ulhasnagar and BLC - Goa. These students gained immense exposure by visiting retail outlets, manufacturing units, sports and fitness academies, hospitals, banks, etc. They were made aware of different professions and this has enabled them to make better and wiser career choices.

The students had to organise a carnival, cultural event, exhibition, art show, etc.

They also put up stalls and sold items which they created and performed for the guests. The event ended with an award ceremony.

9. Project Saksham

In October 2016, Capital First partnered with NGO Animedh Charitable Trust (ACT) to sponsor the launch of Project Saksham, an initiative in the broad arena of skill development and livelihoods for women under the “learn and earn” format.

The syllabus has been designed along with garment manufacturing companies. The women will be able to increase their individual earning

capacity to ₹ 1 lakh per annum. CFL's team, comprising the (CFO, HR head, CSR team) visited the Saksham Centre at Jogeshwari West, in a low income community, for a formal opening of the Centre and were pleased to see the women beneficiaries engaged in the intensive training and eager to make the most of this opportunity for skill development and livelihood.

Within the first quarter of a year-long association with Capital First Limited, 27 beneficiaries started to learn and earn livelihoods in a factory-like environment, tailoring readymade garments and becoming specialised.



GAINING MOMENTUM. GROWING RESPONSIBLY.

10. SAMPARC

Capital First assisted SAMPARC in the completion of the ITI Building, enabling the Institute to provide technical training, thereby generating employment opportunities for young adults from nearby villages and accommodate needy students.

11. Mask Distribution Drive

Pollution levels in the capital city was acute during November 2016 and



affected children from families who could not afford the masks or were not aware of its benefits. Hence, Capital First distributed pollution masks to school children. We have distributed 13,500 masks to school children.

We also distributed 5,000 masks to the Delhi Traffic Police. A small ceremony was arranged at the Traffic police headquarters on December 30, 2016, which was attended by our ED, Mr. Apul Nayyar, Mr. Ajay Kashyap (Special Commissioner Delhi Traffic Police) and Mr. B.K. Singh (Additional Commissioner Delhi Traffic Police).

A large delegation of 140 employees of Capital First Delhi planned and participated in the event.

12. Distribution of Books and Digital Products

Capital First, in collaboration with Navneet Education Ltd., has identified 16 target schools in three talukas of Pune district - Ambegaon, Junner and Khed - which it assists with educational supplementary aid. Through this initiative, we have made special efforts to draw marginalised

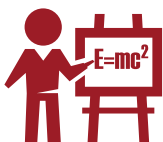
tribes into the formal education system. Special books that were not part of the regular curriculum were distributed to 4,419 students from the 16 schools identified.

13. Marwari Vidyalaya High School - Teacher Education Project

They say that “Teachers who love teaching teach children to love learning.” Accordingly, there is a need to employ dedicated and quality teachers who believe in the power of an education and have good subject

knowledge. In this regard, Capital First is supporting Marwari Vidyalaya High School (MVHS) with a special focus on teachers because we understand the criticality of teacher training and education.

MVHS will impart training to teachers and holds workshops on matters such as evaluation methods, conducting experiments and activities, teaching styles, dealing with students with learning disorders, computer training, soft skills and curriculum development.



GAINING MOMENTUM. IMPROVED RECOGNITIONS.



Economic Times "Most Promising Leaders in Asia Award"



Capital First enters Fortune India Next 500 companies list



Global Leadership Conclave



Launch of the "Power of I" Outlook Smart Enterprises

GAINING MOMENTUM. IMPROVED RECOGNITIONS.



WCRF - India's Most Trusted Financial Brands



Our Executive Director Mr. Nihal Desai inaugurating an office



The Asset - Treasury, Trade and Risk Management Awards 2017 - Best E-Solution Award



MTM Corporate Star Award 2017

GAINING MOMENTUM. IMPROVED RECOGNITIONS.



"Asia Innovator of the Year" Award by CNBC in India Business Leader Awards from Hon. Ministers Shri Manoj Sinha and Shri Arun Jaitley



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report of your Company with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The highlights of the Consolidated and Standalone Financial Statements of the Company for the financial years 2016-17 and 2015-16 are as under:

(₹ in Million)

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Total Income	28,008.64	18,887.96	27,268.55	18,478.41
Total Expenditure	24,433.80	16,364.41	23,945.70	16,092.27
Profit Before Tax and exceptional items	3,574.84	2,523.55	3,322.85	2,386.14
Provision For Tax	1,174.30	847.98	1,154.23	817.03
Profit after tax from continuing operations	2,400.54	1,675.57	2,168.62	1,569.11
Profit/(Loss) after tax from Discontinuing operations	-11.33	-13.72	-	-
Profit for the year	2,389.21	1,661.85	2,168.62	1,569.11
Profit/(Loss) brought forward from previous Year	2,383.66	1,468.60	2,569.14	1,734.34
Profit available for appropriation	4,772.87	3,130.45	4,737.76	3,303.45
Appropriations:				
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	433.72	313.82	433.72	313.82
Transfer to statutory reserve under Section 29C of the National Housing Bank Act, 1987	12.88	12.48	-	-
Proposed Dividend #	-	218.99	-	218.99
Dividend Tax thereon #	-	44.58	-	44.58
Transfer to General Reserve	-	156.91	-	156.91
Balance carried forward to Balance Sheet	4,326.27	2,383.67	4,304.04	2,569.15

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

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

During the year under review, the Company has successfully grown its outstanding Loan Assets under Management from ₹ 160.41 billion to ₹ 198.24 billion, a growth of 24%. The Retail Assets under Management has grown from ₹ 137.56 billion to ₹ 183.53 billion, a growth of 33%.

The Consolidated Net worth of the Company increased from ₹ 17.04 billion to ₹ 23.04 billion as at March 31, 2017.

Consolidated Net Interest Income increased by 59% from ₹ 8,181 million during the financial year ending March 31, 2016 to ₹ 13,008 million during the financial year ending March 31, 2017.

The profit after tax was up by 44% from ₹ 1,661 million to ₹ 2,389 million.

DIVIDEND

Keeping in mind the overall performance and the outlook for your Company, your Directors are pleased to recommend a dividend of ₹ 2.60/- (Rupees Two and sixty paise only) per share i.e. 26% on each Equity Share having face value of ₹ 10/- (Rupees Ten only) each.

DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy. The Policy is hosted on the website of the Company and can be viewed at <http://www.capitalfirst.com/investor/corporate-governance>

CAPITAL ADEQUACY

The Company's capital adequacy ratio was 20.34% as on March 31, 2017, which is significantly above the threshold limit of 15% as prescribed by the Reserve Bank of India ('RBI').

SHARE CAPITAL

During the year under review, the Company raised funds through issue and allotment of 47,80,000 Equity Shares of ₹ 10/- each on a preferential basis, pursuant to receipt of subscription amount of ₹ 3,40,67,06,000/- (Rupees Three Hundred and Forty Crores Sixty Seven Lakhs and Six Thousand only) issued at a price of ₹ 712.70/- per Equity Share (face value of ₹ 10/- each and premium of ₹ 702.70/- per share) to Caladium Investment Pte. Ltd., which is indirectly wholly-owned by GIC (Ventures) Pte. Ltd., a Singapore's Sovereign Wealth Fund.

During the year under review, the Company had also issued and allotted 14,04,325 equity shares to the eligible employees of the

DIRECTORS' REPORT (CONTD.)

Company under various Employee Stock Option Schemes of the Company. The paid up equity share capital of the Company as on date stands at ₹ 97,42,20,690/- comprising of 9,74,22,069 equity shares of ₹ 10/- each.

PUBLIC DEPOSITS

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

RBI GUIDELINES

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

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

BUSINESS RESPONSIBILITY REPORT

In accordance with Regulation 34(2)(f) of the Listing Regulations, the inclusion of Business Responsibility Report (BRR) as a part of the Annual Report is mandated for top 500 listed entities for the year 2016-17 based on the market capitalization.

Since Capital First Ltd. is one of the top 500 listed companies by way of market capitalisation as on March 31, 2016, the Company has presented its maiden BRR for the financial year 2016-17, which is part of this Annual Report. As a green initiative, the

Company's BRR will be available on its website at the web link <http://www.capitalfirst.com/investor/corporate-governance>. Any shareholder interested in obtaining a physical copy of the same may write to the Company Secretary of the Company.

CHANGE OF REGISTERED OFFICE

During the year under review, the Company shifted its registered office from 15th Floor, Tower-2, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400 013 to One Indiabulls Centre, Tower 2A & 2B, 10th Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013 with effect from November 21, 2016.

DIRECTORS & KEY MANAGERIAL PERSONNEL

a. Appointment

During the year under review, the Board of Directors at its Meeting held on April 04, 2016 appointed Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) as Additional Directors who shall act as Whole Time Directors and Key Managerial Personnel of the Company as per provisions of Companies Act, 2013 and applicable law and both were designated as 'Executive Director' for a period of two years effective from April 04, 2016. The aforesaid appointment of Mr. Apul Nayyar and Mr. Nihal Desai was approved by the members in their 11th Annual General Meeting of the Company held on July 05, 2016.

b. Re-appointment

During the year under review, the term of Mr. N. C. Singhal (DIN 00004916), Mr. M. S. Sundara Rajan (DIN 00169775) and Mr. Hemang Raja (DIN 00040769), Non-Executive Independent Directors of the Company who were appointed for a term of three years with effect from April 01, 2014 expired on March 31, 2017. The Board of Directors at their Meeting held on March 29, 2017 on recommendation of Nomination & Remuneration Committee had re-appointed Mr. N. C. Singhal, Mr. M. S. Sundara Rajan and Mr. Hemang Raja as Non-Executive Independent Directors of the Company for a term of five years with effect from April 01, 2017 to hold office up to March 31, 2022 and they shall not be liable to retire by rotation. The aforesaid re-appointment of Independent Directors is subject to the approval of members in the 12th Annual General Meeting of the Company.

DIRECTORS' REPORT (CONTD.)

c. Retire by Rotation

In accordance with Section 152 and other applicable provisions of Companies Act, 2013, Mr. Vishal Mahadevia (DIN 01035771), being Non-Executive Director, retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Board recommends his re-appointment.

BOARD'S INDEPENDENCE

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

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

NUMBER OF MEETINGS OF THE BOARD

The Board met 7 times during the financial year 2016-17 viz., on April 04, 2016, May 13, 2016, August 03, 2016, November 09, 2016, November 11, 2016, January 31, 2017 and March 29, 2017. The maximum interval between any two meetings did not exceed 120 days.

COMMITTEES OF THE BOARD

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

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

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

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

Pursuant to the provisions of the Companies Act, 2013 ("the Act"), Listing Regulations and requirements of the Reserve Bank of India, Policy on Nomination and Remuneration of Directors,

Key Managerial Personnel, Senior Management and other employees had been formulated including criteria for determining qualifications, positive attributes, Independence of a Director and other matters as required under the said Act and Listing Regulations.

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at

DIRECTORS' REPORT (CONTD.)

the end of the financial year and of the profit and loss of the company for that period;

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

RISK MANAGEMENT POLICY AND INTERNAL CONTROL

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

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

CREDIT RATING

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

Long-term Bank Loan Facilities: During the year, Brickwork assigned a rating of "BWR AAA" (Triple A) and the Company's rating of "CARE AA+" (Double A Plus) by CARE was reaffirmed.

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

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

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

Short-term borrowing program: During the year under review, CARE reaffirmed the "A1+" (A One Plus) rating for the short term borrowing program. The rating is the highest rating issued by CARE for short-term debt instruments and indicates strong capacity for timely payment of short term debt obligations and further indicates that the borrowing carries the lowest credit risk.

CONSOLIDATED FINANCIAL STATEMENTS

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

STATUTORY AUDITORS AND THEIR REPORT

The term of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, having ICAI Firm Registration No. 301003E/E300005 who was appointed as Statutory Auditors of your Company at the Ninth

DIRECTORS' REPORT (CONTD.)

Annual General Meeting (AGM) held on June 18, 2014 expires at conclusion of Twelfth Annual General Meeting.

Accordingly, the Board of Directors of the Company at its Meeting held on November 09, 2016, on the recommendation of the Audit Committee have appointed M/s. B S R & Co. LLP, Chartered Accountants bearing Firm Registration No. 101248W/W-100022 as the Statutory Auditors of the Company for a term of five years from conclusion of Twelfth Annual General Meeting till conclusion of Seventeenth Annual General Meeting subject to the approval of shareholders at the Twelfth Annual General Meeting in accordance with the applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations and applicable law.

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

The Statutory Auditor's Report on financial statements for the financial year 2016-17 does not contain any qualification, reservation or adverse remark.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

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

AUCTIONED DETAILS

The disclosures as required by Circular No. DNBS.CC.PD.No. 356/03.10.01/2013-14 dated September 16, 2013 issued by RBI, regarding reporting of the Gold Auctioned during the financial year 2016-17 are provided at Note No. 38 of Notes to the Standalone Financial Statements.

EXTRACT OF ANNUAL RETURN

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

SECRETARIAL AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report for financial year 2016-17, has been appended as **Annexure 5** to this Report.

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

The Board of the Directors at their Meeting held on May 10, 2017 have reappointed M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2017-18.

VIGIL MECHANISM

Your Company has established a 'Whistle Blower Policy and Vigil Mechanism' for Directors and employees to report to the appropriate authorities concerns about unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct policy and provides safeguards against victimization of employees who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.

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

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rules thereunder, the Company did not receive any complaint of sexual harassment during the year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

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

DIRECTORS' REPORT (CONTD.)

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

The requirements of disclosure with regard to Conservation of Energy in terms of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are not applicable to the Company since it doesn't own any manufacturing facility.

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

The details of the earnings and outgoing Foreign Exchange during the year under review are provided in Note No. 35 to the Standalone Financial Statements as at March 31, 2017. The Members are requested to refer to the said Note for details in this regard.

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

The details in terms of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure 4**. The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 may be obtained by the members by writing to the Company Secretary of your Company.

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

Subsequent to the year under review, Board of Directors of the Company at its Meeting held on May 10, 2017, on the recommendation of Nomination and Remuneration Committee approved the 'CFL Stock Option Scheme - 2017' subject to the approval of Members of the Company.

ACHIEVEMENTS

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

- Mr. Vaidyanathan received 'Outstanding Entrepreneur Award' in Asia Pacific Entrepreneurship Award 2016.

- Capital First featured in Dun & Bradstreet: India's Top 500 companies wherein achieved Rank of 381 in total income & Rank 20 in NBFC space.
- Capital First debuted in Fortune India's Next 500 companies whereby achieved Rank 70 in overall category & Rank 2 in NBFC space.
- Capital First received 'Best Electronic Banking Implementation' recognition in Asset Triple A Treasury, Trade and Risk Management Awards.
- Capital First debuted in the Most Valuable Companies 2016 by Business Today whereby Company was ranked at 274th place.
- Capital First debuted in India's future ready companies by ET 500 whereby Company ranked at 466th place
- Mr. Vaidyanathan received 'Most Promising Leaders in Asia Award' in Economic Time's Asian Business Leaders Conclave.
- Capital First featured amongst 'India's Most Trusted Financial Brands' by World Consulting & Research Corporation Media Initiative (WCRC).
- Capital First received 'Asia Innovator of the Year' Award by CNBC in India Business Leader Awards from Hon. Finance Minister Shri. Arun Jaitley.

ACKNOWLEDGEMENT

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

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

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

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

On behalf of the Board of Directors

V. Vaidyanathan

Place : Mumbai

Date : May 10, 2017

Chairman & Managing Director

DIN: 00082596

ANNEXURE 1 TO THE DIRECTORS' REPORT

BRIEF PROFILE OF DIRECTORS

I. MR. V. VAIDYANATHAN (DIN 00082596)

Mr. V. Vaidyanathan founded Capital First Ltd. by first acquiring an equity stake in an existing NBFC, changing the business model, and then executing a Management Buyout by securing an equity backing of ₹ 8.10 billion in 2012 from PE Warburg Pincus which included:

- buyout of majority and minority shareholders through Open Offer to public;
- Fresh capital raise of ₹ 1.00 billion into the company;
- Reconstitution of the Board of Directors;
- Change of business from wholesale to retail lending;
- Creation of a new brand "Capital First". Post the buyout he holds shares and options totalling 10.5% of the equity of the company on a fully diluted basis.

He believes that financing India's 50 million MSMEs and India's emerging middle class, with a differentiated model based on new technology platforms, offers a unique opportunity in India. As part of this belief, on acquiring control of the management, he exited legacy businesses of Real estate financing, Foreign Exchange, Broking, Wealth management, Investment management and instead transformed the company into a large retail financing institution with operations in 222 locations across India. Between March 2010 to March 2017, he has grown the retail financing book from ₹ 0.94 billion (\$14 Mn) to ₹ 183.53 billion (\$2.82 Bn), has grown the Equity Capital from ₹ 6.90 billion (\$106 Mn) to ₹ 33.99 billion (\$523 Mn), reduced Gross NPA from 5.36% to 0.95%, got the long term credit rating upgraded 4 notches from A+ to AAA. The market cap of the company has increased from ₹ 7.90 billion (\$120 Mn) as on March 31, 2012 to ₹ 76.20 billion (\$1137.8 Mn) as on March 31, 2017.

He joined ICICI Limited in early 2000 when it was a Domestic Financial Institution (DFI) and the retail businesses he built helped the transition of ICICI from a DFI to a Universal Bank. He built the Retail Banking Business for ICICI Limited since its inception, and grew ICICI Bank to 1400 Bank branches in 800 cities, 25 million customers, a vast CASA and retail deposit base, branch, internet and digital banking, built a retail loan book of over ₹ 1.35 trillion (\$20 Bn) in Mortgages, Auto loans, Commercial Vehicles, Credit Cards, Personal Loans. He also built the SME business and managed the Rural Banking Business. These businesses helped the conversion of the institution to a universal bank renowned for retail banking.

He was earlier the MD and CEO of ICICI Prudential Life Insurance Co. (2009) and an Executive Director on the Board of ICICI Bank (2006). He was also the Chairman of ICICI Home Finance Co. Ltd. (2006), and served on the Board of CIBIL - India's first Credit Bureau (2005), and SMERA - SIDBI's Credit Rating Agency(2005). He started his career with Citibank India in 1990 and worked there till 2000 in consumer banking.

During his career, he and his organization have received a large number of domestic and international awards including the prestigious CNBC Asia Innovative company of the year IBLA-2017, Economic Times Most Promising Business Leaders of Asia Asian Business Leaders Conclave 2016, Malaysia, 'Outstanding Entrepreneur Award' in Asia Pacific Entrepreneurship Awards 2016, Greatest Corporate Leaders of India - 2014, Business Today - India's Most Valuable Companies 2016 & 2015, Economic Times 500 India's Future Ready Companies 2016, Fortune India's Next 500 Companies 2016, Dun & Bradstreet India's Top 500 Companies & Corporates 2016 & 2015, "India's most trusted financial brand - 2016" by WCRC Leaders Asia, "Best Retail bank in Asia 2001", "Excellence in Retail Banking Award" 2002, "Best Retail Bank in India 2003, 2004, and 2005" from the Asian Banker, "Most Innovative Bank" 2007, "Leaders under 40" from Business Today in 2009, and was nominated "Retail Banker of the Year" by EFMA Europe for 2008. He is an alumnus of Birla Institute of Technology and Harvard Business School and is a regular contributor on Financial and Banking matters in India and international forums.

He is a regular marathoner and has run 23 marathons and half marathons. He lives in Mumbai with his family of father, wife and three children.

The details of the Directorship and/ or Membership/ Chairmanship of Committees of the Board held by Mr. V. Vaidyanathan, (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2017 are as follows:

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

Mr. Vaidyanathan holds shares and options totaling 10.5% of the equity of the company on a fully diluted basis.

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

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

Mr. N. C. Singhal, aged 80 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2010. Mr. Singhal is the Chairman of Nomination and Remuneration Committee and a Member of Audit Committee of the Board of Directors of the Company.

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

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

The details of the Directorship and/or Membership/Chairmanship of Committees of the Board held by Mr. N. C. Singhal, (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2017 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding Capital First Limited)	
		Audit Committee	Stakeholders Relationship Committee
1.	Deepak Fertilizers and Petrochemicals Corporation Limited	C	-
2.	Birla Sun Life Asset Management Company Limited	-	-
3.	Shapoorji Pallonji Forbes Shipping Limited	-	-
4.	Tolani Shipping Company Limited	C	-
5.	Sun Pharma Laboratories Limited	M	-

C - Chairman of the Committee

M - Member of the Committee

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

III. MR. VISHAL MAHADEVIA (DIN 01035771)

Mr. Vishal Mahadevia, aged 44 years, is a Non-Executive Director of the Company. He joined the Board of Directors of the Company in September, 2012. Mr. Mahadevia is the Member of Audit Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Vishal Mahadevia is Managing Director and co-head of Warburg Pincus India Private Limited. Previously, he was with Greenbriar Equity Group, a fund focused on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, Inc., a New York-based private equity fund, and as a consultant with McKinsey & Company. He is a Director of Biba Apparels, Ecom Express, Gangavaram Port, IMC Limited, Kalyan Jewellers and Stellar Value Chain Solutions. Mr. Mahadevia received a B.S. in economics with a concentration in finance and a B.S. in electrical engineering from the University of Pennsylvania.

The details of the Directorship and/or Membership/Chairmanship of Committees of the Board held by

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

Mr. Vishal Mahadevia (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2017 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding Capital First Limited)	
		Audit Committee	Stakeholders Relationship Committee
1.	Gangavaram Port Limited	M	-
2.	IMC Limited	M	-
3.	Kalyan Jewellers India Limited	M	-

M - Member of the Committee

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

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

Mr. M. S. Sundara Rajan, aged 67 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February, 2013. Mr. Sundara Rajan is the Member of Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. M. S. Sundara Rajan is a Post Graduate in Economics from University of Madras with specialization in Mathematical economics, National Income and Social Accounting. He is also a Certified Associate of Indian Institute of Bankers and Associate Member of Institute of Company Secretaries of India. He was Chairman and Managing Director (CMD) of Indian Bank and has total experience of over 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.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. M. S. Sundara Rajan (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2017 are as follows:

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

C - Chairman of the Committee

M - Member of the Committee

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

V. MR. HEMANG RAJA (DIN 00040769)

Mr. Hemang Raja, aged 58 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February, 2013. Mr. Hemang Raja is the Chairman of Corporate Social Responsibility Committee and Member of Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Mr. Hemang Raja is an MBA from Abeline Christian University, Texas, with a major emphasis on finance. He has also done an Advanced Management Program (AMP) from Oxford University, UK. He has a vast experience of over thirty five years in financial services encompassing Private Equity and Fund Management business with Credit Suisse as MD and Head - India apart from fund based businesses such as Project Finance and Corporate Banking, together with Treasury management and Structured products with IL&FS.

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Mr. Raja has also been the head of Capital Market activities in the Institutional and Retail Segments when he started and became the Managing Director and CEO of the then newly formed initiative by IL&FS, namely IL&FS Investsmart Ltd.

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

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. Hemang Raja (except Private Companies, Non-Profit Companies and Foreign Companies) as on March 31, 2017 are as follows:

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

C - Chairman of the Committee

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

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

Dr. (Mrs.) Brinda Jagirdar, aged 64 years, is a Non-Executive Independent Director of the Company. She joined the Board of Directors of the Company in September, 2014. Dr. (Mrs.) Brinda Jagirdar is the Chairperson of Stakeholders Relationship Committee and Member of Corporate Social Responsibility Committee of the Board of Directors of the Company.

Dr. (Mrs.) Brinda Jagirdar is an independent consulting economist with specialization in areas relating to the Indian economy and financial intermediation. She is an

Independent Director on corporate boards: Capital First Limited, Capital First Home Finance Limited, Rane Engine Valve Limited and Continental Warehousing. She is a member of the Research Advisory Committee of the Indian Institute of Banking and Finance, Mumbai and Visiting Faculty, National Institute of Bank Management, Pune. She is on the Governing Council of Treasury Elite, a knowledge sharing platform for finance and treasury professionals, Advisory Board of Bodhi Tree Corporate Advisors, a boutique investment bank specializing in credit rating evaluation and advisory and management consulting, and Local Management Committee of Vidyalankar School of Information Technology. She is a member of the Managing Committee of the All India Bank Depositors Association of the Forum of Free Enterprise. She retired as General Manager and Chief Economist, State Bank of India, based at its Corporate Office in Mumbai.

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

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

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

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

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

She has participated and presented papers at several seminars and conferences in India and abroad. She is regularly invited to make presentations and speak on topics relating to economy and banking at various fora including Forum of Free Enterprise, business schools and colleges. She is frequently invited to be a panellist on TV business channels and contributes columns in business newspapers and business journals.

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Dr. (Mrs.) Brinda Jagirdar (except Private Companies, Non-Profit Companies and Foreign Companies) as on March 31, 2017 are as follows:

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

M - Member of the Committee

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

VII. MR. DINESH KANABAR (DIN 00003252)

Mr. Dinesh Kanabar, aged 58 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2015. Mr. Kanabar is the Chairman of Audit Committee of the Board of Directors of the Company.

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

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

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

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

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

The details of the Directorship and/ or Membership/ Chairmanship of Committees of the Board held by Mr. Dinesh Kanabar (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2017 are as follows:

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

C - Chairman of the Committee

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

VIII. MR. NARENDRA OSTAWAL (DIN 06530414)

Mr. Narendra Ostawal, aged 39 years, is a Non-Executive Director of the Company. He joined the Board of Directors of the Company in January, 2015.

Mr. Narendra Ostawal is the Managing Director of Warburg Pincus India Private Limited and is based in Mumbai. He joined Warburg Pincus in 2007 and since then has been involved in the firm's investment advisory activities in India. Prior to joining Warburg Pincus, Mr. Ostawal was Associate with 3i India and McKinsey & Company. Mr. Ostawal holds

ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

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

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. Narendra Ostawal (except Private Companies, Non Profit Companies and Foreign Companies) as on March 31, 2017 are as follows:

Sr. No.	Name of the Company	Committee positions held (excluding Capital First Limited)	
		Audit Committee	Stakeholders Relationship Committee
1.	Laurus Labs Limited	-	C

C - Chairman of the Committee

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

IX. MR. APUL NAYYAR (DIN 01738973)

Mr. Apul Nayyar, aged 44 years, is a Whole Time Director and Key Managerial Personnel of the Company as per provisions of Companies Act, 2013 designated as 'Executive Director'. He joined the Board of Directors of the Company in April, 2016.

He has more than 19 years of experience in the Financial Services Industry. Previously, he has worked in leadership positions across companies like India Infoline (IIFL), Merrill Lynch and Citigroup. His expertise in development of business models led to the setup of Lending businesses for some of the above organizations.

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

The details of the Directorship and/or Membership/ Chairmanship of Committees of the Board held by Mr. Apul Nayyar (except Private Companies, Non-Profit Companies and Foreign Companies) as on March 31, 2017 are as follows:

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

M - Member of the Committee

Mr. Apul Nayyar holds 6,65,000 equity shares in the Company.

X. MR. NIHAL DESAI (DIN 03288923)

Mr. Nihal Desai, aged 49 years, is a Whole Time Director and Key Managerial Personnel of the Company as per provisions of Companies Act, 2013 designated as 'Executive Director'. He joined the Board of Directors of the Company in April, 2016.

He has more than 23 years of work experience in the Financial Services domain including 16 years with ICICI Bank Ltd. in Senior Management positions. He has also worked with Serco India as Managing Director and developed new markets for its core and new BPO business.

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

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

Mr. Nihal Desai holds 80,000 equity shares in the Company.

On behalf of the Board of Directors

V. Vaidyanathan

Chairman & Managing Director

DIN: 00082596

Place : Mumbai

Date : May 10, 2017

ANNEXURE 2 TO THE DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS

CIN	L29120MH2005PLC156795
Registration Date	October 18, 2005
Name of the Company	Capital First Limited
Category / Sub-Category of the Company	Public Company Limited by shares
Address of the Registered office and contact details	One Indiabulls Centre, Tower 2A & 2B, 10 th Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013 Tel No.: +91 22 4042 3400 Fax No.: +91 22 4042 3401 E-mail ID: secretarial@capitalfirst.com Website: www.capitalfirst.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India Tel No.: +91 22 4918 6270 Fax No.: +91 22 4918 6060 E-mail ID: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ subsidiary/ Associate	% of shares Held	Applicable Section
1.	Cloverdell Investment Ltd C/o Warburg Pincus Asia Ltd, 8 th Floor, Newton Tower, Sir William Newton Street, Port Louis, Mauritius	NA	Holding Company	59.78%	2 (46)
2.	Capital First Home Finance Limited One Indiabulls Centre, Tower 2A & 2B, 10 th Floor, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400 013	U65192MH2010PLC211307	Subsidiary	100%	2 (87)

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

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

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

(a) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	58237645	-	58237645	63.83	58237645	-	58237645	59.78	(4.05)
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
- Foreign Portfolio Investor	1247957	-	1247957	1.37	1247957	-	1247957	1.28	(0.09)
Sub-total (A) (2):-	59485602	-	59485602	65.20	59485602	-	59485602	61.06	(4.14)
Total Public Shareholding (A) = (A)(1)+(A)(2)	59485602	-	59485602	65.20	59485602	-	59485602	61.06	(4.14)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	6179732	-	6179732	6.77	4235935	-	4235935	4.35	(2.43)
b) Banks/FI	131393	-	131393	0.14	236123	-	236123	0.24	0.10
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	2731757	-	2731757	2.99	1604181	-	1604181	1.65	(1.35)
g) FIs	6641397	-	6641397	7.28	8203627	-	8203627	8.42	1.14
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	15684279	-	15684279	17.19	14279866	-	14279866	14.66	(2.53)
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	6081743	-	6081743	6.67	2106716	-	2106716	2.16	(4.50)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	6149622	175	6149797	6.74	7295177*	1975	7297152	7.49	0.75
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2069043	-	2069043	2.27	7421257	-	7421257	7.62	5.35
c) Others (specify)									
- Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
- Non-Resident (Repat)	909149	-	909149	1.00	966423	-	966423	0.99	(0.01)
- Non-Resident (Non Repat)	82864	-	82864	0.09	134817	-	134817	0.14	0.05
- Clearing Member	361468	-	361468	0.40	375390	-	375390	0.39	(0.01)
- Trust	64906	-	64906	0.07	50489	-	50489	0.05	(0.02)
- Hindu Undivided Family	348893	-	348893	0.38	523748	-	523748	0.54	0.16
- Foreign Company	-	-	-	-	4780000	-	4780000	4.91	4.91
- Foreign National	-	-	-	-	609	-	609	0.00	0.00
Sub-total (B)(2):	16067688	175	16067863	17.61	23654626	1975	23656601	24.28	6.67
Total Public Shareholding (B) = (B)(1)+(B)(2)	31751967	175	31752142	34.80	37934492	1975	37936467	38.94	4.14
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	91237569	175	91237744	100.00	97420094*	1975	97422069	100.00	-

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

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

(b) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	% change in shareholding during the year
1.	Cloverdell Investment Ltd	58237645	63.83	-	58237645	59.78	-	(4.05)
2.	Dayside Investment Ltd	1247957	1.37	-	1247957	1.28	-	(0.09)
	Total	59485602	65.20	-	59485602	61.06	-	(4.14)

(c) Change in Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	59485602	65.20	59485602	65.20
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	No change during the year			
	At the end of the year	59485602	61.06	59485602	61.06

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

Sr. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at beginning (01.04.2016)/end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Caladium Investment Pte. Ltd.	Nil	0	01-Apr-16				
				14-Dec-16	4780000	Acquisition pursuant to Preferential allotment	4780000	4.92
		4780000	4.91	31-Mar-17				
2	Birla Sun Life Trustee Company Private Limited (various sub accounts)	4504782	4.94	01-Apr-16				
				29-Apr-16	3535	Purchase	4508317	4.94
				06-May-16	43513	Purchase	4551830	4.99
				08-Jul-16	-346	Sale	4551484	4.98
				29-Jul-16	-10000	Sale	4541484	4.97

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Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
				05-Aug-16	-16674	Sale	4524810	4.90
				12-Aug-16	-14484	Sale	4510326	4.89
				09-Sep-16	-10000	Sale	4500326	4.88
				16-Sep-16	-4000	Sale	4496326	4.87
				07-Oct-16	-100000	Sale	4396326	4.76
				14-Oct-16	-11453	Sale	4384873	4.75
				21-Oct-16	-10000	Sale	4374873	4.74
				11-Nov-16	-135700	Sale	4239173	4.59
				16-Dec-16	-48100	Sale	4191073	4.30
				23-Dec-16	-4500	Sale	4186573	4.30
				06-Jan-17	-4580	Sale	4181993	4.29
				20-Jan-17	-21720	Sale	4160273	4.27
				10-Feb-17	-19200	Sale	4141073	4.25
				17-Feb-17	-1200	Sale	4139873	4.25
				03-Mar-17	-4428	Sale	4135445	4.25
				10-Mar-17	-50000	Sale	4085445	4.19
				24-Mar-17	-10000	Sale	4075445	4.18
				31-Mar-17	-16900	Sale	4058545	4.17
		4058545	4.17	31-Mar-17				
3	Goldman Sachs India Fund Limited	1765870	1.94	01-Apr-16				
				24-Mar-17	330558	Purchase	2096428	2.15
				31-Mar-17	35186	Purchase	2131614	2.19
		2131614	2.19	31-Mar-17				
4	Government Pension Fund Global	1347741	1.48	01-Apr-16				
				23-Dec-16	12100	Purchase	1359841	1.40
				30-Dec-16	32181	Purchase	1392022	1.43
				24-Mar-17	650157	Purchase	2042179	2.10
		2042179	2.10	31-Mar-17				
5	HDFC Standard Life Insurance Company Limited	2711129	2.97	01-Apr-16				
				08-Apr-16	-60858	Sale	2650271	2.90
				22-Apr-16	-102070	Sale	2548201	2.79
				29-Apr-16	-35065	Sale	2513136	2.75
				06-May-16	-366204	Sale	2146932	2.35
				13-May-16	-102804	Sale	2044128	2.24

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
				20-May-16	-113132	Sale	1930996	2.12
				27-May-16	-291826	Sale	1639170	1.80
				10-Jun-16	-25000	Sale	1614170	1.77
				17-Jun-16	-33516	Sale	1580654	1.73
				08-Jul-16	-108311	Sale	1472343	1.61
				22-Jul-16	-80907	Sale	1391436	1.52
				29-Jul-16	-110166	Sale	1281270	1.40
				05-Aug-16	-19127	Sale	1262143	1.37
				12-Aug-16	-164529	Sale	1097614	1.19
				19-Aug-16	-32407	Sale	1065207	1.15
				09-Sep-16	1475	Purchase	1066682	1.16
				16-Sep-16	-1786	Sale	1064896	1.15
				23-Sep-16	-8214	Sale	1056682	1.14
				30-Sep-16	-6111	Sale	1050571	1.14
				14-Oct-16	-10728	Sale	1039843	1.13
				11-Nov-16	15000	Purchase	1054843	1.14
				23-Dec-16	781	Purchase	1055624	1.08
				30-Dec-16	-1724	Sale	1053900	1.08
				06-Jan-17	37	Purchase	1053937	1.08
				27-Jan-17	15	Purchase	1053952	1.08
				24-Feb-17	396	Purchase	1054348	1.08
				03-Mar-17	35000	Purchase	1089348	1.12
				10-Mar-17	5022	Purchase	1094370	1.12
				17-Mar-17	40000	Purchase	1134370	1.16
				24-Mar-17	445000	Purchase	1579370	1.62
				31-Mar-17	4163	Purchase	1583533	1.63
		1583533	1.63	31-Mar-17				
6	One North Capital - Asia Value Master Fund	Nil	0.00	01-Apr-16				
				09-Dec-16	402000	Purchase	402000	0.44
				16-Dec-16	318000	Purchase	720000	0.74
		720000	0.74	31-Mar-17				
7	Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.	Nil	0.00	01-Apr-16				
				08-Jul-16	440664	Purchase	440664	0.48
				15-Jul-16	3860	Purchase	444524	0.49
				05-Aug-16	206810	Purchase	651334	0.71

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
				23-Sep-16	-1292	Sale	650042	0.70
				30-Sep-16	-167	Sale	649875	0.70
				07-Oct-16	-4122	Sale	645753	0.70
				21-Oct-16	-2026	Sale	643727	0.70
				28-Oct-16	-707	Sale	643020	0.70
				04-Nov-16	-1678	Sale	641342	0.69
				09-Dec-16	-1235	Sale	640107	0.69
				13-Jan-17	7187	Purchase	647294	0.66
				20-Jan-17	-3357	Sale	643937	0.66
				03-Feb-17	-275	Sale	643662	0.66
				17-Feb-17	-124	Sale	643538	0.66
				03-Mar-17	-13229	Sale	630309	0.65
				10-Mar-17	-1194	Sale	629115	0.65
				17-Mar-17	-2536	Sale	626579	0.64
				24-Mar-17	-2675	Sale	623904	0.64
				31-Mar-17	-1176	Sale	622728	0.64
		622728	0.64	31-Mar-17				
8	National Westminster Bank PLC as Trustee of The Jupiter India Fund	521576	0.57	01-Apr-16				
				27-Jan-17	32998	Purchase	554574	0.57
				31-Mar-17	25607	Purchase	580181	0.60
		580181	0.60	31-Mar-17				
9	Ashburton India Equity Opportunities Limited	472000	0.52	01-Apr-16				
				08-Apr-16	65000	Purchase	537000	0.59
				17-Jun-16	-46370	Sale	490630	0.54
				24-Jun-16	-53630	Sale	437000	0.48
				05-Aug-16	-49730	Sale	387270	0.42
				30-Sep-16	15300	Purchase	402570	0.44
				25-Nov-16	40624	Purchase	443194	0.48
		443194	0.45	31-Mar-17				
10	Alok Oberoi	531924	0.58	01-Apr-16				
				22-Jul-16	-9442	Sale	522482	0.57
				29-Jul-16	-144558	Sale	377924	0.41
		377924	0.39	31-Mar-17				

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

(e) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	V. Vaidyanathan Chairman and Managing Director	341496	0.37	01-Apr-16				
				28-Mar-17	3208080*	Market Purchase	3549576	3.64
		3549576	3.64	31-Mar-17				
2.	Apul Nayyar Executive Director	75000	0.08	01-Apr-16				
				03-Aug-16	590000	ESOS Allotment	665000	0.72
				16-Dec-16	50000	ESOS Allotment	715000	0.73
				31-Mar-17	-50000	Market Sale	665000	0.68
		665000	0.68	31-Mar-17				
3.	Nihal Desai Executive Director	32000	0.04	01-Apr-16				
				02-Jun-16	43000	ESOS Allotment	75000	0.08
				16-Dec-16	5000	ESOS Allotment	80000	0.08
		80000	0.08	31-Mar-17				
4.	Pankaj Sanklecha Chief Financial Officer and Head - Corporate Centre	98500	0.11	01-Apr-16				
				12-Apr-16	5000	ESOS Allotment	103500	0.11
				03-May-16	-10000	Market Sale	93500	0.10
				18-May-16	-15000	Market Sale	78500	0.09
				26-May-16	-7500	Market Sale	71000	0.08
				01-Jun-16	-5000	Market Sale	66000	0.07
				15-Jun-16	-2500	Market Sale	63500	0.07
				04-Jul-16	-5000	Market Sale	58500	0.06
				03-Aug-16	66500	ESOS Allotment	125000	0.14
				21-Sep-16	12500	ESOS Allotment	137500	0.15
				26-Oct-16	25000	ESOS Allotment	162500	0.18
				16-Dec-16	79500	ESOS Allotment	242000	0.25
				24-Jan-17	10000	ESOS Allotment	252000	0.26
				23-Mar-17	-6745	Market Sale	245255	0.25
				30-Mar-17	-3191	Market Sale	242064	0.25
				31-Mar-17	-6809	Market Sale	235255	0.24
5.	Satish Gaikwad Head - Legal, Compliance and Company Secretary	235255	0.24	31-Mar-17				
		1000	0.00	01-Apr-16				
				02-Jun-16	1000	ESOS Allotment	2000	0.00
				27-Jun-16	-20	Market Sale	1980	0.00
				29-Jun-16	-1930	Market Sale	50	0.00
				01-Jul-16	3000	ESOS Allotment	3050	0.00
				22-Jul-16	-60	Market Sale	2990	0.00
		2990	0.00	31-Mar-17				

* Purchased equity shares from JV and Associates LLP, in which Mr. V. Vaidyanathan is a partner.

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

V. INDEBTEDNESS

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

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,02,610	13,262	-	1,15,872
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	627	216	-	843
Total (i + ii + iii)	1,03,237	13,478	-	1,16,714
Change in Indebtedness during the financial year				
Addition	66,295	40,756	-	1,07,052
Reduction	53,162	34,243	-	87,405
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	1,15,744	19,775	-	1,35,518
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,350	243	-	1,593
Total (i + ii + iii)	1,17,094	20,017	-	1,37,111

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration Paid during FY 2016-17	Name of Managing Director	Name of Whole Time Director	Name of Whole Time Director
		Mr. V. Vaidyanathan	Mr. Apul Nayyar	Mr. Nihal Desai
1.	Gross salary*			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹ 7,40,06,849	^ ₹ 3,51,33,983	^ ₹ 3,18,45,158
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NA	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NA	NA	NA
2.	Stock Option granted during FY 2016-17	Nil	50,000 options	50,000 options
3.	Sweat Equity	NA	NA	NA
4.	Commission			
	- as % of profit	NA	NA	NA
	- others, specify...	NA	NA	NA
5.	Others, please specify	NA	NA	NA
	Total	₹ 7,40,06,849	₹ 3,51,33,983	₹ 3,18,45,158
	Ceiling as per the Act	₹ 26,38,74,162		

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

^ Includes bonus paid for the financial year 2015-16 in financial year 2016-17, when Mr. Apul Nayyar and Mr. Nihal Desai were not Directors of the Company and excludes perquisite value consequent to exercise of stock options.

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

B. REMUNERATION TO OTHER DIRECTORS

Sr. No.	Particulars of Remuneration Paid during FY 2016-17	Name of Directors					Total Amount
		N. C. Singhal	M. S. Sundara Rajan	Hemang Raja	Brinda Jagirdar	Dinesh Kanabar	
1.	Independent Directors						
	Fee for attending board/committee meetings	₹ 7,60,000	₹ 4,30,000	₹ 4,40,000	₹ 4,40,000	₹ 3,70,000	₹ 24,40,000
	Commission Paid during FY 2016-17	₹17,50,000	₹17,50,000	₹17,50,000	₹ 17,50,000	₹17,50,000	₹87,50,000
	Others, please specify	-	-	-	-	-	-
	Total (1)	₹ 25,10,000	₹ 21,80,000	₹ 21,90,000	₹ 21,90,000	₹ 21,20,000	₹ 1,11,90,000

Sr. No.	Particulars of Remuneration Paid during FY 2016-17	Name of Directors		Total Amount
		Vishal Mahadevia	Narendra Ostawal	
	Fee for attending board/committee meetings	Not Applicable		Not Applicable
	Commission			
	Others, please specify			
	Total (2)			-
	Total (B)=(1+2)			₹ 1,11,90,000
	Overall Ceiling as per the Act for Non-Executive Directors			₹ 2,63,87,416
	Overall Ceiling as per the Act for all Directors			₹ 29,02,61,578

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

Sr. No.	Particulars of Remuneration Paid during FY 2016-17	Key Managerial Personnel(s)		
		Pankaj Sanklecha Chief Financial Officer	Satish Gaikwad Company Secretary	Total
1.	Gross salary*			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹ 2,17,33,845	₹ 60,74,557	₹ 2,78,08,402
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NA	NA	NA
2.	Stock Option granted during FY 2016-17	32,500 options	15,000 options	47,500 options
3.	Sweat Equity	NA	NA	NA
4.	Commission - as % of profit - others, specify...	NA	NA	NA
5.	Others, please specify	NA	NA	NA
	Total	₹ 2,17,33,845	₹ 60,74,557	₹ 2,78,08,402

* Includes bonus for the financial year 2015-16 paid in financial year 2016-17 and excludes perquisite value consequent to exercise of stock options.

ANNEXURE 2 TO THE DIRECTORS' REPORT (CONTD.)

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

On behalf of the Board of Directors

Place : Mumbai
Date : May 10, 2017

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

ANNEXURE 3 TO THE DIRECTORS' REPORT

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Kindly refer the Corporate Social Responsibility policy as stated herein below at the Company's website. The web link is http://www.capitalfirst.com/investor/corporate-governance
2.	The Composition of the CSR Committee	1. Mr. Hemang Raja - Chairman 2. Dr. (Mrs.) Brinda Jagirdar - Member 3. Mr. Vishal Mahadevia - Member 4. Mr. V. Vaidyanathan - Member
3.	Average net profit of the company for last three financial years	₹ 1,81,24,91,507/-
4.	Prescribed CSR Expenditure (two per cent of the amount as in Item No. 3 above)	₹ 3,62,49,830/-
5.	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year b) Amount Unspent, if any	₹ 3,65,18,231/- Nil

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

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) specify the state and district here projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	BALM Scholarship	Education	Chennai, Tamil Nadu	₹30,20,000	Direct expense: ₹ 14,96,950 Overhead: ₹ 30,550	₹ 15,27,500	Implementing agency: BALM
2.	Capital First Ltd. Woman of Substance	Skill/ Vocational training	Delhi	₹ 10,15,000	Direct expense: ₹ 12,43,978 Overhead: ₹ 1,24,000	₹ 13,67,978	Implementing agency: Etasha Society
3.	Om Creations Trust	Skill/ Vocational training	Mumbai, Maharashtra	₹ 12,24,000	Direct expense: ₹ 13,03,860 Overhead: ₹ 87,000	₹ 13,90,860	Implementing agency: Om Creations Trust
4.	Janaagraha	Education : Awareness Campaign	Bengaluru, Karnataka	₹ 10,39,000	Direct expense: ₹ 10,39,000 Overhead: NIL	₹ 10,39,000	Implementing agency: Janaagraha
5.	Book Distribution to Tribal Students	Education	Maharashtra	₹ 25,00,000	Direct expense: ₹ 39,81,125 Overhead: ₹ 3,08,531	₹ 42,89,656	Direct: Capital First Limited
6.	Project Sambhavna – EduBridge Learning Pvt. Ltd.	Education/ Vocational training	Maharashtra/ Goa	₹ 50,00,000	Direct expense: ₹ 13,79,500 Overhead: ₹ 19,219	₹ 13,98,719	Implementing agency: EduBridge Learning Pvt. Ltd.

ANNEXURE 3 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) specify the state and district here projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
7.	CFL Scholarship Timespro Program –MBA	Education	Delhi/ Karnataka/ Tamil Nadu/ Maharashtra/ Andhra Pradesh	₹60,00,000	Direct expense: ₹ 55,98,259 Overhead: ₹ 8,21,101	₹ 64,19,360	Implementing agency: TimesPro
8.	Project Saksham	Women empowerment/ Vocational training	Mumbai, Maharashtra	₹ 30,02,000	Direct expense: ₹ 30,02,000 Overhead: ₹ 1,86,000	₹ 31,88,000	Implementing agency: Animedh Charitable Trust
9.	Social Action for Manpower Creation - SAMPARC	Vocational training	Lonavala, Maharashtra	₹ 22,00,000	Direct expense: ₹ 22,00,000 Overhead: Nil	₹ 22,00,000	Implementing agency: Social Action for Manpower Creation - SAMPARC
10.	Project Sambhavna –Catalysts for Social Action (CSA)	Vocational training	Maharashtra / Goa / Orissa	₹ 32,50,000	Direct expense: ₹ 32,50,000 Overhead: Nil	₹ 32,50,000	Implementing agency: Catalysts for Social Action (CSA)
11.	Riddhi Shah Scholarship	Education	Mumbai, Maharashtra	₹ 37,100	Direct expense: ₹ 37,100 Overhead: Nil	₹ 37,100	Direct
12.	Delhi Mask Distribution	Health	Delhi	₹ 9,63,108	Direct expense: ₹ 9,63,108 Overhead: Nil	₹ 9,63,108	Direct
13.	Marwari Vidyalaya High School	Education	Mumbai, Maharashtra	₹ 16,82,000	Direct expense: ₹ 16,82,000 Overhead: Nil	₹ 16,82,000	Marwari Vidyalaya High School
14.	Marathawada Navnirman Lokayat Manavlok	Drought Relief	Maharashtra	₹ 10,00,000	Direct expense: ₹ 10,00,000 Overhead: Nil	₹ 10,00,000	Marathawada Navnirman Lokayat Manavlok

ANNEXURE 3 TO THE DIRECTORS' REPORT (CONTD.)

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) specify the state and district here projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
15.	Dilasa Sanstha	Drought Relief	Maharashtra	₹ 15,00,000	Direct expense: ₹ 15,00,000 Overhead: Nil	₹ 15,00,000	Dilasa Sanstha
16.	CFL Employees undertaken CSR Activities	Education/ Health/ Women empowerment/ Animal Health/ Promoting Culture	PAN India	₹ 52,64,950	Direct expense: ₹ 52,64,950 Overhead: Nil	₹ 52,64,950	Various NGO's and Trust's

Details of implementing agency:

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

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

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

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

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

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

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

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

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

ANNEXURE 3 TO THE DIRECTORS' REPORT (CONTD.)

Manavlok is a voluntary organization for the socio-economic upliftment of the rural poor. Manavlok has been developing its activities over an increasing scale, never straying from the tenet that programs be based on the specific needs of people. Soil and water conservation, community wells for marginal farmers, a mobile health clinic, legal support for destitute and deserted women, skill training for women and landless farmers, a hostel for impoverished college girls, employment generation through Community Development Programs, empowerment of the rural poor especially women, organizing small farmers, landless laborers, women and youth to solve their problems with available resources. These are just some of the important activities initiated.

Dilasa is a Non-governmental Voluntary Organization established in 1994. Dilasa works in close cooperation with 25 other smaller NGOs in Vidharbha and Marathawada regions. It runs farmer's support Centre, spreads information on various Government schemes meant for the benefit of the farmers and rural population.

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

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

Marwari Vidyalaya High School is a recognized SSC board school established in 1912. The School runs both an English and Hindi Medium. The Hindi Medium is government aided, where as the English Medium is private and recognized by the education department.

6. In case the Company has failed to spend two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: **Not Applicable**
7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For **Capital First Limited**

V. Vaidyanathan

Chairman & Managing Director
DIN: 00082596

Hemang Raja

Chairman of Corporate Social Responsibility Committee
DIN: 00040769

Place : Mumbai

Date : May 10, 2017

ANNEXURE 4 TO THE DIRECTORS' REPORT

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

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

Name of each Director/ KMP	Ratio of Remuneration of each Director/ to median Remuneration of Employees	% Increase in Remuneration in the FY 2016-17
Mr. V. Vaidyanathan, <i>Chairman & Managing Director</i>	127.4:1	3.9
Mr. Apul Nayyar, <i>Executive Director</i> [^]	60.5:1	10.5
Mr. Nihal Desai, <i>Executive Director</i> [^]	54.8:1	31.1
Mr. N. C. Singhal, <i>Non-Executive Independent Director</i>	4.3:1	24.3
Mr. Vishal Mahadevia, <i>Non-Executive Director</i> [@]	N.A.	N.A.
Mr. Hemang Raja, <i>Non-Executive Independent Director</i>	3.8:1	24.4
Mr. M. S. Sundara Rajan, <i>Non-Executive Independent Director</i>	3.8:1	25.3
Dr. (Mrs.) Brinda Jagirdar, <i>Non-Executive Independent Director</i>	3.8:1	125.8
Mr. Dinesh Kanabar, <i>Non-Executive Independent Director</i>	3.6:1	268.7
Mr. Narendra Ostawal, <i>Non-Executive Director</i> [@]	N.A.	N.A.
Mr. Pankaj Sanklecha, <i>Chief Financial Officer & Head - Corporate Centre</i>	N.A.	8.9
Mr. Satish Gaikwad, <i>Head – Legal, Compliance & Company Secretary</i>	N.A.	14.5

Percentage increase reflects remuneration paid in FY 2015-16 and FY 2016-17.

[^] Mr. Apul Nayyar and Mr. Nihal Desai were appointed as Executive Directors effective from April 04, 2016.

[@] Not paid any remuneration.

N.A. : Not applicable

- b) The percentage increase in the median remuneration of employees in the financial year was 11.1%.
- c) The Company has 1,924 permanent employees on the rolls of Company as on March 31, 2017.
- d) Average percentage increase made in the salaries of employees other than the managerial personnel in the FY 2016-17 as compared to FY 2015-16 was 10.8%. The increase in the managerial remuneration for the same financial year was 9.2%. The average increases every year is an outcome of Company's market competitiveness, our reward philosophy and benchmarking results.
- e) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

On behalf of the Board of Directors

Place : Mumbai
Date : May 10, 2017

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

ANNEXURE 5 TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To
The Members
Capital First Limited
One Indiabulls Centre, Tower 2A & 2B,
10th Floor, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400013

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 (**'Audit Period'**) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment (**Overseas Direct Investment and External Commercial Borrowing are not applicable during the audit period**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the audit period**);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the audit period**) and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ANNEXURE 5 TO THE DIRECTORS' REPORT (CONTD.)

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Reserve Bank of India Act, 1934 to the extent of provisions applicable to Non-Banking Financial Companies and Regulations made there under.

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

We further report that

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

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

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

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

We further report that during the audit period:

- (a) The Company has allotted 47,80,000 Equity shares to Caladium Investment Pte. Ltd. on preferential allotment basis.
- (b) The Company has issued and allotted 27,722 Non-convertible Debentures on private placement basis having face value of ₹ 10,00,000/- each.
- (c) The Company has obtained the approval of members at Annual General Meeting of the Company held on July 05, 2016 under Section 180 (1) (c) of the Companies Act, 2013 for an amount not exceeding ₹ 25,000 crore over and above the aggregate, for the time being, of the paid up capital and free reserves of the Company.

For Makarand M. Joshi & Co.
Company Secretaries,

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place : Mumbai

Date : May 04, 2017

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

ANNEXURE 5 TO THE DIRECTORS' REPORT (CONTD.)

'ANNEXURE A'

To

The Members

Capital First Limited

One Indiabulls Centre, Tower 2A & 2B,

10th Floor, Senapati Bapat Marg,

Lower Parel (West), Mumbai – 400013

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

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

For Makarand M. Joshi & Co
Company Secretaries,

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place : Mumbai

Date : May 04, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

An epic financial year in many ways, FY17 witnessed a series of watershed policy announcements. In November 2016, in the most striking move of the year, 86% of the country's currency in circulation was withdrawn by the government as it called back existing banknotes in the denominations of ₹ 500 and ₹ 1000. In the short term, this suddenly executed directive resulted in a transitory cash crunch and the October-December quarter witnessed a dip in consumption. However, in the long run, buttressed with other linked policies like the use of Aadhaar Card for identification, implementation of GST and India's digital drive, it could deliver a paradigm shift in the economy's growth. It will boost the digital economy of the Country and will curb the parallel economy and un-accounted money, resulting in increased tax revenues to the government and culminating in an overall higher level of development. This will also enable lenders to lend to enterprises more easily in the longer run and grow the credit market.

In August 2016, after over a decade and a half of debate on whether India should adopt a common Goods and Services Tax (GST) system, it was finally approved. With the passing of the Constitution Amendment Bill for Goods and Services Tax (GST) in both houses and the President of India's approval, GST is on its way to becoming a replacement for all indirect taxes levied on goods and services by the Centre and States. The GST will now be implemented as a replacement for all indirect taxes levied on goods and services by the Centre and States. Effectively, it impacts the entire indirect tax structure, the incidence of tax, the tax computation, tax payment, compliance, credit utilization and reporting.

GST will entail a more comprehensive tax base, as virtually all goods and services will be taxable, with minimum exemptions. Even companies in the unorganized sector will come under the tax regime since those that purchase their goods will seek to claim tax credits. This broader tax base will enable the government to collect better revenues even with a lower tax rate.

Over the long run prices on goods for consumers are likely to fall due to the overall lower taxes. This unified tax would reduce the cascading effect of tax on the cost of goods and services and create a common Indian market. This will result in the seamless movement of goods across states and the transaction costs involved in inter-state businesses will come down. As a result, logistic costs should fall too. All levels of business from suppliers and manufacturers to wholesalers and retailers will be able to recover GST paid out on input costs as tax credits. Since there will be no double taxation, the cost of doing business should

eventually fall. Businesses will be more inclined to comply due to the transparency in the tax system.

The incumbent government has also marched ahead with its financial inclusion drive. Through the budget, it has announced proposals to promote the Small and Medium Enterprise sectors in the country. It has proposed the doubling of the refinancing capability of Small Industries Development Bank of India (SIDBI) from ₹ 50 billion to ₹ 100 billion per year, increasing the credit limit for Pradhan Mantri Mudra Yojana (PMMY) and a reduction in income tax rates for smaller companies. These measures will facilitate the growth of the MSME segment. There is also the realisation that NBFCs are vital institutions in India's institutional lending machinery that substantially support the Government's financial inclusion mission.

In another momentous move, in May 2016, the Insolvency and Bankruptcy Code, 2016, was passed, ensuring time-bound settlements of insolvencies, enabling faster turnaround-times for businesses and creating a database of serial defaulters. More importantly, when implemented alongside the proposed changes in debt recovery and enforcement laws, it could go a long way towards resolving the twin balance sheet problem of debt-ridden companies and banks saddled with bad loans. This in turn could improve the investment climate in the country.

According to the World Bank, India remains the fastest growing economy in the world. The country's economic fundamentals are strong, and reform momentum continues. GST is on track for implementation in the second quarter of the fiscal year, and is expected to yield substantial growth dividends from higher efficiencies, and raise more revenues in the long term. It concluded that due to the demonetization exercise, a modest slowdown is expected in the GDP growth in FY17 to 6.8% but a pick up to 7.2% is imminent in FY18. India's growth is projected to gradually increase to 7.7% in FY20.¹

Despite robust growth, inflation as measured by the Consumer Price Index has been on a downward trend over the past four years. This has encouraged the RBI to refrain from raising the benchmark rates.

OVERVIEW OF THE NBFC SECTOR

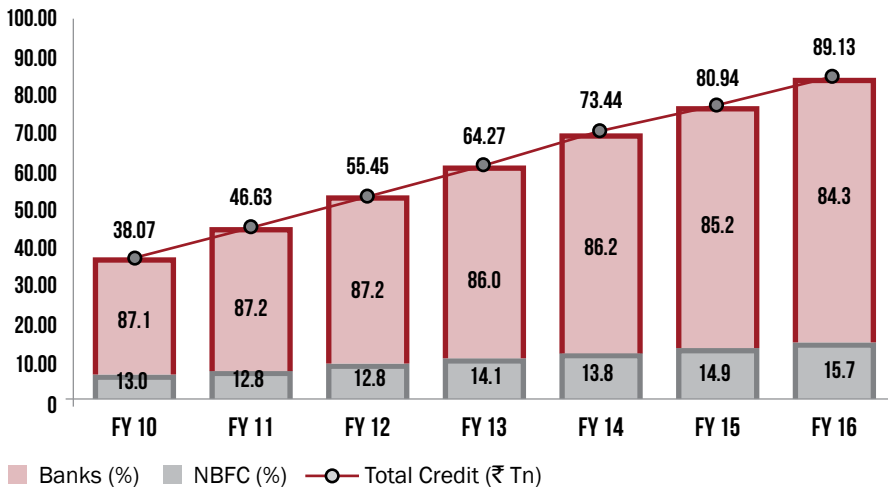
The Non-banking Finance Companies (NBFCs) sector has been growing steadily over the years. NBFCs have created a mark in the Indian financial system by providing the last-mile access

¹Source: World Bank Report.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Credit Growth in India

(%)



Source: RBI Data – Trends & Progress

and by developing capabilities to reach many un-touched micro-segments. Further important point is that the sector has catered to these segments in an efficient and profitable manner, thus making it sustainable. By riding on niche competencies, wider reach and focussed product lines, NBFCs now contribute to a wider share of the total credit in the system.

Reports by PWC and ICRA point to a healthy growth of about 15% in the NBFC sector over the past many years, and estimate such growth to continue based on the unique approach and distributed reach provided by these institutions.

BUSINESS OVERVIEW

Capital First Limited (Capital First) is a leading Indian Financial Institution specialising in providing debt financing to MSMEs and consumers in India. The founding theme of Capital First is that financing India's 50 million MSMEs and its emerging middle class, with a differentiated model, based on new technologies provides a large and unique opportunity. Capital First was founded in 2012 through a Management Buyout of an existing listed NBFC, and equity backing by a leading global private equity. In the process the Company got new shareholders, reconstituted a new board, started new business lines, and created a new brand and entity called 'Capital First'.

Unlike traditional models of financing, Capital First has successfully created new models to finance MSMEs and Indian consumers, in the hitherto unbanked and under-penetrated segments. The Company uses a differentiated model, based on new technologies and deep analytics. With this differentiated approach, Capital First has financed over 4.06 million customers and built loan assets of ₹ 198.24 billion (USD 3.05 bn) as on March 31, 2017. The total AUM of the Company increased by 24% from ₹ 1,60,408 Mn as on March 31, 2016 to ₹ 1,98,241 Mn as on March 31, 2017. The Retail AUM stood at ₹ 1,83,528 Mn as on March 31, 2017 and now contribute 93% of the overall AUM.

The quality of the Company's loan book has remained high over the years, with Gross and Net NPAs at comfortable levels, at 0.95% and 0.30%, respectively.

The Company enjoys a high credit rating of AAA. Capital First is focused on building an institution on strong pillars of ethics, values and high corporate governance.

MSME Funding

MSME financing is a growing industry with immense opportunities. As per IFC report, there is a capital shortfall of ₹ 32.5 trillion in the MSME sector, of which the debt shortfall is ₹ 26 trillion. Bank funding to this sector is only ₹ 8 trillion. Hence, this represents a huge opportunity.

Micro, Small and Medium enterprises form a large part of the Indian Economy accounting for 45% of the Indian Industrial output and 40% of the total exports. In addition, they generate employment and act as a catalyst for socio-economic transformation in India. According to the MSME Ministry's Annual Report for 2015-16, the MSME sector in India today is a network of 51 million enterprises providing employment to 117.1 million persons and contributing 37.5% of India's GDP. However, they suffer from various challenges, including absence of adequate and timely supply of finance for working capital, high cost of credit, collateral requirements, limited access to equity

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

capital, limited ability for expansion and modernization, lack of proper transportation and warehouse and are squeezed by larger customers (principals) on delayed payment terms.

Capital First has emerged as a Specialized Player in financing MSMEs by offering different products for their various financing needs. Capital First provides long term loans to MSMEs after proper evaluation of cash flows, mostly backed by collateral of residential or commercial property, with monthly amortization with no moratorium.

Consumer Finance

The Indian Consumer financing market is a huge and growing opportunity. With the rise in per capita income in India, there has been an increase in disposable income, which in turn has driven affordability for higher valued consumer durables. The rise in disposable income has also impacted the replacement cycle of consumer products, which has reduced from 9-10 years to 4-5 years. Where distribution is concerned, there has been an expansion in the organised retail. At the same time, the rise in the urban population has led to greater brand awareness as urban consumers have started to perceive consumer durables as lifestyle products and are open to pay increased prices for branded products. All this will facilitate higher demand, especially for high-end products.

In the Consumer segment, Capital First provides finance for purchasing new two-wheelers, primarily to young salaried individuals and to micro-entrepreneurs, shopkeepers, traders etc. through more than 2000 dealership points across more than 200 locations in India.

Capital First also provides financing to salaried and self-employed customers for purchasing of LCD/LED panels, Laptops, Air-conditioners and other such white good products through more than 4500 dealership points across 220 locations in India.

The above business entail high collection costs as the collection efforts required are significant due to small ticket size and large number of customers running into millions. Due to the extensive distribution requirements and larger volumes, these products also have high operating costs. Yet the Company has built a niche for itself in this space and the Company has been able to provide such loans to more than 3.5 million customers till date. The Company also distributes life insurance and general insurance products to the interested customers.

The Company has forayed into the affordable housing business through its wholly owned subsidiary, Capital First Home Finance Limited (CFHFL) which has an Housing Finance Company license from National Housing Bank. CFHFL focuses on primarily the self-employed individuals to provide loans for buying houses

in the affordable housing segment across the country. As its operations grew in the last financial year, CFHFL has built a loan book of more than ₹ 6.00 bn as of March 31, 2017.

Demonetisation

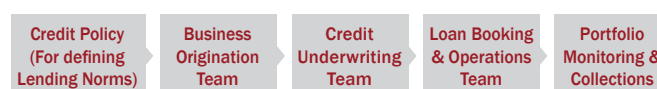
The withdrawal of high denomination notes resulted in a temporary cash crunch. However, businesses in India, especially those in the MSME sector are resilient and usually have informal networks to fall back on. Capital First managed the October to December quarter quite well by encouraging electronic collections, through web and e-wallet payments, which soared 400%. The Company's NPAs stayed below 1% without much effect from demonetization. Cash in circulation returned faster than expected and consumption is doing well too. There was a dip in disbursements during the November and December 2016. But during the 4th quarter of FY 17, the overall disbursements have surpassed the pre-demonetization levels.

On November 21, 2016, RBI provided relief to borrowers by offering them an additional 60 days to make good on their dues. The measure is aimed at preventing a spike in bad loans on account of the government's decision to withdraw ₹ 500 and ₹ 1000 notes, which was announced on November 08, 2016 and resulted in the scrapping of 86% of the currency in circulation. During December 2016, RBI, taking cognizance of the continuing shortage of currency, extended the relaxation on payment of dues on certain categories of loans by another 30 days.

The Company chose not to utilize this dispensation provided by the RBI.

Portfolio performance

Capital First is structured with inherent checks and balances for effective risk management. Sales, credit, operations and collections are independent of each other, with independent reporting lines for checks and balances in the system.



The Company follows a rigorous credit underwriting process, which helps in maintaining high asset quality. Only loans that meet the Company's lending norms, defined in the credit policy of the organisation, are considered. Such loans are passed on by the business origination team with their recommendations to the credit underwriting team. Here the credentials of the borrower are independently assessed. The loan booking and operations team then steps in to recheck and disburse the loan. Once the loan is disbursed, the independent portfolio monitoring team oversees the portfolio and then an independent collections team follows up to ensure recovery and that the credit health of the loans is on track.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

The Company has also implemented a number of credit scoring framework for underwriting the loan assets. This enables the Company to take corrective actions to constantly improvise and fine tune the lending criteria on a periodic basis to make these frameworks more efficient and robust. The ability of the Company to lend as per pre-defined criteria and monitor the portfolio on a timely basis is one of the significant competitive advantages enjoyed by the firm.

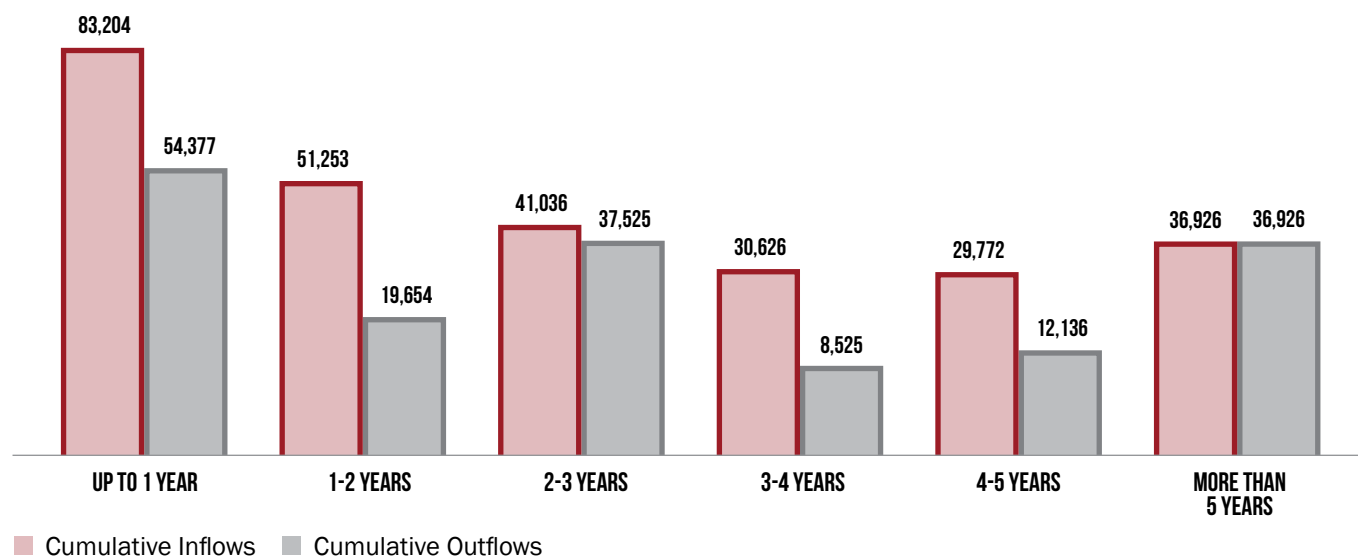
In the Mortgages business at Capital First, about 38% of the total applications are disbursed after passing through several levels of scrutiny and checks, mainly centred around cash flow evaluation, credit bureau and reference checks. Most rejections are because of the lack of visibility on financial health or inadequate cash flows.

Asset Quality

Over the years, Capital First has successfully maintained its high asset quality even during difficult macro-economic periods for the Indian economy. For instance, there was weakness in the Indian economy between 2010 to 2013, when the GDP growth rate for the Indian economy came down sharply from 9% to 5%, and interest rates went up sharply. Similarly, there was sharp currency fluctuation in 2013. Then there was significant disruption in customer's cash flows during demonetisation. Yet the Company's asset quality continued to remain high during this entire period, and profitability of the Company consistently continued to rise during this period. As of March 31, 2017, the Gross NPA and Net NPA of the Company stood at 0.95% and 0.30% respectively on 120 DPD basis.

Asset Liability Management

(amount in ₹ Mn)



Capital

The total amount of capital available to the Company is an important parameter to represent the strength of the institution. To present a perspective of the scale of improvement on this critical parameter, we are happy to share the total capital of the Company has increased from ₹ 6.90 billion on March 31, 2010 to ₹ 33.99 billion as of March 31, 2017.

In the third quarter of FY17, Capital First raised an amount of ₹ 3.40 billion in fresh equity capital from an affiliate of Singapore's sovereign wealth fund GIC (Ventures) Pte. Ltd., through preferential allotment. This will help the Company to continue its future growth plans on a strong capital base.

Capital First has maintained a healthy capital adequacy ratio over the years, at well above the levels directed by the RBI. As of March 31, 2017, the overall capital adequacy ratio of the Company is 20.34% with Tier-I capital adequacy at 15.97%.

Resources and Liabilities

Capital First has successfully diversified its liability portfolio with an array of 221 different institutional units for lines of credit, including banks, mutual funds, superannuation funds, provident funds and gratuity funds in FY17. During the last financial year, the Company has successfully opened up new avenues of funding and raised significant amounts of funds through Non-Convertible Debentures (NCDs).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Asset Liability Management

The Company has a conservative and prudent policy for matching funding to assets which translates to a robust Asset-Liability stability. As a key strategy to manage healthy cash flows, the Company borrows for a longer tenor than the actuarial maturity of its assets. Hence, the total inflow in each maturity bucket is higher than the total outflows in the respective buckets, which provides the Company adequate liquidity at all times. The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis.

CONSOLIDATED FINANCIAL MANAGEMENT

The Company reported a healthy increase in financial performance across all parameters during the year ended March 31, 2017. During the year the total income of the Company increased by 65% from ₹ 9.91 billion in FY 16 to ₹ 16.40 billion in FY 17. Profit before tax increased by 42% from ₹ 2.52 billion to ₹ 3.57 billion in FY 17. The profit after tax increased by 44% from ₹ 1.66 billion in FY 16 to ₹ 2.39 billion in FY 17.

Shareholders' funds

As of March 31, 2017, the total number of shares of Capital First stood at 9,74,22,069 and the Book Value per Share was ₹ 236.

A number of reputed marquee FIIs and DIIs have invested in Capital First. These include Warburg Pincus, Government of Singapore & affiliated Companies, Goldman Sachs Asset Management, Government Pension Fund Global, Jupiter Asset Management, Ashburton Limited, Canara HSBC Oriental Bank of Commerce Life Insurance, Birla Asset Management, HDFC Standard Life Insurance Company, One North Capital.

The market capitalization of the Company has steadily increased over the years as the effectiveness of the business model got recognized by many domestic and foreign investors.

OPPORTUNITIES & OUTLOOK

The economy is undergoing a paradigm shift as a result of a number of initiatives. In the financial space, the introduction of Aadhaar Card based identification and e-KYC, amongst others, will go a long way towards augmenting financial inclusion and enabling financiers to tap the vast segment of under-served individuals whose credit needs grow with their aspirations and income levels. With more consumers and entrepreneurs showing their true income on the books of accounts it will now be easier to evaluate creditworthiness. Further, we can be a perfect supplement in the new cashless payments ecosystem that the government has envisaged with the demonetisation drive.

As things stand, the Company feels confident to grow its asset under management by 20-25% over the next three years. In terms

of lines, lending appropriate amounts to unstructured needs is likely to receive greater focus in future. However, we are also confident Company has the necessary checks and controls to grow at a steady pace. The assets of the Company are well diversified and help the Company keep asset quality at a high standard.

INTERNAL CONTROL SYSTEMS

Internal control systems at Capital First are adequate and commensurate with its size and the nature of its operations. The Company's system of internal controls is 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.

To ensure that assets are safeguarded against losses that may arise due to unauthorised use or disposition, Capital First has in place adequate systems to ensure that assets and transactions are authorised, recorded and reported. By implementing robust Loan Management Systems it has further strengthened its system controls.

The Internal Audit Department reports to the Audit Committee of the Board of Directors of the Company. The department conducts comprehensive audits of functional areas and operations of the Company to examine the adequacy of and compliance with policies, plans and statutory requirements.

Any significant observations from the audit are reported to the Audit Committee and follow-up actions are taken accordingly. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

RISKS AND CONCERNS

Capital First continues to invest in 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. The Company underwrites loans on the basis of assessed cash flows of customers or other such credit evaluation tools as it deems necessary, including inputs from credit bureau information reports as required. While it does lay emphasis on detailed credit underwriting processes, it also considers various other factors like the underlying collateral and the LTV ratios approved for the customer. These policies are regularly monitored against desired outcomes for the organisation and revised as necessary.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

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

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

Changes in policies towards NBFC: There is a growing trend towards more stringent regulation in the NBFC sector. The Company is of the view that these changes are structurally beneficial for the financial services industry. Anticipating such regulations and implementing good governance norms before they are mandated has been a constant practice at Capital First. Accordingly, the Company feels confident on this count as well.

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

INFORMATION TECHNOLOGY

Capital First has made significant strides in the area of technology during last year by continuously investing into systems taking into account the future growth of the Company. The Company recognises the need for a robust information security overlay in a connected world and has invested significantly in globally accepted platforms and solutions for Enterprise Security solutions. The Company continues to be ISO27001:2013 certified and compliant.

HUMAN CAPITAL

We have great employees and it shows in our sustained performance over the years. We are focussed on creating an environment where our employees find it easy to succeed. All business and people practices are constantly reviewed for opportunities to improve our ways of working. During the year

we had a strong focus on our talent acquisition strategy keeping in mind our plans to scale our businesses and add new ones. We have raised the bar on the standards and introduced various assessments to select people with a clear focus on hiring for potential. We continued strong on focusing on the future leadership development through management trainee programs.

Our performance management processes are key to having highly engaged employees. Our performance scorecards help drive transparency, fairness and regular feedback which builds credibility in the entire process. We have a robust recognition scheme under the brand of "ACE" in which employees are recognised for their contributions.

This year we went with two very strong themes – Learning Consciousness and Health Consciousness. Our Learning and Development practice has created a model that will deliver a learning culture while our Engagement practice continues to create opportunities for employees to lead a healthy lifestyle.

We are extremely proud that our employees have shown a BIG HEART by volunteering their time for social issues that need attention. We held two CSR weeks this year in May and December and the response of our employees were overwhelming. You will see photos of some of the activities in another part of this annual report. In a feedback survey our employees have rated the Company very highly on our efforts towards CSR.

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

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

(The Report on Corporate Governance forms part of the Directors' Report for the year ended March 31, 2017)

PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

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

BOARD OF DIRECTORS ("Board")

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

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

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

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

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

Composition of the Board

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

As at March 31, 2017, the Board of Directors of the Company consisted of, five Independent Directors, two Non-Executive Director and three Executive Director.

During the Financial Year 2016-17, Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) pursuant to the approval of the Board at its Meeting held on April 04, 2016 and Members at the 11th Annual General Meeting of the Company were appointed as Whole Time Directors and Key Managerial Personnel of the Company as per the provisions of Companies Act, 2013 and applicable law and were designated as 'Executive Director' of the Company with effect from April 04, 2016 for a period of two years.

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

None of the Directors hold directorship in more than Ten Public Limited Companies or act as an Independent Director in more than Seven Listed Companies, none of the Directors acts as a member of more than Ten Committees or Chairman of more than Five Committees as on March 31, 2017 across all Public Limited Companies in which they are Directors.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

None of the Non-Executive Directors held any equity shares or convertible instruments of the Company during the financial year ended March 31, 2017. None of the Directors had any relationships inter-se.

During the financial year 2016-17, seven Meetings of the Board of Directors were held on following days:

April 04, 2016, May 13, 2016, August 03, 2016, November 09, 2016, November 11, 2016, January 31, 2017 and March 29,

2017 with the time gap between any two consecutive Meetings being not more than one hundred and twenty days at any point in time.

The details of the number of Board and Annual General Meeting attended by each Director during the financial year 2016-17 and Directorship and/or Membership/Chairmanship of the Committees of Board (except Private Companies, Non-Profit Companies and Foreign Companies) held by each of them as on March 31, 2017, are given below:

Name of the Director	Category	Attendance Particulars			No. of outside Directorships	No. of committee positions held (including in company)	
		No. of Board Meetings held during tenure of the Director	No. Board Meetings attended by the Director	Attended the last AGM		Chairman	Member
Mr. V. Vaidyanathan	Chairman & Managing Director	07	07	Yes	01	-	01
Mr. N. C. Singhal	Non-Executive & Independent Director	07	07	Yes	05	02	04
Mr. Vishal Mahadevia	Non-Executive Director	07	04	No	03	-	04
Mr. M. S. Sundara Rajan	Non-Executive & Independent Director	07	^06	Yes	08	05	10
Mr. Hemang Raja	Non-Executive & Independent Director	07	07	Yes	02	01	02
Dr. (Mrs.) Brinda Jagirdar	Non-Executive & Independent Director	07	07	Yes	03	01	03
Mr. Dinesh Kanabar	Non-Executive & Independent Director	07	^06	Yes	01	02	02
Mr. Narendra Ostawal	Non-Executive Director	07	05	No	01	01	01
# Mr. Apul Nayyar	Executive Director	07	07	Yes	01	-	01
# Mr. Nihal Desai	Executive Director	07	07	Yes	-	-	-

Mr. Apul Nayyar & Mr. Nihal Desai have been appointed as "Executive Director" effective from April 04, 2016.

^ Mr. Dinesh Kanabar attended Board Meeting held on November 11, 2016 via tele-conference and Mr. M. S. Sundara Rajan attended Board Meeting held on March 29, 2017 via tele-conference and the same were not included for the purpose of the attendance of respective Meetings in accordance with the provisions of Companies Act, 2013 read with Rules and applicable law.

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

COMMITTEES OF THE BOARD OF DIRECTORS:

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

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

AUDIT COMMITTEE

Terms of Reference:

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

The Committee also reviews the financial statements with the management, before their submission to the Board.

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

1. Overseeing the Company's financial reporting process and reviewing with the management, the financial statements before submission to the Board for approval;
2. Recommending to the Board the appointment, re-appointment and replacement of the Statutory Auditor and fixing their fees;
3. Evaluation of internal financial controls and risk management systems;
4. Reviewing the internal audit function of the Company; and
5. Such other matters as specified under Listing Regulations, requirements of Section 177 of the Companies Act, 2013 and Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

Composition and Attendance at Meeting:

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

- | | |
|----------------------------|------------|
| 1. Mr. Dinesh Kanabar | - Chairman |
| 2. Mr. N. C. Singhal | - Member |
| 3. Mr. Vishal Mahadevia | - Member |
| 4. Mr. M. S. Sundara Rajan | - Member |

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

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

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

During the year under review, the Committee met four times, i.e. May 13, 2016, August 03, 2016, November 09, 2016 and January 31, 2017. The details of the attendance of Directors at Audit Committee Meetings held during the financial year are as under:

Name	Number of Audit Committee Meetings Attended
Mr. Dinesh Kanabar	04
Mr. N. C. Singhal	04
Mr. Vishal Mahadevia	03
Mr. M. S. Sundara Rajan	04

The minutes of the Audit Committee Meetings forms part of the documents placed before the Meetings of the Board. In addition, the Chairman of the Audit Committee appraises the

Board Members about the significant discussions held at Audit Committee Meetings.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Terms of Reference:

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

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

Composition and Attendance at Meeting:

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

- | | |
|-------------------------------|---------------|
| 1. Dr. (Mrs.) Brinda Jagirdar | - Chairperson |
| 2. Mr. Hemang Raja | - Member |
| 3. Mr. V. Vaidyanathan | - Member |

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

During the year under review, the Committee met four times, i.e. on May 11, 2016, August 03, 2016, November 09, 2016 and January 31, 2017. The details of the attendance of Directors at Meetings of the Committee held during the financial year are as under:

Name	Number of Stakeholders Relationship Committee Meetings Attended
Dr. (Mrs.) Brinda Jagirdar	04
Mr. Hemang Raja	03
Mr. V. Vaidyanathan	04

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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, 2017, the Company has 1,20,639 shareholders.

At the beginning of the year, there were no complaints/ correspondences which were pending. During the year under review, the Company and Link Intime India Private Limited, the Registrar and Share Transfer Agent, received 07 complaints/correspondence/grievances. All the complaints/ correspondence/grievances were resolved/replied during the year and none are pending as on March 31, 2017.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Terms of Reference:

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

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

Composition and Attendance at Meeting:

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

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

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

During the year under review, the Committee met once, i.e. on May 11, 2016.

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

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

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

NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference:

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

- Identifying and selection of candidates for appointment as Director(s)/Independent Director(s) based on certain laid down criteria;
- Performing all such functions as are required to be performed by the Committee with regard to ESPS/ ESOPs under the Regulations issued by Securities and Exchange Board of India from time to time; and
- Such other matters as specified under Listing Regulations, Requirements of Section 178 of the Companies Act, 2013 and Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

Composition and Attendance at Meeting:

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

- | | |
|----------------------------|------------|
| 1. Mr. N. C. Singhal | - Chairman |
| 2. Mr. Hemang Raja | - Member |
| 3. Mr. M. S. Sundara Rajan | - Member |
| 4. Mr. Vishal Mahadevia | - Member |

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

During the year under review, the Committee met three times, i.e. on April 04, 2016, May 11, 2016 and March 29, 2017. The details of the attendance of Directors at Meetings of the Committee held during the financial year are as under:

Name	Number of Nomination and Remuneration Committee Meetings Attended
Mr. N. C. Singhal	03
Mr. Vishal Mahadevia	02
Mr. Hemang Raja	02
Mr. M. S. Sundara Rajan	03

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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

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

MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Regulations, a separate Meeting of Independent Directors was held on May 13, 2016 to review the performance of Non-Independent Directors and the Board as whole, and the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties. The meeting was conducted to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent

Directors and members of the Management. All the Independent Directors were present at the aforesaid meeting held on May 13, 2016.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION POLICY

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

The detailed Policy is available on the website of the Company. The web link is <http://www.capitalfirst.com/investor/corporate-governance>

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

Details of Equity Shares and Stock Options held and remuneration of Directors for the year ended March 31, 2017:

Name of the Director	Equity Shares held (Nos.)	Stock Options Held (Nos.)	Sitting Fees (in ₹)	Gross Remuneration (in ₹)	Gross Commission for FY 2015-16 paid during FY 2016-17 (in ₹)	Gross Commission for FY 2016-17 payable during FY 2017-18 (in ₹)
Mr. V. Vaidyanathan	35,49,576	74,91,000	N.A.	7,40,06,849	N.A.	N.A.
Mr. N. C. Singhal	N.A.	N.A.	7,60,000	N.A.	17,50,000	20,00,000
Mr. Vishal Mahadevia	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. M. S. Sundara Rajan	N.A.	N.A.	4,30,000	N.A.	17,50,000	20,00,000
Mr. Hemang Raja	N.A.	N.A.	4,40,000	N.A.	17,50,000	20,00,000
Dr. (Mrs.) Brinda Jagirdar	N.A.	N.A.	4,40,000	N.A.	17,50,000	20,00,000
Mr. Dinesh Kanabar	N.A.	N.A.	3,70,000	N.A.	17,50,000	20,00,000
Mr. Narendra Ostawal	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Apul Nayyar	6,65,000	1,35,000	N.A.	*3,51,33,983	N.A.	N.A.
Mr. Nihal Desai	80,000	5,20,000	N.A.	*3,18,45,158	N.A.	N.A.

^ Gross Remuneration includes salary, leave encashment and bonus but does not include Provident Fund.

* Includes bonus for the financial year 2015-16 paid in financial year 2016-17, when Mr. Apul Nayyar and Mr. Nihal Desai were not a Director of the Company and excludes perquisite value consequent to exercise of stock options.

N.A.: Not Applicable.

CODE OF CONDUCT

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

SUBSIDIARY COMPANY

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

The Company had formulated a policy for determining 'Material Subsidiary' and the same has been put on the Company's website and the web link is <http://www.capitalfirst.com/investor/corporate-governance>

WHISTLE BLOWER POLICY AND VIGIL MECHANISM

As per the provisions of Section 177 of Companies Act, 2013 every listed company or such class or classes of companies, as may be prescribed shall establish a vigil mechanism for the directors and employees to report their genuine concerns in such manner as may be prescribed. We affirm that no employee/personnel of the Company were denied access to the Chairman of the Audit Committee.

Accordingly, the Company has in place the Whistle Blower Policy pursuant to the requirements prescribed by the Companies Act, 2013 and the Listing Regulations and the same has been put on the

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has familiarized its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

The details of the said familiarization programme is provided on the website of the Company and the web link is <http://www.capitalfirst.com/investor/corporate-governance>

GENERAL BODY MEETINGS

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

General Meeting	Date, Time and Venue	Special Resolutions passed
Ninth Annual General Meeting	June 18, 2014, at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	a) Alteration in Articles of Association. b) Approval of CMD Stock Options Scheme 2014. c) Approval to grant, offer and issue options equal to or exceeding 1% of the issued capital to Mr. V. Vaidyanathan under CMD Stock Options Scheme 2014.
Tenth Annual General Meeting	July 20, 2015 at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	a) Reclassification of Authorised Share Capital of the Company. b) Approval for revision in remuneration payable to Mr. V. Vaidyanathan, Chairman and Managing Director (DIN 00082596) from April 01, 2015 to August 09, 2015. c) Approval for re-appointment of Mr. V. Vaidyanathan, Chairman and Managing Director (DIN 00082596) for a period of five years with effect from August 10, 2015. d) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013. e) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis.
Eleventh Annual General Meeting	July 05, 2016 at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	a) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013. b) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis. c) Approval of 'CFL Employee Stock Option Scheme 2016' for Employees of the Company. d) Approval of 'CFL Employee Stock Option Scheme 2016' for Employees of Capital First Limited Subsidiary(ies).

REPORT ON CORPORATE GOVERNANCE (CONTD.)

POSTAL BALLOT

There was no postal ballot held during the financial year 2016-17. Resolution(s), if any, to be passed through Postal Ballot during the financial year 2017-18 will be taken up as and when necessary.

DISCLOSURES

i) Related Party Transactions

The Company has no material significant related party transactions that may have a potential conflict with the interest of the Company. The details of transactions between the Company and the related parties are given under Notes to the Financial Statement for the year ended March 31, 2017. The Board has approved a policy for related party transactions which has been uploaded on the Company's website and the web link is <http://www.capitalfirst.com/investor/corporate-governance>

ii) No Penalty or Strictures

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

iii) Compliance

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

Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of Corporate Governance as on March 31, 2017 and are in compliance with the requirements of Corporate Governance as per Listing Regulations as applicable.

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

1. The Board:

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

2. Shareholders' Rights:

The quarterly and half yearly financial results are published in the newspapers and are also posted on the Company's website, the same are not being sent to each household of shareholders.

3. Modified opinion(s) in Audit Report:

There are no modified audit opinion(s) in the financial statements for the financial year 2016-17.

4. Separate post of Chairman and Chief Executive Officer:

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

5. Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.

6. CEO / CFO Certificate:

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

MEANS OF COMMUNICATION

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:

- Day, Date and Time : Wednesday, July 05, 2017;
3:00 p.m.
- Venue : Hall of Culture, Nehru Centre,
Dr. Annie Besant Road, Worli,
Mumbai - 400 018.

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

- First Quarter Results : First week of August, 2017
- Second Quarter Results : Second week of November, 2017
- Third Quarter Results : First week of February, 2018
- Fourth Quarter Results : Second week of May, 2018

Note: The above dates are indicative

3. Dates of Book Closure : June 29, 2017

4. Dividend Payment Date : On or after July 06, 2017, subject to the approval by shareholders at the ensuing Annual General Meeting.

5. Listing Details

A. Equity Shares

The Company's Equity Shares are listed on:

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

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

Stock Code

BSE : 532938

NSE : CAPF

International Securities Identification Number (ISIN) :
INE688I01017

B. Non-Convertible Debentures

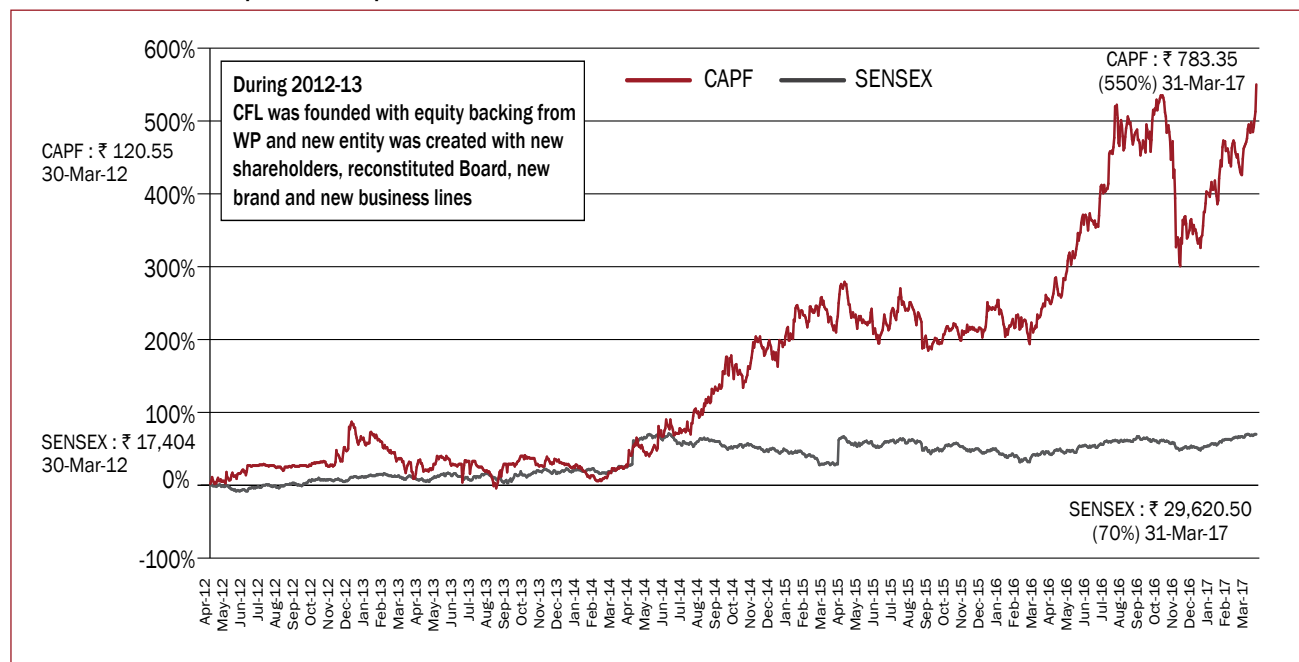
The Non-Convertible Debentures (NCDs) of the Company are listed on the Debt Segment of NSE, Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. The Company has paid the requisite Listing fees in full.

6. Market Price Data during the financial year ended March 31, 2017:

Month	BSE		NSE	
	High (Amount in ₹)	Low (Amount in ₹)	High (Amount in ₹)	Low (Amount in ₹)
April, 2016	472.60	411.00	472.95	416.55
May, 2016	547.80	433.15	547.95	434.00
June, 2016	583.75	530.00	584.40	528.50
July, 2016	796.25	568.25	797.40	562.20
August, 2016	773.55	664.00	774.00	663.00
September, 2016	732.00	640.00	732.35	625.15
October, 2016	791.00	696.40	791.00	697.25
November, 2016	720.45	465.10	721.00	465.00
December, 2016	577.50	510.75	578.70	510.00
January, 2017	675.30	564.60	676.80	564.40
February, 2017	707.45	642.00	708.00	640.70
March, 2017	799.00	627.00	799.25	627.00

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Performance of share price in comparison with BSE SENSEX:



7. Distribution of Shareholdings as at March 31, 2017:

Sr. No.	Category (No. of Shares)			Shareholders		Share Amount	
				Number	% to Total	In ₹	% to Total
	(1)			(2)	(3)	(4)	(5)
1	Upto	-	500	1,17,638	97.51	4,14,25,810	4.25
2	501	-	1,000	1,444	1.20	1,11,03,320	1.14
3	1,001	-	2,000	718	0.59	1,05,30,930	1.08
4	2,001	-	3,000	254	0.21	64,59,310	0.66
5	3,001	-	4,000	115	0.10	40,81,340	0.42
6	4,001	-	5,000	98	0.08	45,77,430	0.47
7	5,001	-	10,000	179	0.15	1,34,35,250	1.38
8	10,001	and	above	193	0.16	88,26,07,300	90.60
	Total			1,20,639	100.00	97,42,20,690	100.00

8. Categories of Shareholdings as on March 31, 2017:

Category	No. of Shares	%
Promoter and Promoter Group	5,94,85,602	61.06
Mutual Funds	42,35,935	4.35
Banks, Financial Institutions, Insurance Companies	18,40,304	1.89
Foreign Institutional Investors	6,23,542	0.64
Bodies Corporate	21,06,716	2.16
Foreign Company	47,80,000	4.91
Individuals	1,47,18,409	15.11
Non-Resident Individuals	11,01,849	1.13
Others*	85,29,712	8.76
Total	9,74,22,069	100.00

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

9. Registrar and Share Transfer Agents : **Link Intime India Private Limited (for Equity and Debt Securities)**
C 101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083,
Maharashtra, India
Tel. No.: +91 22 4918 6270
Fax No.: +91 22 4918 6060
E-mail : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in
- TSR Darashaw Limited (for Debt Securities)**
6-10, Haji Moosa Patrawala Industrial Estate,
Nr. Famous Studio, 20,
Dr. E. Moses Road, Mahalaxmi,
Mumbai – 400 011
Tel: +91 22 6656 8484
Fax: +91 22 6656 8494
E-mail : csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com
10. Dematerialisation of shares and liquidity : Equity shares of the Company are under compulsory Demat trading. As on March 31, 2017, a total of 9,74,13,844 equity shares aggregating to 99.99% of the total issued, subscribed and paid-up equity share capital of the Company, are in dematerialised form.
- 6,250 equity shares of ₹ 10 each were allotted to employee under various Employees Stock Option Schemes on March 30, 2017 and the credit application of shares with both the Depositories i.e. NSDL and CDSL was made on April 03, 2017. The shares were credited to CDSL with effect from April 10, 2017.
11. Outstanding GDRs / ADRs / Warrants or any Convertible instruments : Nil
12. Commodity price risk or foreign exchange risk and hedging activities : During the year under review, the Company has managed the foreign exchange risk on a fully hedged basis.
13. Plant Locations : Not Applicable
14. Address for correspondence : **Mr. Satish Gaikwad**
Head – Legal, Compliance & Company Secretary
Capital First Limited
One Indiabulls Centre, Tower 2A & 2B, 10th Floor,
Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013.
Tel. No.: +91 22 4042 3400
Fax No.: +91 22 4042 3401
Website: www.capitalfirst.com
E-mail: secretarial@capitalfirst.com
CIN: L29120MH2005PLC156795

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Registrar and Share Transfer Agent

Link Intime India Private Limited

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

15. Debenture Trustees

: IDBI Trusteeship Services Limited

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

Catalyst Trusteeship Limited

(Erstwhile GDA Trusteeship Limited)
GDA House, Plot No. 85,
Bhusari Colony (Right), Paud Road,
Pune - 411 038
Tel. No.: +91 20 2528 0081
Fax No.: +91 20 2528 0275
E-mail: dt@ctltrustee.com
Website: www.catalysttrustee.com

16. Designated E-mail ID

: secretarial@capitalfirst.com

17. Share Transfer System

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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

Particulars	Aggregate number of shareholders	Outstanding shares in Unclaimed suspense account
Outstanding shares in the suspense account at the beginning of the year	364	2912
Number of shareholders who approached for transfer of shares during the year	2	16
Number of shareholders to whom shares were transferred from suspense account during the year	2	16
Outstanding shares in the suspense account at the end of the year	362	2896

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

On behalf of the Board of Directors

Place : Mumbai
Date : May 10, 2017

V. Vaidyanathan
Chairman & Managing Director
DIN: 00082596

CODE OF CONDUCT - DECLARATION

In accordance with Regulation 34(3) and Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I confirm that the Members of the Board of Directors and the Senior Management personnel of Capital First Limited have affirmed compliance with the Company's Code of Conduct for the financial year 2016-17.

For Capital First Limited

Place : Mumbai
Date : May 10, 2017

V. Vaidyanathan
Chairman & Managing Director
DIN 00082596

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
Capital First Limited

We have examined the compliance of conditions of corporate governance by Capital First Limited ("the Company"), for the year ended on March 31, 2017, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with stock exchange(s).

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

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

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

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

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

Place : Mumbai
Date : May 04, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Capital First Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITOR'S REPORT (CONTD.)

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 41 to the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amount which work required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided disclosures in Note 43 in the financial statements as at the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. We report that the Company has received an amount of ₹ 405.33 Lakhs which are not permitted.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 10, 2017

ANNEXURE TO AUDITOR'S REPORT

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

Re: Capital First Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets 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) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of duty of custom and duty of excise.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of duty of custom and duty of excise.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount in ₹	Period to which amount relates	Forum where dispute is pending	Remarks if any
Income Tax Act, 1961	Income Tax	31,26,311	AY 2008-09	Income Tax Tribunal	The Company has paid due amount as an advance tax/TDS for the matter under dispute
Income Tax Act, 1961	Income Tax	1,60,54,957	AY 2009-10	Income Tax Tribunal	The Company has paid due amount as an advance tax/TDS for the matter under dispute
Income Tax Act, 1961	Income Tax	1,11,72,227	AY 2010-11	Income Tax Tribunal	The Company has paid due amount as an advance tax/TDS for the matter under dispute
Income Tax Act, 1961	Income Tax	10,95,136	AY 2013-14	Commissioner of Income-tax (Appeals)	The Company has paid due amount as an advance tax/TDS for the matter under dispute
Income Tax Act, 1961	Income Tax	14,55,142	AY 2014-15	Commissioner of Income-tax (Appeals)	The Company has paid due amount as an advance tax/TDS for the matter under dispute

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of Section 42 of the Companies Act, 2013 in respect of the preferential allotment of equity shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. As explained, the Company has not made any private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 10, 2017

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

ANNEXURE 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Capital First Limited Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Capital First Limited

We have audited the internal financial controls over financial reporting of Capital First Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 10, 2017

BALANCE SHEET AS AT MARCH 31, 2017

₹ in Lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	9,742.21	9,123.77
Reserves and Surplus	4	213,979.17	156,836.00
		223,721.38	165,959.77
Share Application Money Pending Allotment	3	-	14.96
Non-Current Liabilities			
Long-term borrowings	5	860,458.72	709,421.12
Other Long-term liabilities	6	7,145.03	5,793.73
Long-term provisions	7	11,430.30	11,222.73
		879,034.05	726,437.58
Current Liabilities			
Short-term borrowings	8	250,569.06	155,244.11
Trade payables	9	17,508.58	12,218.06
Other current liabilities	10	308,384.60	332,918.83
Short-term provisions	11	14,217.67	10,452.42
		590,679.91	510,833.42
TOTAL		1,693,435.34	1,403,245.73
ASSETS			
Non-Current Assets			
Fixed Assets	12		
- Tangible assets		4,764.63	1,942.92
- Intangible assets		1,699.33	981.08
		6,463.96	2,924.00
Non-current investments	13	29,532.05	22,232.05
Deferred tax assets (Net)	14	6,912.61	5,435.90
Long-term loans and advances	15	880,715.76	813,096.43
Other non-current assets	16	13,300.44	15,574.28
		936,924.82	859,262.66
Current Assets			
Current Investments	17	2,440.24	3,183.99
Trade receivables	18	6,153.18	2,667.69
Cash and Bank Balances	19	152,049.14	103,470.13
Short-term loans and advances	20	563,632.29	404,571.04
Other current assets	21	32,235.67	30,090.22
		756,510.52	543,983.07
TOTAL		1,693,435.34	1,403,245.73
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the Financial Statements			

As per our report of even date

For S.R. BATLIBOI & CO. LLPICAI Firm Registration No. 301003E/E300005
Chartered Accountants**per Viren H. Mehta**Partner
Membership No. 048749

Place : Mumbai

Date : May 10, 2017

For and on behalf of the Board of Directors of
Capital First Limited**V. Vaidyanathan**Chairman & Managing Director
DIN No. 00082596**N. C. Singhal**Director
DIN No. 00004916**Pankaj Sanklecha**Chief Financial Officer &
Head - Corporate Centre

Place : Mumbai

Date : May 10, 2017

Satish GaikwadHead - Legal, Compliance &
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs			
Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations	22	270,076.03	184,499.09
Other Income	23	2,609.45	284.97
Total Revenue		272,685.48	184,784.06
Expenses			
Employee benefits expense	24	23,319.39	17,554.90
Finance costs	25	112,791.21	87,594.37
Depreciation and Amortization expense	26	1,663.32	995.53
Other expenses	27	101,683.03	54,777.89
Total Expenses		239,456.95	160,922.69
Profit before tax		33,228.53	23,861.37
Tax expense:			
- Current tax		13,040.04	9,567.07
- Deferred tax credit		(1,476.71)	(1,188.98)
- Tax for earlier years		(21.00)	(207.78)
		11,542.33	8,170.31
Profit after tax for the year		21,686.20	15,691.06
Earning per equity share:	28		
- Basic (₹)		23.20	17.22
- Diluted (₹)		21.76	16.36
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the Financial Statements			

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta

Partner
Membership No. 048749

Place : Mumbai

Date : May 10, 2017

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

V. Vaidyanathan

Chairman & Managing Director
DIN No. 00082596

N. C. Singhal

Director
DIN No. 00004916

Pankaj Sanklecha

Chief Financial Officer &
Head - Corporate Centre

Place : Mumbai

Date : May 10, 2017

Satish Gaikwad

Head - Legal, Compliance &
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	33,228.53	23,861.37
Adjustments for :		
Depreciation/amortisation	1,663.32	995.53
Provision for doubtful loans and advances	3,326.36	2,097.22
Provision/(reversal) for diminution in value of investments	(183.59)	30.09
Provision for standard assets	1,464.22	(43.27)
Bad loans and trade receivables written off (net)	39,482.46	21,387.35
Provision for employee benefits	148.98	122.84
Profit on sale of investments (net)	(1,503.16)	(183.91)
Dividend income	(38.93)	(38.93)
Loss on sale of fixed assets	123.39	34.30
	44,483.05	24,401.22
Operating Profit Before Working Capital Changes	77,711.58	48,262.59
Adjustment for changes in working capital:		
Increase in Trade Receivables	(3,485.49)	(1,659.89)
Increase in Loans and Advances	(271,885.92)	(377,489.20)
Decrease/(Increase) in Other Assets	8,092.46	(9,018.48)
Increase in Trade payables and other liabilities	31,022.17	15,645.88
Cash used in operations	(158,545.20)	(324,259.10)
Direct taxes paid (net of refund)	(4,573.92)	(8,123.80)
Net Cash used in Operating Activities	(163,119.12)	(332,382.90)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including intangible assets and Capital Work in progress	(5,410.19)	(2,850.05)
Sale proceeds from fixed assets	10.50	8.92
Purchase of investments	(2,682,500.24)	(189,092.93)
Sale proceeds from investments	2,677,630.75	184,705.70
Dividend Income	38.93	38.93
Net Cash used in Investing Activities	(10,230.25)	(7,189.43)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	618.43	25.54
Proceeds from Securities Premium on issue of Equity Share Capital	36,456.05	426.43
Proceeds from Share Application Money Pending Allotment	(14.96)	14.96
Payment of securities issue expenses	(999.09)	(1,472.71)
Payment of dividend	(2,189.91)	(2,002.35)
Payment of dividend tax	(445.81)	(407.63)
Proceeds from long-term borrowings	553,717.00	564,000.00
Repayment of long-term borrowings	(452,574.25)	(242,822.55)
Proceeds from short-term borrowings	453,791.32	339,800.00
Repayment of short-term borrowings	(358,466.37)	(323,604.68)
Net Cash generated from Financing Activities	229,892.41	333,957.01
Net Increase/(decrease) in Cash and Cash Equivalents during the year	56,543.04	(5,615.32)
Cash and Cash equivalents at beginning of the year	94,326.21	99,941.53
Cash and Cash equivalents at the end of the year	150,869.25	94,326.21

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	₹ in Lakhs	
	As at March 31, 2017	As at March 31, 2016
Cash and Cash equivalents comprises of :		
Cash in Hand	1,398.90	1,119.09
Cheques on hand	195.22	26.03
Balance with Banks:		
- in unpaid dividend accounts (Refer Note 3 below)	23.59	20.76
- in current accounts	149,251.54	93,160.33
Total	150,869.25	94,326.21

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 'Cash Flow Statements' notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
2. Cash and cash equivalents in the balance sheet comprises of Cash in hand and Cash at bank.
3. The balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta

Partner
Membership No. 048749
Place : Mumbai
Date : May 10, 2017

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

V. Vaidyanathan

Chairman & Managing Director
DIN No. 00082596

N. C. Singhal

Director
DIN No. 00004916

Pankaj Sanklecha

Chief Financial Officer &
Head - Corporate Centre
Place : Mumbai
Date : May 10, 2017

Satish Gaikwad

Head - Legal, Compliance &
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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 accordance with the Accounting Standards ('AS') notified under section 133 of the Companies Act, 2013 (the 'Act') read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and other accounting principles generally accepted in India (IGAAP) and as per the guidelines issued by Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulation'). The financial statements have been prepared on an accrual basis and under the historical cost convention. The notified Accounting Standards (AS) are followed by the Company insofar as they are not inconsistent with the NBFC Regulation.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Change in Accounting Policy

Classification of non-performing assets ('NPA')

RBI vide its notification no DNBR. 011/CGM (CDS)-2015 dated March 27, 2015 had revised the asset classification norms for non-performing assets ('NPA') and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending March 31, 2016. This has resulted in increase in gross non-performing assets by ₹ 5,342.80 lakhs. However, there is no significant impact of this change on provision for year ended March 31, 2017.

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

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

(c) Use of estimates

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

(d) Change in estimates

i) Provisioning on retail mortgage loans

During the year, the Company has changed its estimates related to provisioning for retail mortgage and housing loans. Consequent to the change in such estimates, provision and write off for the year ended March 31, 2017 is higher by ₹ 383.16 lakhs.

ii) Provisioning for standard assets

The Company has accounted for provision on standard assets as per Reserve Bank of India ('RBI') notification no. RBI/2014-15/299 dated November 10, 2014, which requires increased provision on standard assets in a phased

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

manner over a year of three years commencing from March 31, 2016. As a result of which provision for standard assets as at March 31, 2017 is higher by ₹ 736.38 lakhs.

iii) Provisioning for Subvention Debtors

During the year, the Company has changed its estimates related to provisioning for subvention debtors. Consequent to the change in such estimates, provision and write off for the year ended March 31, 2017 is higher by ₹ 296.11 lakhs.

(e) Tangible assets

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

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

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

(f) Intangible assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Useful lives estimated by the Management
Computers and Printers	3 years
Servers	6 years
Office Equipment	5 years
Furnitures & Fixtures	10 years
Electrical Installation	10 years
Air Conditioners	5 years
Leasehold Improvements	5 years
Intangible assets	5 years
Vehicles	4 years

(h) Loans

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

(i) Leases

Operating Lease

Where the Company is lessee

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

(j) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted at the pre tax discount rate reflecting current market assessment of time value of money and risks specific to asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(k) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Quoted Current investments are carried in the financial statements at fair value determined on an individual investment basis. Unquoted investments in units of mutual funds are stated at net asset value.

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

(l) Commercial Papers

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(m) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

(n) Revenue recognition

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

Interest income

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

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

Fee income

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

Subvention income

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

Commission and brokerage income

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

Income from Assignment of loans and receivables

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

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

Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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 weighted average cost method.

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

(o) Securities issue expenses

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

(p) Retirement and other employee benefits

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

Gratuity

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

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

Leave encashment

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

(q) Borrowing costs

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

(r) Loan origination cost

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(s) Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

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

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

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

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

Deferred tax assets and Deferred tax liabilities are offset, if a legally enforceable right exists to set-off deferred tax assets against deferred tax liabilities. .

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 year, i.e., the year 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 year.

(t) Provisioning / Write-off on assets

Provisioning / Write-off on overdue assets

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master Direction-Non Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

Provision on standard assets

Provision on standard assets has been made @ 0.35% which is in accordance with Reserve Bank of India ('RBI') guidelines.

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

Employees (including senior executives) of the Company also receives remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

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

(v) Earnings per share

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

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

(w) Provisions

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

(x) Contingent liabilities

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

(y) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
3. Share Capital		
Authorised:		
113,000,000 (Previous Year: 113,000,000) Equity shares of ₹ 10/- each	11,300.00	11,300.00
	11,300.00	11,300.00
Issued, subscribed and fully paid up:		
97,422,069 (Previous Year: 91,237,744) Equity shares of ₹ 10/- each	9,742.21	9,123.77
	9,742.21	9,123.77

- 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, 2017		As at March 31, 2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs
At the beginning of the reporting year	91,237,744	9,123.77	90,982,269	9,098.23
Issued during the year				
- Under employees stock option scheme	1,404,325	140.44	255,475	25.54
- Under Preferential Allotment (Refer Note No. 39)	4,780,000	478.00	-	-
At the close of the reporting year	97,422,069	9,742.21	91,237,744	9,123.77

- b. Terms / Rights attached to Equity Shares:

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

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

	As at March 31, 2017		As at March 31, 2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Equity shares of ₹ 10/- each				
Cloverdell Investment Ltd - Holding Company	58,237,645	5,823.76	58,237,645	5,823.76
Dayside Investment Ltd	1,247,957	124.80	1,247,957	124.80

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

	As at March 31, 2017		As at March 31, 2016	
	Number	%	Number	%
Cloverdell Investment Ltd	58,237,645	59.78%	58,237,645	63.83%
JV & Associates LLP	-	-	4,773,795	5.23%

	As at March 31, 2017	As at March 31, 2016
e. Securities convertible into equity shares	NIL	NIL
f. Shares reserved for issue under Employee Stock Option Scheme (Refer Note No. 31)	10,227,325	10,762,150
g. Aggregate number of shares issued for a consideration other than cash during the year of five years immediately preceeding the reporting date	NIL	NIL

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

Share application money pending allotment represents money received from employees pursuant to exercise of stock options ₹ Nil (Previous Year : ₹ 14.96 lakhs) The shares were allotted on April 12, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
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	11,752.11	8,613.90
Add: Transferred from Statement of Profit and Loss	4,337.24	3,138.21
	16,089.35	11,752.11
Securities Premium Account		
Balance as per last Balance Sheet	109,240.27	110,286.54
Add: Received during the year (Refer Note No. 39)	36,456.05	426.44
Less: Securities issue expenses (net of tax)	(999.09)	(1,472.71)
	144,697.23	109,240.27
General Reserve		
Balance as per last Balance Sheet	4,227.26	2,658.15
Add: Transferred from Statement of Profit and Loss	-	1,569.11
	4,227.26	4,227.26
Surplus in the Statement of Profit and Loss		
Balance as per last Balance Sheet	25,691.37	17,343.35
Add: Profit for the year	21,686.20	15,691.06
Less: Appropriations:		
Transfer to statutory reserve under Section 45-IC of the RBI Act, 1934	(4,337.24)	(3,138.21)
Proposed dividend (Refer Note No. 44)	-	(2,189.91)
Dividend tax thereon (Refer Note No. 44)	-	(445.81)
Transfer to general reserve	-	(1,569.11)
	43,040.33	25,691.37
	213,979.17	156,836.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	Non-Current Portion		Current Maturities*	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
5. Long-Term Borrowings				
Secured				
Redeemable Non-Convertible Debentures	372,220.00	121,000.00	20,000.00	65,000.00
Term Loans				
- from Banks	276,983.72	442,421.12	197,956.14	204,051.00
- from Others	98,300.00	42,500.00	26,200.00	7,500.00
Unsecured				
Redeemable Non-Convertible Perpetual Debentures	28,000.00	25,000.00	-	-
Redeemable Non-Convertible Debentures (Subordinated debt)	54,000.00	51,000.00	-	-
Term Loans				
- from Banks (Subordinate debt)	27,500.00	27,500.00	-	-
- from Banks (Other)	-	-	-	17,500.00
- from related party	3,455.00	-	-	-
	860,458.72	709,421.12	244,156.14	294,051.00

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

a. Security details for Secured Redeemable Non-Convertible Debentures

1. Debentures of ₹ 94,000.00 lakhs (Previous Year: ₹ 151,000.00 lakhs) are secured by first pari-passu charge on the fixed asset owned by the Company and first exclusive charge on the standard receivables of retail and corporate loan assets and other current assets of the Company.
2. Debentures of ₹ 298,220.00 lakhs (Previous Year: ₹ 35,000.00 lakhs) are secured by first pari-passu charge on the fixed asset owned by the Company and first pari-passu charge by way of hypothecation, over standard present and future receivables.
3. All secured debentures are secured by first pari-passu charge on the fixed asset owned by the Company and first pari-passu/exclusive charge by way of hypothecation, over standard present and future receivables. The total asset cover required thereof has been maintained as per the terms and conditions stated in the respective Debenture Trust Deeds.

b. Particulars of Secured Redeemable Non-Convertible Debentures

₹ in Lakhs

Particulars	Face Value (in ₹)	Quantity	Date of Redemption	As at March 31, 2017	As at March 31, 2016
10.00% CAPFIRSTNCD Series 1	1,000,000	1,000	February 15, 2018	10,000.00	10,000.00
10.00% CAPFIRSTNCD Series 2	1,000,000	1,000	March 20, 2018	10,000.00	10,000.00
9.40% CAPFIRSTNCD Series 3	1,000,000	3,500	December 23, 2016	-	35,000.00
9.40% CAPFIRSTNCD Series 4	1,000,000	3,000	December 27, 2016	-	30,000.00
9.20% CAPFIRSTNCD Series 5	1,000,000	150	October 23, 2020	1,500.00	1,500.00
9.25% CAPFIRSTNCD Series 6-Option 1	1,000,000	350	December 21, 2018	3,500.00	3,500.00
9.25% CAPFIRSTNCD Series 6-Option 2	1,000,000	500	December 22, 2020	5,000.00	5,000.00
9.10% CAPFIRSTNCD Series 7	1,000,000	3,000	January 4, 2019	30,000.00	30,000.00
9.20% CAPFIRSTNCD Series 8	1,000,000	2,100	January 22, 2021	21,000.00	21,000.00
9.20% CAPFIRSTNCD Series 9	1,000,000	500	January 29, 2021	5,000.00	5,000.00
8.73% CAPFIRSTNCD Series 10	1,000,000	3,500	May 28, 2021	35,000.00	35,000.00
8.90% CAPFIRSTNCD Series 11	1,000,000	800	May 15, 2026	8,000.00	-
9.05% CAPFIRSTNCD Series 12-Option-1	1,000,000	250	May 31, 2019	2,500.00	-
9.10% CAPFIRSTNCD Series 12-Option-2	1,000,000	850	May 31, 2021	8,500.00	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5. Long-Term Borrowings (Contd.)

₹ in Lakhs

Particulars	Face Value (in ₹)	Quantity	Date of Redemption	As at March 31, 2017	As at March 31, 2016
9.10% CAPFIRSTNCD Series 12-Option-3	1,000,000	200	May 31, 2023	2,000.00	-
9.05% CAPFIRSTNCD Series 13-Option-1	1,000,000	50	June 13, 2019	500.00	-
9.10% CAPFIRSTNCD Series 13-Option-2	1,000,000	70	June 13, 2023	700.00	-
9.05% CAPFIRSTNCD Series 14-Option-1	1,000,000	450	June 28, 2019	4,500.00	-
9.10% CAPFIRSTNCD Series 14-Option-2	1,000,000	100	June 30, 2021	1,000.00	-
9.01% CAPFIRSTNCD Series 15-Option-1	1,000,000	250	June 29, 2018	2,500.00	-
9.05% CAPFIRSTNCD Series 15-Option-2	1,000,000	1,100	July 19, 2019	11,000.00	-
9.15% CAPFIRSTNCD Series 15-Option-3	1,000,000	352	July 19, 2023	3,520.00	-
8.70% CAPFIRSTNCD Series 16-Option-1	1,000,000	200	September 15, 2021	2,000.00	-
8.65% CAPFIRSTNCD Series 16-Option-2	1,000,000	800	September 13, 2019	8,000.00	-
8.75% CAPFIRSTNCD Series 17-Option-1	1,000,000	250	September 18, 2026	2,500.00	-
8.70% CAPFIRSTNCD Series 17-Option-2	1,000,000	150	September 20, 2021	1,500.00	-
8.65% CAPFIRSTNCD Series 17-Option-3	1,000,000	100	September 20, 2019	1,000.00	-
8.65% CAPFIRSTNCD Series 18	1,000,000	2,500	September 30, 2019	25,000.00	-
8.50% CAPFIRSTNCD Series 19	1,000,000	5,750	October 10, 2019	57,500.00	-
8.50% CAPFIRSTNCD Series 20-Option-1	1,000,000	2,500	September 30, 2019	25,000.00	-
8.50% CAPFIRSTNCD Series 20-Option-2	1,000,000	250	October 28, 2019	2,500.00	-
8.55% CAPFIRSTNCD Series 20-Option-3	1,000,000	200	October 28, 2021	2,000.00	-
8.50% CAPFIRSTNCD Series 21	1,000,000	1,000	December 21, 2021	10,000.00	-
8.15% CAPFIRSTNCD Series 22	1,000,000	3,000	December 27, 2019	30,000.00	-
8.35% CAPFIRSTNCD Series 23	1,000,000	5,000	January 17, 2020	50,000.00	-
8.41% CAPFIRSTNCD Series 24	1,000,000	950	March 13, 2020	9,500.00	-
				392,220.00	186,000.00

c. Security details for Secured Term loans

1. Term loans of ₹ NIL (Previous Year: ₹ 2,000.00 lakhs) is secured by way of first exclusive charge on receivables of priority sector lending of the Company.
2. Term loans of ₹487,939.86 lakhs (Previous year: ₹ 647,222.12 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 ₹ 111,500.00 lakhs (Previous Year: ₹ 47,250.00 lakhs) is secured by way of first exclusive charge on receivables of the Company.

d. Particulars of Unsecured Redeemable Non-Convertible Perpetual Debentures

₹ in Lakhs

Particulars	Issue Date	Coupon	Quantity	As at March 31, 2017	As at March 31, 2016
CAPFIRSTPEPNCD Series 1	March 8, 2013	11.00%	1,000	10,000.00	10,000.00
CAPFIRSTPEPNCD Series 2	March 14, 2013	11.00%	250	2,500.00	2,500.00
CAPFIRSTPEPNCD Series 3	May 24, 2013	10.65%	150	1,500.00	1,500.00
CAPFIRSTPEPNCD Series 4	September 23, 2014	10.50%	500	5,000.00	5,000.00
CAPFIRSTPEPNCD Series 5	March 1, 2016	10.50%	600	6,000.00	6,000.00
CAPFIRSTPEPNCD Series 6	June 6, 2016	9.75%	300	3,000.00	-
				28,000.00	25,000.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5. Long-Term Borrowings (Contd.)

Particulars	₹ in Lakhs	
	As at March 31, 2017	As at March 31, 2016
Funds raised through perpetual debentures	3,000.00	6,000.00
Amount outstanding as at the end of the year	28,000.00	25,000.00
Percentage of Perpetual Debt Instrument to Total Tier I Capital	11.53%	13.55%
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 year of ten years from the date of allotment. Further, call option shall be exercised by the Company only with the prior approval of Reserve Bank of India (RBI) and as per RBI guidelines. It also have a coupon rate step-up option of 100 bps, which shall be exercised only once during the whole life of the instrument, in conjunction with the Call Option, after the lapse of 10 years from the date of allotment of issue. The coupon rate will be higher by 100 bps for subsequent years if Call Option is not exercised by the Company. The claim of the investors shall be pari passu among themselves and with other subordinated indebtedness of the Company, superior to the claims of investors in equity shares and subordinate to the claims of all other unsecured creditors and depositors of the Company, as regards repayment of principal and interest by the Issuer.

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

Particulars	Face Value (in ₹)	Quantity	Date of Redemption	₹ in Lakhs	
				As at March 31, 2017	As at March 31, 2016
10.30% CAPFIRSTUNNCD Series 1	1,000,000	1,000	February 28, 2023	10,000.00	10,000.00
10.30% CAPFIRSTUNNCD Series 2	1,000,000	500	February 28, 2023	5,000.00	5,000.00
9.50% CAPFIRSTUNNCD Series 3	1,000,000	500	May 17, 2028	5,000.00	5,000.00
9.40% CAPFIRSTUNNCD Series 4	1,000,000	500	September 29, 2025	5,000.00	5,000.00
9.25% CAPFIRSTUNNCD Series 5	1,000,000	750	October 30, 2025	7,500.00	7,500.00
9.25% CAPFIRSTUNNCD Series 6	1,000,000	250	November 20, 2025	2,500.00	2,500.00
9.25% CAPFIRSTUNNCD Series 7	1,000,000	250	December 15, 2025	2,500.00	2,500.00
9.25% CAPFIRSTUNNCD Series 8	1,000,000	350	December 29, 2025	3,500.00	3,500.00
9.35% CAPFIRSTUNNCD Series 9	1,000,000	1,000	February 5, 2026	10,000.00	10,000.00
9.24% CAPFIRSTUNNCD Series 10	1,000,000	300	July 24, 2026	3,000.00	-
				54,000.00	51,000.00

f. Details of Unsecured Term Loans from related party:

During the year, the Company has raised ₹3,455.00 lakhs at the rate of 8.50% (Previous Year ₹ NIL at the rate of NIL) by way of Term Loan from Others, which is repayable on March 31, 2019 (Previous Year NIL) i.e. 2 year from the date of its disbursement. By mutual consent, same can also be repaid prior to its scheduled repayment date without the levy of any prepayment penalty or charges.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5. Long-Term Borrowings (Contd.)

g. Terms of repayment:

Term loans from Banks and Others - Secured

As at March 31, 2017

₹ in Lakhs

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 Months	8.50%	Semi-Annual & Quarterly instalments	41,800.00	10,200.00
48-60 months	8.20% to 9.35%	Quarterly Instalments	152,697.22	26,102.78
36-48 months	9.35% to 9.60%	Semi-Annual & Quarterly instalments	119,375.00	41,250.00
24-36 months	9.49% to 9.65%	Quarterly Instalments	27,187.50	15,312.50
12-24 months	8.40% to 9.55%	Quarterly Instalments	34,224.00	46,848.00
Upto 12 months	9.45% to 9.70%	Quarterly & Structured Instalments	-	84,442.86
Grand Total			375,283.72	224,156.14

As at March 31, 2016

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

Term Loan from bank and others- Unsecured

As at March 31, 2017

₹ in Lakhs

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	NA	NA	-	-
36-48 months	NA	NA	-	-
24-36 months	9.75%	Bullet	7,500.00	-
12-24 months	8.50% to 11.2%	Bullet	23,455.00	-
Upto 12 months	NA	NA	-	-
Grand Total			30,955.00	-

As at March 31, 2016

Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	NA	NA	-	-
36-48 months	9.75%	Bullet	7,500.00	-
24-36 months	11.20%	Bullet	20,000.00	-
12-24 months	NA	NA	-	-
Upto 12 months	9.30% to 9.80%	Bullet	-	17,500.00
Grand Total			27,500.00	17,500.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Particulars	As at March 31, 2017	As at March 31, 2016	
6. Other Long-Term Liabilities			
Unamortised processing fees/subvention income (Refer Note No. 36 (c))	7,145.03	5,793.73	
	7,145.03	5,793.73	
7. Long-Term Provisions			
For standard assets	3,097.29	2,405.02	
For doubtful loans [Refer Note No. 2.1(a)]	4,175.25	4,272.66	
For doubtful advances	277.48	186.86	
For foreclosure/credit loss on assignment	3,348.95	3,989.33	
Provision for employee benefits			
- Gratuity (Refer Note No. 30)	531.33	368.86	
	11,430.30	11,222.73	
8. Short-Term Borrowings			
Secured			
Loans repayable on demand *			
- from banks	165,777.74	143,627.23	
Unsecured			
Commercial papers	84,791.32	8,372.88	
Inter Corporate Deposits from related parties **	-	3,244.00	
	250,569.06	155,244.11	

*** Additional Information:**

- Cash credit (including Working Capital Demand Loan) of ₹ 155,725.21 lakhs (Previous Year: ₹ 104,092.01 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 ₹ 10,052.53 lakhs (Previous Year: ₹ 39,535.22 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 ₹NIL at the rate of NIL (Previous Year: ₹ 3,244.00 lakhs at the rate of 9.75%) by way of Inter Corporate deposits, which is repayable on NIL (Previous Year: February 23, 2017).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Particulars	As at March 31, 2017	As at March 31, 2016	
9. Trade Payables			
To Micro, Small and Medium Enterprises *	-	-	
Others	17,508.58	12,218.06	
	17,508.58	12,218.06	
* 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, 2017. 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)	244,156.14	294,051.00	
Interest accrued and due on borrowings	886.12	844.73	
Interest accrued but not due on borrowings	15,041.13	7,583.88	
Income received in advance	357.67	268.19	
Overdrawn book balance	230.34	-	
Unamortised processing fees/subvention income (Refer Note No. 36(c))	22,774.34	17,164.77	
Unclaimed dividends	23.59	20.76	
Other liabilities (includes statutory liabilities, payable to related party and payables under assignment activity)	24,915.27	12,985.50	
	308,384.60	332,918.83	
11. Short-Term Provisions			
Proposed dividend (Refer Note No. 44)	-	2,189.91	
Dividend tax thereon (Refer Note No. 44)	-	445.81	
Provision for employee benefits			
- Gratuity (Refer Note No. 30)	6.59	40.98	
- Leave encashment and availment	98.48	77.58	
For standard assets	2,008.36	1,236.41	
For doubtful loans [Refer Note No. 2.1(a)]	5,267.83	2,137.12	
For doubtful advances	30.89	32.43	
For doubtful debts	552.55	348.58	
For foreclosure/credit loss on assignment	598.15	938.04	
For taxation	5,654.82	3,005.56	
	14,217.67	10,452.42	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

12. Fixed Assets

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1, 2016	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at April 1, 2016	For the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at March 31, 2016
Tangible Assets									
Own assets									
Land *	6.25	-	-	6.25		-	-	6.25	6.25
Computers and Printers	2,199.92	644.27	61.59	2,782.60	1,575.32	372.57	52.99	1,894.90	887.70
Office Equipment	785.23	105.55	116.98	773.80	505.44	137.48	104.73	538.19	235.61
Furniture and Fixtures	642.67	649.64	58.74	1,233.57	237.67	191.91	34.43	395.15	838.42
Electrical Installation	309.42	95.36	155.21	249.57	70.81	39.42	70.43	39.80	209.77
Air Conditioners	103.93	242.38	2.27	344.04	24.35	48.99	1.90	71.44	272.60
Leasehold Improvements	712.01	1,567.81	372.33	1,907.49	402.92	280.16	368.76	314.32	1,593.17
Vehicles	-	766.91	-	766.91	-	45.80	-	45.80	721.11
Sub-Total (A)	4,759.43	4,071.92	767.12	8,064.23	2,816.51	1,116.33	633.24	3,299.60	4,764.63
Intangible Assets									
Domain Names and Trade Names	16.31	-	-	16.31	16.17	0.07	-	16.24	0.07
Data Processing Software	1,925.94	1,265.24	-	3,191.18	945.00	546.92	-	1,491.92	1,699.26
Sub-Total (B)	1,942.25	1,265.24	-	3,207.49	961.17	546.99	-	1,508.16	1,699.33
Total (A+B)	6,701.68	5,337.16	767.12	11,271.72	3,777.68	1,663.32	633.24	4,807.76	6,463.96
*Mortgaged as security against Secured Non Convertible Debentures									
Previous Year									
Particulars									
Tangible Assets									
Own assets									
Land *	6.25	-	-	6.25		-	-	6.25	6.25
Computers and Printers	1,856.98	356.08	13.14	2,199.92	1,301.24	282.59	8.51	1,575.32	624.60
Office Equipment	636.05	194.39	45.21	785.23	367.14	176.04	37.74	505.44	279.79
Furniture and Fixtures	407.40	280.34	45.07	642.67	165.05	101.11	28.49	237.67	405.00
Electrical Installation	199.05	116.06	5.69	309.42	42.41	30.94	2.54	70.81	238.61
Air Conditioners	18.62	89.70	4.39	103.93	15.57	12.15	3.37	24.35	79.58
Leasehold Improvements	502.99	289.79	80.77	712.01	351.34	123.76	72.18	402.92	309.09
Sub-Total (A)	3,627.34	1,326.36	194.27	4,759.43	2,242.75	726.59	152.83	2,816.51	1,942.92
Intangible Assets									
Domain Names and Trade Names	16.31	-	-	16.31	16.10	0.07	-	16.17	0.14
Data Processing Software	1,200.46	727.30	1.82	1,925.94	676.17	268.87	0.04	945.00	980.94
Sub-Total (B)	1,216.77	727.30	1.82	1,942.25	692.27	268.94	0.04	961.17	981.08
Total (A+B)	4,844.11	2,053.66	196.09	6,701.68	2,935.02	995.53	152.87	3,777.68	2,924.00
*Mortgaged as security against Secured Non-Convertible Debentures									

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Name of the Company	Quantity	As at March 31, 2017	As at March 31, 2016
13. Non-current investments			
Trade Investments: (Valued at Cost unless otherwise stated)			
Investments in Equity Instruments (Unquoted):			
Investments in Subsidiaries:			
In fully paid up equity shares of ₹10 each			
Capital First Securities Limited	55,355,600	7,852.23	55,355,600 7,852.23
Capital First Home Finance Limited	66,304,515	4,821.55	66,304,515 4,821.55
		12,673.78	12,673.78
Investments in Preference shares (Unquoted):			
Investments in Subsidiaries:			
In fully paid up preference shares of ₹100 each			
13% Cumulative Non-convertible Preference Shares of Capital First Securities Limited	1,200,000	1,200.00	1,200,000 1,200.00
		1,200.00	1,200.00
Investments in Non-convertible Debentures (Quoted)			
14.95% Equitas Small Finance Bank Limited SR13 (FV ₹ 10 Lakhs each)	400	4,000.00	400 4,000.00
14.00% MAS Financial Services Ltd LOA (FV ₹ 10 Lakhs each)	400	4,000.00	400 4,000.00
Satin Creditcare Network Limited SR-F BR (FV ₹ 10 Lakhs each)	250	2,500.00	250 2,500.00
16.25% Grama Vidiyal Microfinance Limited SR-F (FV ₹ 10 Lakhs each)	-	-	200 2,000.00
15.85% Suryoday Small Finance Bank Limited SR-F-011 (FV ₹ 10 Lakhs each)	150	1,500.00	150 1,500.00
		12,000.00	14,000.00
Investments in Other Instruments (Unquoted):			
Alternate Investment Fund:			
Strugence Small and Medium Real Estate Fund	1,000	1,000.00	200 200.00
Security Receipts:			
EARC TRUST-SC-240 Series-I	850,000	8,500.00	-
		9,500.00	200.00
Less: Provision for diminution in value of investments **		(5,841.73)	(5,841.73)
		29,532.05	22,232.05
Additional Information:			
Aggregate value of quoted investments:		12,000.00	14,000.00
Aggregate value of unquoted investments:		23,373.78	14,073.78
Aggregate provision for diminution in value of investments:		5,841.73	5,841.73

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Particulars	As at March 31, 2017	As at March 31, 2016	
14. Deferred tax assets (Net)			
Deferred tax asset:			
On account of depreciation on fixed assets	488.60	421.52	
On other disallowances under Income Tax Act, 1961 :			
Retirement Benefit	186.17	141.84	
Provision for diminution in value of investments-	-	63.54	
Provision for doubtful debts	191.23	120.63	
Provision for doubtful retail loans and advances	2,716.31	2,294.19	
Unamortised Processing fees	10,354.49	7,945.48	
Provision for standard assets	1,766.96	1,260.23	
Expenses allowed on payment basis	-	451.14	
Other Items	164.87	148.38	
	15,868.63	12,846.95	
Deferred tax liability:			
Unamortised loan origination cost	8,467.25	6,680.26	
Unamortised borrowing costs	488.77	730.79	
	8,956.02	7,411.05	
Net Deferred tax assets	6,912.61	5,435.90	
15. Long-Term Loans and Advances			
<i>Secured, considered good</i>			
Loans and advances relating to financing activity	549,478.98	604,131.88	
<i>Secured, considered doubtful</i>			
Loans and advances relating to financing activity	12,910.40	14,789.04	
<i>Unsecured, considered good</i>			
Capital advances	1,147.90	1,074.89	
Security Deposits	927.51	718.81	
Loans and advances relating to financing activity	311,515.55	182,853.43	
Receivables under loans assigned	110.93	628.88	
Advances recoverable in cash or in kind or for value to be received	339.98	413.93	
Advance taxes (net of provision for tax)	1,333.62	7,129.51	
	315,375.49	192,819.45	
<i>Unsecured, considered doubtful</i>			
Loans and advances relating to financing activity	2,614.89	989.13	
Receivables under loans assigned	298.25	329.20	
Advances recoverable in cash or in kind or for value to be received	37.75	37.73	
	880,715.76	813,096.43	
16. Other Non-current Assets			
Unamortised loan origination cost (Refer note no. 36(a))	10,960.36	8,424.77	
Unamortised borrowing costs (Refer note no. 36(b))	732.49	1,174.40	
Balances with banks			
- in deposit accounts exceeding twelve months maturity * (Refer note no. 19)	1,607.59	5,975.11	
	13,300.44	15,574.28	

* includes under lien ₹1,605.00 lakhs (Previous Year: ₹ 5,971.52 lakhs) relating to assignment and ₹ 2.43 (Previous Year : ₹ 3.43 lakhs) placed with VAT authorities and ₹ 0.16 lakhs (Previous Year: ₹ 0.16 lakhs) placed with Consumer Dispute Forum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs				
Name of the Company	Quantity	As at March 31, 2017	Quantity	As at March 31, 2016
17. Current Investments				
Investments in Equity Instruments (Quoted): (Valued at Cost or Market Value whichever is less)				
In fully paid up equity shares of ₹1/- each				
Tata Coffee Limited	2,549,214	2,440.24	2,994,960	2,866.93
		2,440.24		2,866.93
Less: Provision for diminution in value of equity investments		-		(183.59)
		2,440.24		2,683.34
Investments in Mutual funds: (At Net Asset Value)				
SBI Premier Liquid Fund - Direct Plan - Growth		-	21,027.428	500.65
		-		500.65
		2,440.24		3,183.99
Additional Information:				
Aggregate value of quoted investments		2,440.24		2,866.93
Aggregate value of unquoted investments		-		500.65
Market value of quoted investments		3,217.11		2,683.34

₹ in Lakhs		
Particulars	As at March 31, 2017	As at March 31, 2016
18. Trade Receivables		
Outstanding for a year exceeding six months from the date they are due for payment		
- Unsecured, considered doubtful	552.55	348.58
	552.55	348.58
Other debts		
- Unsecured, considered good	5,600.63	2,319.11
	6,153.18	2,667.69

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Particulars	As at March 31, 2017	As at March 31, 2016	
19. Cash and Bank Balances			
Cash and Cash Equivalents			
Cash on hand *	1,398.90	1,119.09	
Cheques on hand	195.22	26.03	
Balances with Banks			
- in unclaimed dividend accounts	23.59	20.76	
- in current accounts	149,251.54	93,160.33	
	150,869.25	94,326.21	
Other Bank Balances			
Deposit with original maturity for more than three months but less than twelve months#	1,179.89	9,143.92	
	152,049.14	103,470.13	
Amount disclosed under non-current assets (Refer note no. 16)	1,607.59	5,975.11	
# includes under lien ₹ 1,101.89 lakhs (Previous Year: ₹ 7,236.02 lakhs) relating to assignment, ₹ 1.00 lakhs (Previous Year : ₹ Nil lakhs) placed with VAT authorities and ₹ Nil (Previous Year: ₹ 1,907.90 lakhs) relating to term loans.			
*Includes Cash in transit amounting to ₹381.04 lakhs (Previous Year: ₹ 303.14 lakhs).			
20. Short-Term Loans and Advances			
<i>Secured, considered good</i>			
Loans and advances relating to financing activity *	374,197.95	282,564.65	
<i>Secured, considered doubtful</i>			
Loans and advances relating to financing activity *	5,310.92	3,662.71	
<i>Unsecured, considered good</i>			
Loans and advances relating to financing activity *	177,074.68	114,003.68	
Receivables under loans assigned	3.26	389.57	
Advances recoverable in cash or in kind or for value to be received	2,545.03	2,000.80	
Security deposits	123.32	285.36	
<i>Unsecured, considered doubtful</i>			
Loans and advances relating to financing activity *	4,342.51	1,614.03	
Advances recoverable in cash or in kind or for value to be received	11.49	11.49	
Security Deposits	4.09	6.19	
Receivables under loans assigned	19.04	32.56	
	563,632.29	404,571.04	
*Includes current maturities of long-term loans and advances and overdue loan and advances.			
21. Other Current Assets			
Interest accrued and due	584.53	735.16	
Interest accrued but not due	15,795.73	16,102.55	
Unamortised loan origination cost (Refer note no. 36(a))	13,505.79	10,877.88	
Unamortised borrowing costs (Refer note no. 36(b))	679.82	937.21	
Unbilled Subvention Income	1,669.80	1,437.42	
	32,235.67	30,090.22	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	
22. Revenue from Operations			
Interest income	232,533.03	163,352.22	
Other financial services			
Fee income	30,460.73	16,759.47	
Income from assignment of loans	5,558.76	4,170.94	
Commission and brokerage income	1,523.51	216.46	
	270,076.03	184,499.09	
23. Other Income			
Dividend Income	38.93	38.93	
Profit on sale of investments (net)	1,503.16	183.91	
Interest on Income Tax Refund	1,027.36	62.13	
Other non-operating income	40.00	-	
	2,609.45	284.97	
24. Employee Benefits Expense			
Salaries and wages	22,005.01	16,515.10	
Contribution to provident and other funds	711.63	537.58	
Staff welfare expenses	602.75	502.22	
	23,319.39	17,554.90	
25. Finance Costs			
Interest expense	103,044.47	80,740.03	
Other borrowing costs	9,746.74	6,854.34	
	112,791.21	87,594.37	
26. Depreciation and Amortisation Expense			
Depreciation	1,116.33	726.59	
Amortisation of intangible assets	546.99	268.94	
	1,663.32	995.53	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	
27. Other Expenses			
Rent	2,210.17	1,367.69	
Repairs others	2,686.94	955.20	
Insurance	59.60	67.51	
Rates and taxes	324.45	222.51	
Auditors Remuneration			
- as auditor	78.00	79.00	
- Tax audit fees	3.00	2.00	
- for Certification	11.00	6.25	
- for reimbursement of expenses	5.15	4.57	
Commission and brokerage	295.91	220.13	
Travelling expenses	1,560.45	1,252.98	
Communication expenses	1,517.29	1,114.89	
Printing and stationery	388.19	278.97	
Recruitment expenses	268.83	353.77	
Membership and subscription	76.56	90.72	
Advertisement and publicity expenses	2,576.40	1,333.83	
Electricity charges	461.65	299.37	
Amortised loan origination cost	23,493.47	12,240.19	
Provision and Write offs:			
Provision for doubtful loans and advances [Refer note no. 2.1(d)(i) & (iii)]	3,326.36	2,097.22	
Provision for diminution in investments	(183.59)	30.09	
Provision for standard assets [Refer note no. 2.1(d)(ii)]	1,464.22	(43.27)	
Bad loans and trade receivables written off (net of recovery)	39,482.46	21,387.35	
	44,089.45	23,471.39	
Loss on sale of fixed asset (including write off) (net)	123.39	34.30	
Donations (Refer Note below)	386.74	119.87	
Legal and professional charges	7,735.76	4,109.37	
CMS Charges	1,508.90	907.77	
Directors sitting fees	24.40	14.40	
Collection expenses	11,176.09	5,753.09	
Remuneration to non whole time directors			
- Commission	100.00	87.50	
Miscellaneous expenses	521.24	390.62	
	101,683.03	54,777.89	

Note

- (i) During the year, the Company has contributed ₹ 365.18 (Previous Year: ₹ 117.27) towards Corporate Social Responsibility ('CSR') expenditure being revenue in nature under Section 135 of the Companies Act, 2013 read with Schedule VII to the said Act.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

a) Gross amount required to be spent by the Company during the year is ₹ 362.50 lakhs.

b) Amount spent during the year on:

₹ in Lakhs

Particulars	In Cash	Yet to be paid in cash	Total
i) Construction/acquisition of any assets	-	-	-
ii) On purpose other than (i) above	365.18	-	365.18

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

₹ in Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
28. Earnings Per Equity Share ('EPS')		
Basic EPS		
Profit for the year after tax expense	21,686.20	15,691.06
Weighted average number of equity shares	93,488,147	91,130,294
Nominal value per equity share	10.00	10.00
Earning per equity share - Basic	23.20	17.22
Diluted EPS		
Net Profit considered for basic EPS calculation	21,686.20	15,691.06
Weighted average number of equity shares	93,488,147	91,130,294
Add: Weighted number of equity shares under options	6,195,000	4,783,291
Weighted average number of diluted equity shares	99,683,147	95,913,585
Nominal value per equity share	10.00	10.00
Earning per equity share - Diluted	21.76	16.36

29. Contingent Liabilities

a. Contingent Liabilities not provided for in respect of:

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Corporate guarantee given by Company to banks	901.00	902.90
Income-tax matters under dispute*	329.04	314.49

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

b. Capital commitments:

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,214.31	2,980.61
Commitments relating to loans sanctioned but undrawn	11,603.02	16,993.84

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

30. Post-Employment Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service. Gratuity expense has been included in 'Contribution to provident fund and other funds' under employee benefit 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, 2017	For the year ended March 31, 2016
Present Value of the Obligation as at the beginning of the year	409.84	305.42
Interest Cost	31.38	24.28
Current Service Cost	156.97	164.08
Benefit Paid	(30.16)	(18.81)
Actuarial (gain)/ loss on obligations	(30.11)	(65.13)
Present Value of the Obligation as at the end of the year	537.92	409.84

B. Amount recognised in the Statement of Profit and Loss

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Cost	31.38	24.28
Current Service Cost	156.97	164.08
Actuarial (gain)/loss on obligations	(30.11)	(65.13)
Total expense/(income) recognised in the Statement of Profit and Loss	158.24	123.23

C. Reconciliation of Balance Sheet

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	As at March 31, 2017	As at March 31, 2016
Present Value of the Obligation as at the beginning of the year	409.84	305.42
Total expense recognised in the Statement of Profit and Loss	158.24	123.23
Benefits paid	(30.16)	(18.81)
Present Value of the Obligation as at the end of the year	537.92	409.84

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

Assumptions	Gratuity (Unfunded)	
	March 31, 2017	March 31, 2016
Discount rate	7.70%	7.95%
Increase in compensation cost	8.00%	8.00%
Employee turnover	2.00%	2.00%

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

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

31. Employee Stock Option Scheme ('ESOS')

For the year ended March 31, 2017

Particulars of Options	ESOS 2007	ESOS 2008	ESOS 2009	ESOS 2011	ESOS 2012	ESOS 2014	ESOS 2016
Outstanding as at the beginning of the year	344,000	376,000	322,125	1,174,275	2,045,750	6,500,000	-
Granted during the year	-	-	-	-	-	-	920,000
Forfeited/ Cancelled during the year	-	9,000	-	14,000	12,500	-	15,000
Lapsed during the year	-	-	-	-	-	-	-
Exercised/ Allotted during the year	-	144,000	300,425	203,650	756,250	-	-
Outstanding as at the end of the year	344,000	223,000	21,700	956,625	1,277,000	6,500,000	905,000
Exercisable at the end of the year	344,000	35,000	4,000	669,400	564,950	-	-
Weighted average remaining contractual life (in years)	3.48	8.60	10.00	6.25	7.65	7.54	7.40
Weighted average fair value of options granted (₹)	146.37	106.06	220.13	98.51	145.80	117.24	260.00
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity

For the year ended March 31, 2016

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

ESOS 2007

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

ESOS 2008

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

ESOS 2009

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options in respect of earlier grant are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2011

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2012

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options under this grant are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2014

No further options were granted during the year under this scheme. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 years respectively. All the options are exercisable on completion of 5 years from the effective grant date (i.e April 2, 2014) but prior to expiry of 10 years from the effective grant date.

ESOS 2016

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated July 19, 2016 and December 6, 2016 respectively, has granted options in respect of 890,000 shares and 30,000 equity shares to eligible employees at an exercise price of ₹ 620.00 and ₹ 531.85 respectively. The options will vest in graded proportion of 20% each year after expiry of 1,2,3,4 and 5 years respectively. All the options are exercisable on completion of 5 years from the date of grant or 6 months from the date of vesting whichever is later.

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

Particulars	ESOS 2016
Exercise Price	ESOS 2016- 890,000 options and 30,000 stock options with exercise price of ₹ 620.00 and ₹ 531.85 respectively
Historical Volatility	41.04% - 45.58%
Life of the options granted (Vesting and exercise period) in years	<u>Vesting schedule:</u> ESOS 2016- 20% each year from the end of 1, 2, 3, 4 and 5 years of the date of grant respectively. <u>Exercise Period:</u> ESOS 2016- Within 5 years from the date of grant or 6 months from the date of vesting whichever is later.
Dividend yield	0.39% - 0.45%
Average risk-free interest rate	6.06% - 7.15%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	₹ in Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit after tax as reported	21,686.20	15,691.06
Less: Employee stock compensation cost under fair value method (Refer Note below)	2,802.96	3,790.25
Total	18,883.24	11,900.81
Basic earnings per share as reported	23.20	17.22
Proforma Basic earnings per share	20.20	13.06
Diluted earnings per share as reported	21.76	16.36
Proforma Diluted earnings per share	18.94	12.41

Note:

Employee stock compensation cost includes ₹ 30.86 lakhs (Previous Year: ₹ 78.37 lakhs) pertaining to incremental fair value pursuant to modification of exercise year done in earlier years.

32. Segment Reporting

Since the Company has only one reportable business segment “loans given” as primary segment and it operates in a single geographical segment within India, no disclosure is required to be given as per Accounting Standard - 17 ‘Segmental Reporting’ as notified under Section 133 of the Companies Act, 2013 (‘the Act’) read together with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

Geographical Segments:

The Company operates solely in one Geographic segment namely “Within India” and hence no separate information for Geographic segment wise disclosure is required.

33. Related Party Disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Relationship	Name of the Party
Holding Company	Cloverdell Investment Ltd.
Subsidiaries	Capital First Home Finance Limited Capital First Securities Limited
Step Subsidiary	Capital First Commodities Limited

Names of other related parties :

Relationship	Name of the Party
Fellow subsidiaries	Dayside Investment Ltd.
Key Management Personnel	Mr. V. Vaidyanathan - Chairman and Managing Director Mr. Apul Nayyar - Executive Director (W.e.f. April 4, 2016) Mr. Nihal Desai - Executive Director (W.e.f. April 4, 2016)
Enterprises significantly influenced by key management personnel	JV & Associates LLP

Refer Annexure 1 and 1A for the transactions with related parties

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

34. Operating Leases

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

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

Particulars	₹ in Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Lease payments recognized in the Statement of Profit and Loss	2,210.17	1,367.69

Details of non-cancellable leases are as follows:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Minimum Lease Payments:		
Not later than one year	1,307.63	530.59
Later than one year but not later than five years	600.30	374.22
Later than five years	-	-

35. Foreign Currency

Expenditures in foreign currency (Accrual basis)	₹ in Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Travelling	14.50	6.40
Membership & Subscription	1.51	-
Repairs and maintenance	1,396.87	57.49
Recruitment Expenses	8.39	8.39
Legal & Professional fees	47.97	420.12
Advertisement and publicity expenses	8.13	8.05

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

36. 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, 2017	For the year ended March 31, 2016	
Total loan origination cost deferred	28,656.97	22,250.20	
Cost amortised and charged to Statement of Profit and Loss during the year	23,493.47	12,240.19	
Unamortised cost shown into balance sheet :			
- Current	13,505.79	10,877.88	
- Non-current	10,960.36	8,424.77	

b. Borrowing cost			₹ in Lakhs
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	
Total borrowing cost deferred	1,080.77	599.63	
Cost amortised and charged to Statement of Profit and Loss during the year	1,780.07	1,050.10	
Unamortised borrowing cost shown into balance sheet :			
- Current	679.82	937.21	
- Non-current	732.49	1,174.40	

c. Processing fees and subvention income			₹ in Lakhs
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	
Total unamortised income from processing fees/subvention income deferred	51,640.80	37,022.41	
Income amortised and credited to Statement of Profit and Loss during the year			
- Fee income	16,076.14	10,952.07	
- Interest income	28,603.79	16,641.09	
Unamortised processing fees/subvention income shown into balance sheet:			
- Current	22,774.34	17,164.77	
- Non-current	7,145.03	5,793.73	

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

			₹ in Lakhs
Particulars	As at March 31, 2017	As at March 31, 2016	
Total Gold loan Portfolio	-	1,751.30	
Total Assets	1,693,435.34	1,403,245.73	
Gold loan portfolio as a % age of total assets	0.00%	0.12%	

38. 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:

			₹ in Lakhs
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	
Number of loan accounts	3,218.00	8,691.00	
Outstanding amounts	2,069.50	9,928.02	
Value Fetched on Auctions (net of tax)	1,434.11	8,833.08	

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

39. During the year, the Board of Directors vide Circular Resolution dated December 14, 2016 had allotted 4,780,000 equity shares of the Company of ₹ 10/- each, at the premium of ₹702.70 per equity shares on preferential basis amounting to ₹ 34,067.06 lakhs. The said funds have been utilized as on March 31, 2017. The aforesaid allotment is subject to lock-in requirements as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, with regard to said Preferential Issue.
40. Pursuant to circular no. DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 issued by the Reserve Bank of India (RBI) which permits Regulated Entities to defer the down grade of an account that was standard as on November 1, 2016, the Company has not opted for 90 days' relaxation extended by RBI for recognition of loan as Non-Performing Assets ('NPA').
41. The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial results at March 31, 2017. Refer note 29 for details on contingent liabilities.
42. The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
43. The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:

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

In the Ordinary course of business Company's collection agencies have collected cash and customers have directly deposited cash amounting to ₹ 3,802.61 Lakhs as part of the loans repayments in the collection bank accounts of the Company during the period from November 09, 2016 to December 30, 2016. The denomination wise details of such cash has been confirmed by the Company's bankers.

44. The Board of Directors have recommended dividend of ₹ 2.60 per share (26%) on each equity share having face value of ₹ 10/- each. The proposed equity dividend and dividend distribution tax thereon are not accounted as liabilities in fiscal 2016-17 in accordance with revised AS-4 "Contingencies and events occurring after balance sheet date."
45. Additional information as per guidelines issued by the Reserve Bank of India in respect of Non-Banking Financial (Non-deposit accepting or holding) Systemically Important (NBFC-ND-SI) is given in Annexure 2.
46. Figures for previous year have been regrouped/rearranged wherever necessary, to conform to current year's classification.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Annexure 1 Transactions with Related parties

Relationship	Holding Company		Subsidiaries		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Year						
Commission & Brokerage Expenses Paid	-	-	1,102.62	396.25	-	-
Interest Expenses Paid	-	-	321.85	316.48	-	-
Reimbursement of Expenses	-	-	545.93	124.89	-	-
Interest Income	-	-	251.71	4.76	14.58	15.25
Loans/Advances given	-	-	20,220.96	3,871.67	-	-
Loans/Advances repayment received	-	-	19,558.22	4,643.17	3.46	2.79
Inter corporate deposits Given	-	-	7,650.00	3,140.00	-	-
Inter corporate deposits Received Back	-	-	7,650.00	3,140.00	-	-
Inter corporate deposits Taken	-	-	3,697.00	3,802.00	-	-
Inter corporate deposits Repaid	-	-	3,486.00	3,322.00	-	-
Sale of Investment	-	-	-	44.40	-	-
Directors Remuneration	-	-	-	-	1,483.24	740.07
Closing Balances : Receivable/(Payable)	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Term Loans/Inter corporate deposit Receivable/(Payable)	-	-	(3,455.00)	(3,244.00)	141.35	144.80
Advances Recoverable/(Payable)	-	-	(673.97)	(841.15)	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Annexure-1A

Transactions with related parties for year ended March 31, 2017

Particulars	₹ in Lakhs	
	April 01, 2016 to March 31, 2017	April 01, 2015 to March 31, 2016
Commission & Brokerage Expenses Paid		
Capital First Securities Limited	1,102.62	396.25
Total	1,102.62	396.25
Interest expenses paid		
Capital First Commodities Limited	321.85	316.48
Total	321.85	316.48
Reimbursement of Expenses		
Capital First Home Finance Limited	442.09	88.43
Capital First Securities Limited	103.84	36.46
Total	545.93	124.89
Interest Income		
Capital First Home Finance Limited	251.71	4.76
Mr. Nihal Desai	14.58	15.25
Total	266.29	20.01
Loans/ Advances given		
Capital First Home Finance Limited	20,173.91	3,620.16
Capital First Commodities Limited	1.40	84.30
Capital First Securities Limited	45.65	167.21
Total	20,220.96	3,871.67
Loans/ Advances repayment received		
Capital First Home Finance Limited	19,510.61	4,487.77
Capital First Commodities Limited	1.97	86.43
Capital First Securities Limited	45.64	68.97
Mr. Nihal Desai	3.46	2.79
Total	19,561.68	4,645.96
Inter corporate deposits Given		
Capital First Home Finance Limited	7,650.00	3,140.00
Total	7,650.00	3,140.00
Inter corporate deposits Received Back		
Capital First Home Finance Limited	7,650.00	3,140.00
Total	7,650.00	3,140.00
Term Loans/Inter corporate deposits Taken		
Capital First Commodities Limited	3,697.00	3,802.00
Total	3,697.00	3,802.00
Term Loans/Inter corporate deposits Repaid		
Capital First Commodities Limited	3,486.00	3,322.00
Total	3,486.00	3,322.00
Sale of Investment		
Anchor Trading & Investment Private Limited	-	44.40
Total	-	44.40
Managerial Remuneration		
Mr. V. Vaidyanathan	758.22	740.07
Mr. Apul Nayyar	366.32	-
Mr. Nihal Desai	358.70	-
Total	1,483.24	740.07
₹ in Lakhs		
Closing Balance	As at March 31, 2017	As at March 31, 2016
Term Loans/Inter Corporate Deposits Receivable/(Payable)		
Capital First Commodities Limited	(3,455.00)	(3,244.00)
Mr. Nihal Desai	141.35	144.80
Total	(3,313.65)	(3,099.20)
Receivable/(Payable)		
Capital First Commodities Limited	-	0.57
Capital First Home Finance Limited	(73.90)	(759.35)
Capital First Securities Limited	(600.07)	(82.37)
Total	(673.97)	(841.15)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Annexure 2 of the Note No. 45 to the Financial Statements for the year ended March 31, 2017

A. Capital to Risk Assets Ratio (CRAR)

Particulars	₹ in Lakhs	
	Current Year	Previous Year
i) CRAR (%)	20.34%	19.81%
ii) CRAR - Tier I Capital (%)	15.97%	14.53%
iii) CRAR - Tier II Capital (%)	4.37%	5.28%
iv) Amount of subordinated debt raised as Tier II Capital	3,000.00	31,002.05
v) Amount raised by issue of Perpetual Debt Instruments	3,000.00	6,000.00

B. Investments

Particulars	₹ in Lakhs	
	Current Year	Previous Year
1) Value of Investments		
i) Gross Value of Investments		
(a) In India	37,814.02	31,441.36
(b) Outside India	-	-
ii) Provision for Depreciation		
(a) In India	5,841.73	6,025.32
(b) Outside India	-	-
iii) Net Value of Investments		
(a) In India	31,972.29	25,416.04
(b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
i) Opening balance	6,025.32	5,995.23
ii) Add: Provisions made during the year	-	30.09
iii) Less: Write-off/ write-back of excess provisions during the year	183.59	-
iv) Closing balance	5,841.73	6,025.32

C. Derivatives

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

The Company has no unhedged foreign currency exposure as on March 31, 2017 (Previous Year: ₹ Nil)

D. Disclosures relating to Securitisation

- The Company has not entered into Securitisation transactions during the current and previous year.
- Details of financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction:
The Company has not sold any financial assets to Securitisation/Reconstruction Company for Asset Reconstruction in the current and previous year.
- Details of assignment transactions:

Particulars	₹ in Lakhs	
	Current Year	Previous Year
(i) No. of accounts	8,138	2,462
(ii) Aggregate value (net of provisions) of accounts sold	286,521.31	169,973.65
(iii) Aggregate consideration	286,521.31	169,973.65
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	-

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

The Company has not purchased any non-performing financial asset during the current and previous year.

b) Details of non-performing financial assets sold

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

E. Maturity pattern of assets and liabilities

₹ in Lakhs					
Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year
Liabilities					
Borrowings from banks	39,499.98	10,312.00	28,652.97	61,825.14	223,443.79
	(6,250.00)	(10,562.50)	(42,687.00)	(48,499.50)	(257,179.23)
Market borrowings	1,500.00	29,735.04	27,097.41	35,340.40	37,318.47
	(-)	(-)	(-)	(6,184.32)	(77,932.56)
Assets					
Advances (Gross) *	77,984.73	57,288.74	55,579.00	159,053.08	211,020.51
	(40,620.83)	(38,282.01)	(39,710.67)	(109,192.49)	(174,039.07)
Investments (Net of Diminution)	-	-	-	-	2,440.24
	(500.65)	-	-	-	(2,683.34)

₹ in Lakhs				
Particulars	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities				
Borrowings from banks	229,211.50	75,272.22	-	668,217.60
	(362,889.87)	(107,031.25)	-	(835,099.35)
Market borrowings	324,255.00	129,800.00	101,920.00	686,966.32
	(73,500.00)	(52,500.00)	(113,500.00)	(323,616.88)
Assets				
Advances (Gross) *	477,203.51	103,464.36	295,851.95	1,437,445.88
	(379,466.45)	(94,830.30)	(328,466.73)	(1,204,608.55)
Investments (Net of Diminution)	1,000.00	8,000.00	20,532.05	31,972.29
	(14,000.00)	-	(8,232.05)	(25,416.04)

* Represents interest bearing loans and inter corporate deposits.

Figures in bracket relate to previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

F. Exposures

i) Exposures to real estate sector

		₹ in Lakhs	
Items		Current Year	Previous Year
a) Direct exposure			
(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		357,308.77	405,479.64
(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;		72,551.77	110,419.84
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –			
a. Residential,		-	-
b. Commercial Real Estate		9,500.00	9,253.91
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		6,904.88	7,321.55

ii) Exposure to Capital Market

		₹ in Lakhs	
Particulars		Current Year	Previous Year
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;		10,472.28	11,216.04
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;			-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;		9,375.00	15,125.00
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances';		-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		-	-
(vii) bridge loans to companies against expected equity flows / issues;		-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)		-	-
iii) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC			
During the year, the Company has not exceeded SGL & GBL limits as prescribed under NBFC Regulation.			
iv) Unsecured Advances During the year, the Company has not given any advance against collateral of rights, licenses, authority, etc.			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

G. Miscellaneous

i) Registration obtained from other financial sector regulators

RBI registration no.

N-13.01827

Company Identification no. (CIN) :

L29120MH2005PLC156795

Insurance Regulatory and Development Authority

CA0087 w.e.f. April 1, 2016

(Old Licence No. HDF 5017698 & FGG5 017698)

ii) Disclosure of Penalties imposed by RBI and other regulators

Penalties or fines pursuant to a contractual obligation are not considered as penalties or fines. Expenditure incurred for any purpose which is an offence or which is prohibited by law is restricted to items where the disclosed purpose of such payment is, to the assessee's knowledge, an offence or prohibited by law.

iii) Related Party Transactions

Refer note no. 33 for transactions with related party transactions

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

Particulars	Previous year
(a) Commercial Paper	CARE : A1+
(b) Debentures	
- Perpetual Debentures	CARE : AA & Brickworks : AA+
- Subordinated Debt	CARE : AA+ & Brickworks : AAA
- Other Debentures	CARE : AA+ & Brickworks : AAA
(c) Other Bank Loan facilities	CARE : AA+
v) Remuneration of Directors (Non-executive)	₹ in Lakhs
- Sitting fees	24.40
- Commission	100.00

H. Additional Disclosures

i) Provisions and Contingencies

		₹ in Lakhs
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	Current Year	Previous Year
Provisions for depreciation on Investment	(183.59)	30.09
Provision towards NPA	3,033.30	1,949.57
Provision made towards Income tax	11,542.33	8,170.31
Other Provision and Contingencies	293.06	147.65
Provision for Standard Assets	1,464.22	(43.27)

ii) Draw Down from Reserves

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

iv) Concentration of Advances, Exposures and NPAs

₹ in Lakhs

a) Concentration of Advances	
Total Advances to twenty largest borrowers	140,814.38
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	9.65%
b) Concentration of Exposures	
Total Exposures to twenty largest borrowers	143,608.94
Percentage of Exposures to twenty largest borrowers to Total Exposures of the NBFC	9.77%
c) Concentration of NPAs	
Total Exposures to top four NPA accounts	1,977.01

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

d) Sector-wise NPAs (As certified by Management and relied by Auditor's)		
Sector	Total (₹ in Lakhs)	% of NPAs to Total Advances in that sector
1. Agriculture & allied activities	-	-
2. MSME	11,034.65	1.72%
3. Corporate borrowers	-	-
4. Services	-	-
5. Unsecured personal loans	1,489.54	1.02%
6. Auto loans	1,143.70	0.50%
7. Other personal loans	163.04	0.09%
	-	
e) Movement of NPAs		₹ in Lakhs
Particulars	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	0.30%	0.55%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	13,088.45	5,941.23
(b) Additions during the year	22,708.86	12,770.21
(c) Reductions during the year	(11,816.87)	(5,622.99)
(d) Sold to assets reconstruction company	(10,149.51)	-
(e) Closing balance	13,830.93	13,088.45
(iii) Movement of Net NPAs		
(a) Opening balance	6,678.67	1,481.02
(b) Additions during the year	3,551.54	6,806.80
(c) Reductions during the year	(5,842.36)	(1,609.15)
(d) Closing balance	4,387.85	6,678.67
(iii) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	6,409.78	4,460.21
(b) Provisions made during the year	9,007.81	5,963.41
(c) Write-off / write-back of excess provisions	(5,974.51)	(4,013.84)
(d) Closing balance	9,443.08	6,409.78
f) Overseas Assets		
Name of the Subsidiary		None
Country		NA
Total Assets		Nil
g) Off Balance Sheet SPV sponsored		
The Company does not have any off balance sheet SPV sponsored.		
I. Disclosure of Customer Complaints (As certified by Management and relied by Auditor's)		
i) Customer Complaints		
(a) No. of complaints pending at the beginning of the year		34
(b) No. of complaints received during the year		3,294
(c) No. of complaints redressed during the year		3,286
(d) No. of complaints pending at the end of the year		42

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Schedule to the Balance Sheet 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	392,220.00	-
- Unsecured	82,000.00	-
b. Deferred Credits	-	-
c. Term Loans	626,939.86	-
d. Inter-corporate loans and borrowings	3,455.00	-
e. Commercial Paper	84,791.32	-
f. Other Loans - Demand loans	165,777.74	-
* 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		941,898.25
b. Unsecured		495,979.11
3. Break up of Leased Assets and stocks on hire and other assets counting towards AFC activities		Amount Outstanding
i. Lease Assets including lease rentals under sundry debtors:		
a. Finance Lease		-
b. Operating Lease		-
ii. Stocks on hire including hire charges under sundry debtors:		
a. Assets on hire		-
b. Repossessed Assets		-
iii. Other Loans counting towards AFC activities:		
a. Loans where assets have been repossessed		-
b. Loans other than (a) above		-
4. Break up of Investments:		
Current Investments		
1. Quoted		
i. Shares: a. Equity		2,440.24
b. Preference		-
ii. Debentures and Bonds		-
iii. Units of mutual funds		-
iv. Government Securities		-
v. Others		-
2. Unquoted		
i. Shares: a. Equity		-
b. Preference		-
ii. Debentures and Bonds		-
iii. Units of mutual funds		-
iv. Government Securities		-
v. Others		-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Long Term Investments		₹ in Lakhs	
		Amount Outstanding	
1. Quoted			
i.	Shares - Equity		
	- Preference		
ii.	Debentures and Bonds	12,000.00	
iii.	Units of mutual funds		
iv.	Government Securities		
v.	Others		
2. Unquoted			
i.	Shares - Equity	6,832.05	
	- Preference	1,200.00	
ii.	Debentures and Bonds		
iii.	Units of mutual funds		
iv.	Government Securities		
v.	Others	9,500.00	
5. Borrower group-wise classification of assets financed as in (2) and (3) above : Please see Note 2 below		₹ in Lakhs	
Category		Amount net of provision	
		Secured	Unsecured
		Total	
1.	Related Parties**		
a.	Subsidiaries	-	-
b.	Companies in the same group	-	-
c.	Other related parties	-	-
2.	Other than related parties	941,898.25	495,979.11
Total		941,898.25	495,979.11
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		₹ in Lakhs	
Category		Market Value/Break up of fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties**		
a.	Subsidiaries	13,930.99	8,032.05
b.	Companies in the same group	-	-
c.	Other related parties	-	-
2.	Other than related parties	24,717.11	23,940.24
Total		39,115.10	31,972.29
** As per Accounting Standard of ICAI (Please see Note 3)			
7. Other information		₹ in Lakhs	
Particulars		Amount	
i.	Gross Non-Performing Assets		
a.	Related Parties		
b.	Other than related parties	13,830.93	
ii.	Net Non-Performing Assets		
a.	Related Parties		
b.	Other than related parties	4,387.85	
iii.	Assets acquired in satisfaction of debt		

Notes:

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Capital First Limited

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 ("the Rules"). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2017, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

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

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 38 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017.
 - iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries companies incorporated in India during the year ended March 31, 2017.
 - iv. The Holding Company and its subsidiaries, incorporated in India, have provided requisite disclosures in Note 40 to these consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company. We report that the Group has received an amount of ₹ 557.48 Lakhs which are not permitted.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 10, 2017

ANNEXURE TO AUDITOR'S REPORT

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CAPITAL FIRST LIMITED

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

In conjunction with our audit of the consolidated financial statements of Capital First Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Capital First Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

ANNEXURE TO AUDITOR'S REPORT (CONTD.)

assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta

Partner

Membership Number: 048749

Place : Mumbai

Date : May 10, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

₹ in Lakhs			
Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	9,742.21	9,123.77
Reserves and Surplus	4	220,641.88	161,212.28
		230,384.09	170,336.05
Share application money pending allotment	3	-	14.96
Non-Current Liabilities			
Long-term borrowings	5	894,448.72	736,771.12
Other Long-term liabilities	6	8,017.59	6,468.06
Long-term provisions	7	11,906.99	11,333.49
		914,373.30	754,572.67
Current Liabilities			
Short-term borrowings	8	259,900.82	157,729.99
Trade payables	9	18,052.17	12,553.94
Other current liabilities	10	328,433.66	346,748.71
Short-term provisions	11	14,373.40	10,549.12
		620,760.05	527,581.76
TOTAL		1,765,517.44	1,452,505.44
ASSETS			
Non-Current Assets			
Fixed Assets	12		
- Tangible assets		4,764.63	1,942.92
- Intangible assets		1,699.33	981.08
		6,463.96	2,924.00
Non-current investments	13	21,500.00	14,200.00
Deferred tax assets (Net)	14	7,223.63	5,460.32
Long-term loans and advances	15	940,877.34	852,246.07
Other non-current assets	16	13,845.49	15,571.83
		989,910.42	890,402.22
Current Assets			
Current Investments	17	4,365.24	4,162.99
Trade receivables	18	6,199.51	2,667.77
Cash and Bank Balances	19	159,362.81	111,270.54
Short-term loans and advances	20	572,717.01	413,401.01
Other current assets	21	32,962.45	30,600.91
		775,607.02	562,103.22
TOTAL		1,765,517.44	1,452,505.44
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. LLPICAI Firm Registration No. 301003E/E300005
Chartered Accountants**per Viren H. Mehta**Partner
Membership No. 048749Place : Mumbai
Date : May 10, 2017For and on behalf of the Board of Directors of
Capital First Limited**V. Vaidyanathan**
Chairman & Managing Director
DIN 00082596**N. C. Singhal**
Director
DIN 00004916**Pankaj Sanklecha**
Chief Financial Officer &
Head - Corporate Centre**Satish Gaikwad**
Head - Legal, Compliance &
Company SecretaryPlace : Mumbai
Date : May 10, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from Operations	22	277,287.07	188,223.87
Other Income	23	2,799.36	655.69
Total revenue		280,086.43	188,879.56
Expenses			
Employee benefits expense	24	23,939.35	17,681.26
Finance costs	25	116,060.08	89,723.95
Depreciation and Amortisation expense	26	1,663.32	995.53
Other expenses	27	102,675.25	55,243.31
Total Expenses		244,338.00	163,644.05
Profit before tax		35,748.43	25,235.51
Tax expense:			
- Current tax		13,518.78	9,934.75
- Deferred tax credit		(1,763.31)	(1,247.52)
- Tax for earlier years		(12.48)	(207.43)
		11,742.99	8,479.80
Profit for the year from Continuing Operations	(A)	24,005.44	16,755.71
Profit/(loss) before tax from discontinuing operations		(4.38)	(20.60)
Tax expense/(credit) of discontinuing operations		108.95	116.60
Profit/(loss) from discontinuing operations (after tax) (Refer note no. 36)	(B)	(113.33)	(137.20)
Profit for the year	(A)+(B)	23,892.11	16,618.51
Earning per equity share:	28		
- Basic		25.56	18.24
- Diluted		23.97	17.33
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the Financial Statements			

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta

Partner
Membership No. 048749

Place : Mumbai
Date : May 10, 2017

For and on behalf of the Board of Directors of
Capital First Limited
V. Vaidyanathan
Chairman & Managing Director
DIN 00082596

N. C. Singhal
Director
DIN 00004916

Pankaj Sanklecha
Chief Financial Officer &
Head - Corporate Centre

Satish Gaikwad
Head - Legal, Compliance &
Company Secretary

Place : Mumbai
Date : May 10, 2017

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	35,748.43	25,235.51
Profit before tax from discontinuing operations	(4.38)	(20.60)
Adjustments for:		
Depreciation/amortisation on continuing operation	1,663.32	995.53
Provision for doubtful loans and advances	3,623.15	2,114.44
Provision/(reversal) for diminution in value of investments	(183.59)	30.09
Provision for standard assets	1,547.79	25.00
Bad loans and trade receivables written off (net)	40,307.68	21,475.06
Provision for employee benefits	150.64	122.84
Dividend income	(38.93)	(38.93)
Profit on sale of investments (net)	(1,668.81)	(541.46)
Loss on sale of fixed assets	123.39	34.30
Excess provision written back	(5.71)	(11.66)
Gain on translation of foreign subsidiary	-	(13.88)
Interest on fixed deposit	10.47	-
	45,508.46	24,191.33
Operating Profit Before Working Capital Changes	81,252.51	49,406.24
Adjustment for changes in working capital:		
Increase in Trade Receivables	(3,531.75)	(1,659.96)
Increase in Loans and Advances	(293,875.66)	(394,660.70)
Decrease/(Increase) in Other Assets	7,496.07	(9,021.46)
Increase in Trade payables and other liabilities	32,289.78	15,875.37
Cash used in operations	(173,369.05)	(340,060.51)
Direct taxes paid (net of refund)	(5,233.61)	(8,625.22)
Net Cash used in Operating Activities	(181,602.66)	(348,685.73)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,410.19)	(2,850.05)
Sale proceeds from fixed assets	10.50	8.92
Sale proceeds from investments	2,726,870.39	188,012.93
Purchase of investments	(2,732,520.24)	(186,447.32)
Dividend income	38.93	38.93
Fixed deposit from bank	(146.77)	-
Net Cash used in Investing Activities	(11,157.38)	(1,236.59)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	618.44	25.54
Proceeds from Share Application Money Pending Allotment	(14.96)	14.96
Proceeds from Securities Premium on issue of Equity Share Capital	36,456.05	426.43
Payment of securities issue expenses	(918.56)	(1,461.46)
Payment of dividend	(2,189.91)	(2,002.35)
Payment of dividend tax	(445.81)	(407.63)
Proceeds from long term borrowings	581,093.00	569,729.87
Repayment of long term borrowings	(467,942.75)	(236,927.42)
Proceeds from short term borrowings	523,450.05	345,529.88
Repayment of short term borrowings	(421,279.21)	(326,584.68)
Net Cash generated from Financing Activities	248,826.34	348,343.14
Net increase/(decrease) in Cash and Cash Equivalents during the year	56,066.30	(1,579.18)
Cash and Cash equivalents at beginning of the year	102,116.62	103,695.80
Cash and Cash equivalents at the end of the year	158,182.92	102,116.62

₹ in Lakhs		
Particulars	As at March 31, 2017	As at March 31, 2016
Cash and Cash equivalents comprises of :		
Cash in Hand	1,483.90	1,156.80
Cheques on hand	195.23	26.03
Balance with Banks		
- in unpaid dividend accounts (Refer note 3 below)	23.59	20.76
- in current account	156,480.20	100,913.03
Total	158,182.92	102,116.62

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 'Cash Flow Statements' notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
- Cash and cash equivalents in the balance sheet comprises of Cash in hand and Cash at bank.
- The balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta

Partner
Membership No. 048749

Place : Mumbai
Date : May 10, 2017

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

V. Vaidyanathan
Chairman & Managing Director
DIN 00082596

N. C. Singhal
Director
DIN 00004916

Pankaj Sanklecha
Chief Financial Officer &
Head - Corporate Centre

Place : Mumbai
Date : May 10, 2017

Satish Gaikwad
Head - Legal, Compliance &
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements comprise of the Financial Statements of Capital First Limited (the 'Company' or 'CFL') and its subsidiaries (hereinafter collectively referred to as the 'Group').

The financial statements have been prepared to comply in accordance with the Accounting Standards ('AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules 2016 and other accounting principles generally accepted in India (IGAAP) and as per the guidelines issued by Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulation') and National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions 2010 ('NHB Regulation'). The financial statements have been prepared on an accrual basis and under the historical cost convention. The notified Accounting Standards (AS) are followed by the Company insofar as they are not inconsistent with the NBFC Regulation and NHB Regulation.

b) PRINCIPLES OF CONSOLIDATION

- i. The Consolidated Financial Statements are prepared in accordance with AS - 21 on "Consolidated Financial Statements" notified under Section 133 of the Companies Act, 2013 (the 'Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules 2016. The financial statements of these group companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of Inter Company transactions are eliminated on consolidation.

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

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

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

Particulars	Country of incorporation	Proportion of ownership interest as at March 31, 2017	Proportion of ownership interest as at March 31, 2016	Financial year ends on
Subsidiaries :				
Capital First Home Finance Limited	India	100%	100%	March 31
Capital First Securities Limited (CFSL)	India	100%	100%	March 31
Capital First Commodities Limited (Subsidiary of CFSL)	India	100%	100%	March 31
Anchor Investment and Trading Pvt. Ltd.*	Mauritius	N.A.	N.A.	March 31

*Note: Anchor Investment and Trading Pvt. Ltd. ('AITPL') had ceased to be wholly owned subsidiary of the Company pursuant to voluntary liquidation filed by AITPL. AITPL had been wound up w.e.f. February 19, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Change in Accounting Policy

Classification of Non-performing assets ('NPA')

RBI vide its notification no. DNBR. 011/CGM (CDS)-2015 dated March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending March 31, 2016. This has resulted in increase in gross non-performing assets by ₹ 5,342.80 lakhs. However, there is no significant impact of this change on provision for the year ended March 31, 2017.

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

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

(c) Use of estimates

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

(d) Change in estimates

i) Provisioning on retail Mortgage and Housing Loans

During the year, the Company has changed its estimates related to provisioning for mortgage and housing loans. Consequent to the change in such estimates, provision and write off for the year ended March 31, 2017 is higher by ₹ 541.23 lakhs.

ii) Provisioning for standard assets

The Company has accounted for provision on standard assets as per Reserve Bank of India ('RBI') notification no. RBI/2014-15/299 dated November 10, 2014, which requires increased provision on standard assets in a phased manner over a year of three years commencing from March 31, 2016. As a result of which provision for standard assets as at March 31, 2017 is higher by ₹ 736.38 lakhs.

iii) Provisioning for Subvention Debtors

During the year, the Company has changed its estimates related to provisioning for subvention debtors. Consequent to the change in such estimates, provision and write off for the year ended March 31, 2017 is higher by ₹ 296.11 lakhs.

(e) Tangible assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

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

(f) Intangible assets

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

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

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

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

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

Particulars	Useful lives estimated by the Management
Computers and Printers	3 years
Servers	6 years
Office Equipment	5 years
Furnitures & Fixtures	10 years
Electrical Installation	10 years
Air Conditioners	5 years
Leasehold Improvements	5 years
Intangible assets	5 years
Vehicles	4 years

(h) Loans

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(i) Leases

Operating Lease

Where the Company is lessee

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

(j) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted at the pre tax discount rate reflecting current market assessment of time value of money and risks specific to asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(k) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Quoted current investments are carried in the financial statements at lower of cost or market value determined on an individual investment basis. Unquoted investments in units of mutual funds are stated at lower of cost or net asset value, except for Non-banking finance Company and Housing Finance Company, which is valued at net asset value.

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

(l) Commercial Papers

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

(m) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(iii) *Exchange Differences*

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

(n) **Revenue recognition**

Interest income

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

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

Fee income

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

Subvention income

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

Commission and brokerage income

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

Income from Assignment of loans and receivables

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

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

Dividend income

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(o) Securities issue expenses

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

(p) Retirement and other employee benefits

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

Gratuity

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

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

Leave encashment

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

(q) Borrowing costs

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

(r) Loan origination cost

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

(s) Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

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

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

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

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

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

(t) Provisioning/Write-off on assets

Provisioning/Write-off on overdue assets

The provisioning/write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Master Direction-Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and as per NHB regulation.

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

Provision on standard assets

Provision on standard assets has been made @ 0.35% as prescribed by Reserve Bank of India ('RBI') guidelines and 0.40% as per NHB regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

Employees (including senior executives) of the Company also receives remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

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

(v) Earnings per share

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

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

(w) Provisions

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

(x) Contingent liabilities

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

(y) Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity year 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, 2017

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
3. Share Capital		
Authorized:		
113,000,000 (Previous Year: 113,000,000) Equity shares of ₹ 10/- each	11,300.00	11,300.00
	11,300.00	11,300.00
Issued, subscribed and fully paid up:		
97,422,069 (Previous Year : 91,237,744) Equity shares of ₹ 10/- each	9,742.21	9,123.77
	9,742.21	9,123.77

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, 2017		As at March 31, 2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs
At the beginning of the year	91,237,744	9,123.77	90,982,269	9,098.23
Issued during the year- Under Employees Stock Option Scheme	1,404,325	140.44	255,475	25.54
Issued during the year (Refer note no. 35)	4,780,000	478.00	-	-
At the close of the reporting year	97,422,069	9,742.21	91,237,744	9,123.77

b. Terms/Rights attached to Equity Shares:

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

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

	As at March 31, 2017		As at March 31, 2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Equity shares of ₹ 10/- each				
Cloverdell Investment Ltd - Holding Company	58,237,645	5,823.76	58,237,645	5,823.76
Dayside Investment Ltd	1,247,957	124.80	1,247,957	124.80

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

	As at March 31, 2017		As at March 31, 2016	
	Number	%	Number	%
Cloverdell Investment Ltd	58,237,645	59.78%	58,237,645	63.83%
JV & Associates LLP	-	-	4,773,795	5.23%

	As at March 31, 2017	As at March 31, 2016
e. Securities convertible into equity shares:	Nil	Nil
f. Shares reserved for issue under Employee Stock Option Scheme (Refer note no. 31)	10,227,325	10,762,150
g. Aggregate number of shares issued for a consideration other than cash during the year of five years immediately preceding the reporting date.	Nil	Nil
h. Share Application Money Pending Allotment		

Share application money pending allotment represents money received from employees pursuant to exercise of stock options ₹ Nil (Previous Year: ₹ 14.96 lakhs). The shares were allotted on April 12, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Particulars		As at March 31, 2017	As at March 31, 2016
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		11,818.42	8,680.21
Add: Transferred from Statement of Profit and Loss		4,337.24	3,138.21
		16,155.66	11,818.42
Statutory Reserve under Section 29C of the National Housing Bank Act, 1987			
Balance as per last Balance Sheet		199.56	74.72
Add: Transferred from Statement of Profit and Loss		128.77	124.84
		328.33	199.56
Securities Premium Account			
Balance as per last Balance Sheet		115,205.43	116,240.45
Add : Received during the year (Refer Note no. 35)		36,456.05	426.43
Less: Securities issue expenses (net of tax)		(918.56)	(1,461.45)
		150,742.92	115,205.43
Foreign Exchange Fluctuation Reserve			
Balance as per last Balance Sheet		-	13.89
Add/(Less): Movement during the year		-	2.49
Less: Transferred to other income on liquidation		-	(16.38)
		-	-
General Reserve			
Balance as per last Balance Sheet		4,227.26	2,658.15
Add : Transferred from Statement of Profit and Loss		-	1,569.11
		4,227.26	4,227.26
Surplus in the Statement of Profit and Loss			
Balance as per last Balance Sheet		23,836.61	14,685.98
Add: Profit for the year		23,892.11	16,618.51
Less: Appropriations:			
Transfer to statutory reserve u/s 45-IC of the RBI Act, 1934		(4,337.24)	(3,138.21)
Transfer to statutory reserve u/s 29C of the National Housing Bank Act, 1987		(128.77)	(124.84)
Proposed dividend (Refer Note No. 41)		-	(2,189.91)
Dividend tax thereon (Refer Note No. 41)		-	(445.81)
Transfer to general reserve		-	(1,569.11)
		43,262.71	23,836.61
		220,641.88	161,212.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	Non Current Portion		Current Maturities*	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
5. Long-Term Borrowings				
Secured				
Redeemable Non-Convertible Debentures	372,220.00	121,000.00	20,000.00	65,000.00
Term Loans				
- from Banks	314,428.72	469,771.12	210,261.14	210,988.50
- from Others	98,300.00	42,500.00	26,200.00	7,500.00
Unsecured				
Redeemable Non Convertible Perpetual Debentures	28,000.00	25,000.00	-	-
Redeemable Non-Convertible Debentures (Subordinated debt)	54,000.00	51,000.00	-	-
Term Loans				
- from Banks (Subordinate debt)	27,500.00	27,500.00	-	-
- from Banks (Other)	-	-	-	17,500.00
	894,448.72	736,771.12	256,461.14	300,988.50

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

a. Security details for Secured Redeemable Non-Convertible Debentures

1. Debentures of ₹ 94,000.00 lakhs (Previous Year: ₹ 151,000.00 lakhs) are secured by first pari-passu charge on the fixed asset owned by the Company and first exclusive charge on the standard receivables of retail and corporate loan assets and other current assets of the Company.
2. Debentures of ₹ 298,220.00 lakhs (Previous Year: ₹ 35,000.00 lakhs) are secured by first pari-passu charge on the fixed asset owned by the Company and first pari-passu charge by way of hypothecation, over standard present and future receivables.
3. All secured debentures are secured by first pari-passu charge on the fixed asset owned by the Company and first pari-passu/exclusive charge by way of hypothecation, over standard present and future receivables. The total asset cover required thereof has been maintained as per the terms and conditions stated in the respective Debenture Trust Deeds.

b. Particulars of Secured Redeemable Non-Convertible Debentures

₹ in Lakhs

Particulars	Face Value (in ₹)	Quantity	Date of Redemption	As at March 31, 2017	As at March 31, 2016
10.00% CAPFIRSTNCD Series 1	1,000,000	1,000	February 15, 2018	10,000.00	10,000.00
10.00% CAPFIRSTNCD Series 2	1,000,000	1,000	March 20, 2018	10,000.00	10,000.00
9.40% CAPFIRSTNCD Series 3	1,000,000	3,500	December 23, 2016	-	35,000.00
9.40% CAPFIRSTNCD Series 4	1,000,000	3,000	December 27, 2016	-	30,000.00
9.20% CAPFIRSTNCD Series 5	1,000,000	150	October 23, 2020	1,500.00	1,500.00
9.25% CAPFIRSTNCD Series 6-Option 1	1,000,000	350	December 21, 2018	3,500.00	3,500.00
9.25% CAPFIRSTNCD Series 6-Option 2	1,000,000	500	December 22, 2020	5,000.00	5,000.00
9.10% CAPFIRSTNCD Series 7	1,000,000	3,000	January 4, 2019	30,000.00	30,000.00
9.20% CAPFIRSTNCD Series 8	1,000,000	2,100	January 22, 2021	21,000.00	21,000.00
9.20% CAPFIRSTNCD Series 9	1,000,000	500	January 29, 2021	5,000.00	5,000.00
8.73% CAPFIRSTNCD Series 10	1,000,000	3,500	May 28, 2021	35,000.00	35,000.00
8.90% CAPFIRSTNCD Series 11	1,000,000	800	May 15, 2026	8,000.00	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5. Long-Term Borrowings (Contd.)

Particulars	Face Value (in ₹)	Quantity	Date of Redemption	₹ in Lakhs	
				As at March 31, 2017	As at March 31, 2016
9.05% CAPFIRSTNCD Series 12-Option-1	1,000,000	250	May 31, 2019	2,500.00	-
9.10% CAPFIRSTNCD Series 12-Option-2	1,000,000	850	May 31, 2021	8,500.00	-
9.10% CAPFIRSTNCD Series 12-Option-3	1,000,000	200	May 31, 2023	2,000.00	-
9.05% CAPFIRSTNCD Series 13-Option-1	1,000,000	50	June 13, 2019	500.00	-
9.10% CAPFIRSTNCD Series 13-Option-2	1,000,000	70	June 13, 2023	700.00	-
9.05% CAPFIRSTNCD Series 14-Option-1	1,000,000	450	June 28, 2019	4,500.00	-
9.10% CAPFIRSTNCD Series 14-Option-2	1,000,000	100	June 30, 2021	1,000.00	-
9.01% CAPFIRSTNCD Series 15-Option-1	1,000,000	250	June 29, 2018	2,500.00	-
9.05% CAPFIRSTNCD Series 15-Option-2	1,000,000	1,100	July 19, 2019	11,000.00	-
9.15% CAPFIRSTNCD Series 15-Option-3	1,000,000	352	July 19, 2023	3,520.00	-
8.70% CAPFIRSTNCD Series 16-Option-1	1,000,000	200	September 15, 2021	2,000.00	-
8.65% CAPFIRSTNCD Series 16-Option-2	1,000,000	800	September 13, 2019	8,000.00	-
8.75% CAPFIRSTNCD Series 17-Option-1	1,000,000	250	September 18, 2026	2,500.00	-
8.70% CAPFIRSTNCD Series 17-Option-2	1,000,000	150	September 20, 2021	1,500.00	-
8.65% CAPFIRSTNCD Series 17-Option-3	1,000,000	100	September 20, 2019	1,000.00	-
8.65% CAPFIRSTNCD Series 18	1,000,000	2,500	September 30, 2019	25,000.00	-
8.50% CAPFIRSTNCD Series 19	1,000,000	5,750	October 10, 2019	57,500.00	-
8.50% CAPFIRSTNCD Series 20-Option-1	1,000,000	2,500	September 30, 2019	25,000.00	-
8.50% CAPFIRSTNCD Series 20-Option-2	1,000,000	250	October 28, 2019	2,500.00	-
8.55% CAPFIRSTNCD Series 20-Option-3	1,000,000	200	October 28, 2021	2,000.00	-
8.50% CAPFIRSTNCD Series 21	1,000,000	1,000	December 21, 2021	10,000.00	-
8.15% CAPFIRSTNCD Series 22	1,000,000	3,000	December 27, 2019	30,000.00	-
8.35% CAPFIRSTNCD Series 23	1,000,000	5,000	January 17, 2020	50,000.00	-
8.41% CAPFIRSTNCD Series 24	1,000,000	950	March 13, 2020	9,500.00	-
				392,220.00	186,000.00

c. Security details for Secured Term Loans

1. Term loans of ₹ NIL (Previous Year: ₹ 2,000.00 lakhs) is secured by way of first exclusive charge on receivables of priority sector lending of the Company.
2. Term loans of ₹ 530,689.86 lakhs (Previous Year: ₹ 680,159.62 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 ₹ 118,500.00 lakhs (Previous Year: ₹ 48,600.00 lakhs) is secured by way of first exclusive charge on receivables of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5. Long-Term Borrowings (Contd.)

d. Particulars of Unsecured Redeemable Non-Convertible Perpetual Debentures

₹ in Lakhs					
Particulars	Issue Date	Coupon	Quantity	As at March 31, 2017	As at March 31, 2016
CAPFIRSTPEPNCD Series 1	March 8, 2013	11.00%	1,000	10,000.00	10,000.00
CAPFIRSTPEPNCD Series 2	March 14, 2013	11.00%	250	2,500.00	2,500.00
CAPFIRSTPEPNCD Series 3	May 24, 2013	10.65%	150	1,500.00	1,500.00
CAPFIRSTPEPNCD Series 4	September 23, 2014	10.50%	500	5,000.00	5,000.00
CAPFIRSTPEPNCD Series 5	March 1, 2016	10.50%	600	6,000.00	6,000.00
CAPFIRSTPEPNCD Series 6	June 6, 2016	9.75%	300	3,000.00	-
				28,000.00	25,000.00

Particulars			₹ in Lakhs	
			As at March 31, 2017	As at March 31, 2016
Funds raised through perpetual debentures			3,000.00	6,000.00
Amount outstanding as at the end of the year			28,000.00	25,000.00
Percentage of Perpetual Debt Instrument to Total Tier I Capital			11.53%	13.55%
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 year of ten years from the date of allotment. Further, call option shall be exercised by the Company only with the prior approval of Reserve Bank of India (RBI) and as per RBI guidelines. It also have a coupon rate step-up option of 100 bps, which shall be exercised only once during the whole life of the instrument, in conjunction with the Call Option, after the lapse of 10 years from the date of allotment of issue. The coupon rate will be higher by 100 bps for subsequent years if Call Option is not exercised by the Company. The claim of the investors shall be pari passu among themselves and with other subordinated indebtedness of the Company, superior to the claims of investors in equity shares and subordinate to the claims of all other unsecured creditors and depositors of the Company, as regards repayment of principal and interest by the Issuer.

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

₹ in Lakhs					
Particulars	Face Value (₹ in)	Quantity	Date of Redemption	As at March 31, 2017	As at March 31, 2016
10.30% CAPFIRSTUNNCD Series 1	1,000,000	1,000	February 28, 2023	10,000.00	10,000.00
10.30% CAPFIRSTUNNCD Series 2	1,000,000	500	February 28, 2023	5,000.00	5,000.00
9.50% CAPFIRSTUNNCD Series 3	1,000,000	500	May 17, 2028	5,000.00	5,000.00
9.40% CAPFIRSTUNNCD Series 4	1,000,000	500	September 29, 2025	5,000.00	5,000.00
9.25% CAPFIRSTUNNCD Series 5	1,000,000	750	October 30, 2025	7,500.00	7,500.00
9.25% CAPFIRSTUNNCD Series 6	1,000,000	250	November 20, 2025	2,500.00	2,500.00
9.25% CAPFIRSTUNNCD Series 7	1,000,000	250	December 15, 2025	2,500.00	2,500.00
9.25% CAPFIRSTUNNCD Series 8	1,000,000	350	December 29, 2025	3,500.00	3,500.00
9.35% CAPFIRSTUNNCD Series 9	1,000,000	1,000	February 5, 2026	10,000.00	10,000.00
9.24% CAPFIRSTUNNCD Series 10	1,000,000	300	July 24, 2026	3,000.00	-
				54,000.00	51,000.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5. Long-Term Borrowings (Contd.)

f. Terms of repayment:

Term loans from Banks and others - Secured

As at March 31, 2017				₹ in Lakhs
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 Months	8.50%	Semi-Annual & Quarterly instalments	41,800.00	10,200.00
48-60 months	8.20% to 9.35%	Quarterly Instalments	163,197.22	26,102.78
36-48 months	9.35% to 9.75%	Semi-Annual & Quarterly instalments	132,812.50	46,250.00
24-36 months	8.40% to 9.75%	Quarterly Instalments	40,132.50	21,517.50
12-24 months	8.40% to 9.65%	Quarterly Instalments	34,786.50	47,598.00
Upto 12 months	9.45% to 9.70%	Quarterly & Structured Instalments	-	84,792.86
Grand Total			412,728.72	236,461.14

As at March 31, 2016				₹ in Lakhs
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
More than 60 Months	9.45%	Quarterly Instalments	42,500.00	7,500.00
48-60 months	9.60% to 9.75%	Semi-Annual & Quarterly instalments	196,312.50	22,687.50
36-48 months	9.65% to 9.75%	Quarterly Instalments	80,156.25	28,750.00
24-36 months	9.30% to 9.75%	Quarterly Instalments	134,764.50	65,676.00
12-24 months	9.45% to 9.75%	Quarterly & Structured Instalments	58,537.87	65,875.00
Upto 12 months	9.55% to 9.75%	Semi-Annual & Quarterly Instalments	-	28,000.00
Grand Total			512,271.12	218,488.50

Term Loan from banks- Unsecured

As at March 31, 2017				₹ in Lakhs
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	NA	NA	-	-
36-48 months	NA	NA	-	-
24-36 months	9.75%	Bullet	7,500.00	-
12-24 months	8.50% to 11.2%	Bullet	20,000.00	-
Upto 12 months	NA	NA	-	-
Grand Total			27,500.00	-

As at March 31, 2016				₹ in Lakhs
Tenor	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	NA	NA	-	-
36-48 months	9.75%	Bullet	7,500.00	-
24-36 months	11.20%	Bullet	20,000.00	-
12-24 months	NA	NA	-	-
Upto 12 months	9.30% to 9.80%	Bullet	-	17,500.00
Grand Total			27,500.00	17,500.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
6. Other Long-Term Liabilities		
Unamortised processing fees/subvention income	8,017.59	6,468.06
	8,017.59	6,468.06
7. Long-term Provisions		
For standard assets	3,335.57	2,560.42
For doubtful loans [Refer Note No. 2.1(a)]	4,482.42	4,302.79
For doubtful advances	280.48	189.86
For foreclosure/credit loss on assignment	3,275.72	3,911.56
Provisions for employee benefits		
- Gratuity (Refer note no. 30)	532.80	368.86
	11,906.99	11,333.49
8. Short-Term Borrowings		
Secured		
Loans repayable on demand *		
- from banks	175,109.51	149,357.11
Unsecured		
Commercial papers	84,791.31	8,372.88
	259,900.82	157,729.99

*** Additional Information:**

1. Cash credit (including Working Capital Demand Loan) of ₹ 155,725.22 lakhs (Previous Year: ₹ 104,092.01 lakhs) is secured by way of first pari passu charge on receivables of retail, wholesale credit and current assets of the Company.
2. Cash Credit of ₹ 10,052.53 lakhs (Previous Year: ₹ 39,535.22 lakhs) is secured by way of first exclusive charge on receivables of the Company.
3. Cash Credit of ₹ 9,331.76 lakhs (Previous Year ₹ 5,729.88 lakhs) is secured by way of first pari passu charge on housing loan receivables and other loan assets and receivables of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
9. Trade Payables		
To Micro, Small and Medium Enterprises *	-	-
Others	18,052.17	12,553.94
	18,052.17	12,553.94
* 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, 2017. 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)	256,461.14	300,988.50
Interest accrued and due on borrowings	886.12	844.73
Interest accrued but not due on borrowings	15,065.07	7,595.63
Income received in advance	371.15	268.19
Advance received from customers	65.59	-
Overdrawn Book balance	230.34	-
Unamortised processing fees/subvention income	23,351.46	17,529.02
Unclaimed dividends	23.59	20.76
Other liabilities (includes statutory liabilities, payables under assignment activities and payable to retail customers)	31,979.20	19,501.88
	328,433.66	346,748.71
11. Short-Term Provisions		
Proposed dividend (Refer Note No. 41)	-	2,189.91
Dividend tax thereon (Refer Note No. 41)	-	445.81
Provision for employee benefits		
- Gratuity (Refer note no. 30)	6.60	40.98
- Leave encashment and availment	98.66	77.58
For standard assets	2,014.01	1,241.37
For doubtful loans [Refer Note No. 2.1(a)]	5,288.09	2,137.62
For doubtful advances	93.31	95.11
For doubtful debts	552.55	348.58
For foreclosure/credit loss on assignment	598.15	938.04
For Provision for Contingencies	21.58	21.58
For income tax	5,700.45	3,012.54
	14,373.40	10,549.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

12. Fixed Assets

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION			NET BLOCK	
	As at April 1, 2016	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at April 1, 2016	For the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at March 31, 2016
Tangible Assets									
Own assets									
Land *	6.25	-	-	6.25	-	-	-	6.25	6.25
Computers and Printers	2,199.92	644.27	61.59	2,782.60	1,575.32	372.57	52.99	1,894.90	887.70
Office Equipment	785.23	105.55	116.98	773.80	505.44	137.48	104.73	538.19	235.61
Furniture and Fixtures	642.67	649.64	58.74	1,233.57	237.67	191.91	34.43	395.15	838.42
Electrical Installation	309.42	95.36	155.21	249.57	70.81	39.42	70.43	39.80	209.77
Air Conditioners	103.93	242.38	2.27	344.04	24.35	48.99	1.90	272.60	79.58
Leasehold Improvements	712.01	1,567.81	372.33	1,907.49	402.92	280.16	368.76	314.32	1,593.17
Vehicles	-	766.91	-	766.91	-	45.80	-	45.80	721.11
Sub-Total (A)	4,759.43	4,071.92	767.12	8,064.23	2,816.51	1,116.33	633.24	3,299.60	1,942.92
Intangible Assets									
Domain Names and Trade Names	16.31	-	-	16.31	16.17	0.07	-	16.24	0.07
Data Processing Software	1,925.94	1,265.24	-	3,191.18	945.00	546.92	-	1,491.92	1,699.26
Sub-Total (B)	1,942.25	1,265.24	-	3,207.49	961.17	546.99	-	1,508.16	1,699.33
Total (A+B)	6,701.68	5,337.16	767.12	11,271.72	3,777.68	1,663.32	633.24	4,807.76	2,924.00

* Mortgaged as security against Secured Non Convertible Debentures

Previous Year									
Particulars	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1, 2015	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at March 31, 2015
Tangible Assets									
Own assets									
Land *	6.25	-	-	6.25	-	-	-	6.25	6.25
Computers and Printers	1,856.98	356.08	13.14	2,199.92	1,301.24	282.59	8.51	1,575.32	624.60
Office Equipment	636.05	194.39	45.21	785.23	367.14	176.04	37.74	505.44	279.79
Furniture and Fixtures	407.40	280.34	45.07	642.67	165.05	101.11	28.49	237.67	405.00
Electrical Installation	199.05	116.06	5.69	309.42	42.41	30.94	2.54	70.81	238.61
Air Conditioners	18.62	89.70	4.39	103.93	15.57	12.15	3.37	24.35	79.58
Leasehold Improvements	502.99	289.79	80.77	712.01	351.34	123.76	72.18	402.92	309.09
Sub-Total (A)	3,627.34	1,326.36	194.27	4,759.43	2,242.75	726.59	152.83	2,816.51	1,942.92
Intangible Assets									
Domain Names and Trade Names	16.31	-	-	16.31	16.10	0.07	-	16.17	0.14
Data Processing Software	1,200.46	727.30	1.82	1,925.94	676.17	268.87	0.04	945.00	980.94
Sub-Total (B)	1,216.77	727.30	1.82	1,942.25	692.27	268.94	0.04	961.17	981.08
Total (A+B)	4,844.11	2,053.66	196.09	6,701.68	2,935.02	995.53	152.87	3,777.68	2,924.00

* Mortgaged as security against Secured Non Convertible Debentures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Name of the Company	Quantity	As at March 31, 2017	Quantity As at March 31, 2016
13. Non - Current Investments			
Investments in Non-convertible Debentures (Quoted)			
14.95% Equitas Small Finance Bank Limited SR13 (FV ₹ 10 Lakhs each)	400	4,000.00	400 4,000.00
14.00% MAS Financial Services Ltd LOA (FV ₹ 10 Lakhs each)	400	4,000.00	400 4,000.00
Satin Creditcare Network Limited SR-F BR (FV ₹ 10 Lakhs each)	250	2,500.00	250 2,500.00
16.25% Grama Vidiyal Microfinance Limited SR-F (FV ₹ 10 Lakhs each)	-	-	200 2,000.00
15.85% Suryoday Small Finance Bank Limited SR-F-011 (FV ₹ 10 Lakhs each)	150	1,500.00	150 1,500.00
		12,000.00	14,000.00
Investments in Other Instruments (Unquoted):			
Alternate Investment Fund:			
Strugence Small and Medium Real Estate Fund	1,000	1,000.00	200 200.00
Security Receipts:			
EARC TRUST-SC-240 Series-I	850,000	8,500.00	- -
		9,500.00	200.00
		21,500.00	14,200.00
Additional Information:			
Aggregate value of quoted investments:		12,000.00	14,000.00
Aggregate value of unquoted investments:		9,500.00	200.00

		₹ in Lakhs	
Particulars	As at March 31, 2017	As at March 31, 2016	
14. Deferred tax assets (Net)			
Deferred tax asset:			
On account of depreciation on fixed assets	488.60	421.52	
Retirement Benefit	186.59	141.84	
Provision for diminution in value of investments	-	63.54	
Provision for doubtful debts	191.23	120.63	
Provision for doubtful retail loans and advances	2,810.74	2,304.32	
Unamortised Processing fees	10,926.08	8,092.59	
Unamortised preliminary expenses	0.47	-	
Provision for standard assets	1,837.31	1,313.25	
Merger expenses	3.04	-	
Expenses allowed on payment basis	-	451.14	
Other items	164.87	155.31	
	16,608.93	13,064.14	
Deferred tax liability:			
Special Reserve	94.69	24.71	
Unamortised loan origination cost	8,760.71	6,813.33	
Unamortised borrowing costs	529.90	765.78	
	9,385.30	7,603.82	
Net Deferred tax assets	7,223.63	5,460.32	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Particulars	As at March 31, 2017	As at March 31, 2016	
15. Long-Term Loans and Advances			
<i>Secured, considered good</i>			
Loans and advances relating to financing activity	608,605.79	642,674.19	
<i>Secured, considered doubtful</i>			
Loans and advances relating to financing activity	13,593.42	14,948.97	
<i>Unsecured, considered good</i>			
Capital advances	1,147.90	1,074.89	
Security Deposits	932.51	924.63	
Loans and advances relating to financing activity	311,515.55	182,853.43	
Receivables under loans assigned	110.93	628.88	
Advances recoverable in cash or in kind or for value to be received	339.98	413.93	
Advance taxes (net of provision for tax)	1,677.38	7,371.10	
	315,724.25	193,266.86	
<i>Unsecured, considered doubtful</i>			
Loans and advances relating to financing activity	2,614.89	989.13	
Receivables under loans assigned	298.25	329.20	
Security Deposits	3.00	-	
Advances recoverable in cash or in kind or for value to be received	37.74	37.72	
	940,877.34	852,246.07	
16. Other Non-current Assets			
Interest accrued but not due	9.41	-	
Unamortised loan origination cost	11,794.44	8,692.26	
Unamortised borrowing costs	286.23	904.46	
Balances with banks			
- in deposit accounts exceeding twelve months maturity *	1,755.41	5,975.11	
	13,845.49	15,571.83	

* Includes under lien ₹ 1,605.00 Lakhs (Previous Year ₹ 5,971.52 Lakhs) relating to assignment and ₹ 2.43 Lakhs (Previous Year : ₹ 3.43 Lakhs) placed with VAT authorities and ₹ 0.16 Lakhs (Previous Year: ₹ 0.16 Lakhs) placed with Consumer Dispute Forum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	Quantity	As at March 31, 2017	Quantity	As at March 31, 2016
17. Current Investments				
Investments in Equity Instruments (Quoted):				
In fully paid up equity shares of ₹ 1/- each				
Tata Coffee Limited	2,549,214	2,440.24	2,994,960	2,866.93
		2,440.24		2,866.93
Less: Provision for diminution in value of investments		-		(183.59)
		2,440.24		2,683.34
Investments in Mutual funds (Unquoted):				
Reliance Liquid Fund - Treasury Plan - Direct Plan - Growth Option	16,412.285	645.00	27,570.38	979.00
SBI Premier Liquid Fund - Direct Plan - Growth Option	-	-	21,027.43	500.65
Invesco India Liquid Fund - Direct Plan - Growth	28,860.215	640.00	-	-
Mahindra Liquid Fund - Direct - Growth	61,382.503	640.00	-	-
		1,925.00		1,479.65
		4,365.24		4,162.99
1. Aggregate value of quoted investments:				
- Cost		2,440.24		2,866.93
- Market Value		3,217.11		2,683.34
2. Aggregate value of unquoted investments:				
- Cost		1,925.00		1,479.65
- Net Assets Value		1,943.35		1,519.38

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
18. Trade receivables		
Trade receivables exceeding six months		
- Unsecured, considered doubtful	552.55	348.58
	552.55	348.58
Other debts		
- Unsecured, considered good	5,646.96	2,319.19
	5,646.96	2,319.19
	6,199.51	2,667.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Lakhs	
Particulars	As at March 31, 2017	As at March 31, 2016	
19. Cash and Bank Balances			
Cash and Cash Equivalents:			
Cash on hand *	1,483.90	1,156.80	
Cheques on hand	195.23	26.03	
Balances with Banks			
- in unclaimed dividend accounts	23.59	20.76	
- in current accounts	156,480.20	100,913.03	
	158,182.92	102,116.62	
Other Bank Balances			
Deposit with original maturity for more than three months but less than twelve months			
- in fixed deposit accounts #	1,179.89	9,143.92	
- in fixed deposit account earmarked against Trade Guarantee Fund	-	10.00	
	159,362.81	111,270.54	
Amount disclosed under non-current assets (Refer Note No. 16)	1,755.41	5,975.11	
*Includes Cash in transit amounting to ₹ 466.04 Lakhs (Previous year ₹ 340.76 Lakhs).			
# includes under lien ₹ 1,101.89 Lakhs (Previous Year: ₹ 7,236.02 Lakhs) relating to assignment, ₹ 1.00 Lakhs (Previous Year : ₹ Nil) placed with VAT authorities and ₹ Nil (Previous Year: ₹ 1,907.90 Lakhs) relating to term loans.			
20. Short-Term Loans and Advances			
<i>Secured, considered good</i>			
Loans and advances relating to financing activity*	375,608.35	283,803.84	
<i>Secured, considered doubtful</i>			
Loans and advances relating to financing activity*	5,352.44	3,665.80	
<i>Unsecured, considered good</i>			
Loans and advances relating to financing activity*	177,074.68	114,003.68	
Receivables under loans assigned	3.26	389.57	
Advances recoverable in cash or in kind or for value to be received	10,132.13	9,541.54	
Security Deposits	123.32	285.36	
<i>Unsecured, considered doubtful</i>			
Security Deposits	4.09	6.19	
Loans and advances relating to financing activity*	4,342.51	1,614.03	
Advances recoverable in cash or in kind or for value to be received	57.20	58.44	
Receivables under loans assigned	19.03	32.56	
	572,717.01	413,401.01	
* Includes current maturities of long term loans and advances and overdue advances.			
21. Other Current Assets			
Interest accrued and due	584.53	735.16	
Interest accrued but not due	16,282.44	16,445.56	
Unamortised loan origination cost	13,689.27	11,012.87	
Unamortised borrowing costs	736.43	969.89	
Unbilled Subvention Income	1,669.78	1,437.43	
	32,962.45	30,600.91	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
22. Revenue from Operations		
Interest income	238,879.92	166,775.64
Other financial services		
Fee income	31,322.11	17,054.17
Income from assignment of loans	5,561.53	4,177.60
Commission and brokerage Income	1,523.51	216.46
	277,287.07	188,223.87
23. Other Income		
Dividend income	38.93	38.93
Profit on sale of investments (net)	1,668.81	541.46
Interest on income tax refund	1,033.99	63.64
Excess provision written back	5.71	11.66
Other non-operating income	51.92	-
	2,799.36	655.69
24. Employee Benefits Expense		
Salaries and wages	22,624.97	16,641.46
Contribution to provident and other funds	711.63	537.58
Staff welfare expenses	602.75	502.22
	23,939.35	17,681.26
25. Finance Costs		
Interest expense	106,030.54	82,827.42
Other borrowing costs	10,029.54	6,896.53
	116,060.08	89,723.95
26. Depreciation and Amortisation Expense		
Depreciation on Fixed Assets	1,116.33	726.59
Amortisation of intangible assets	546.99	268.94
	1,663.32	995.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
27. Other Expenses		
Rent	2,233.71	1,368.85
Repairs others	2,691.54	959.18
Insurance	59.60	67.51
Rates and taxes	328.97	289.86
Auditors Remuneration		
- as auditor	93.00	92.00
- Tax audit fees	5.00	4.00
- for Certification and others	13.69	7.11
- for reimbursement of expenses	5.66	5.15
Commission and brokerage	295.91	220.13
Travelling expenses	1,560.55	1,253.11
Communication expenses	1,518.41	1,115.61
Printing and stationery	391.88	288.23
Recruitment expenses	268.83	353.77
Membership and subscription	76.59	90.79
Advertisement and publicity expenses	2,585.95	1,353.73
Electricity charges	462.05	299.70
Amortised loan origination cost	23,699.70	12,321.38
Provision and Write offs:		
Provision for doubtful loans and advances [Refer note no. 2.1(d)(i) & (iii)]	3,623.15	2,114.44
Provision for diminution in investments	(183.59)	30.09
Provision for standard assets [Refer note no. 2.1(d)(ii)]	1,547.79	25.00
Bad loans and trade receivables written off (net of recovery)	40,307.68	21,475.06
	45,295.03	23,644.59
Sundry Advances written off	0.04	-
Loss on sale of fixed asset (including write off) (net)	123.39	34.30
Donations (Refer Note below)	394.18	119.87
Legal and professional charges	7,232.68	4,195.33
CMS Charges	1,508.90	907.77
Directors sitting fees	30.11	17.00
Collection expenses	11,176.09	5,753.09
Remuneration to non whole time directors		
- Commission	100.00	87.50
Miscellaneous expenses	523.79	393.75
	102,675.25	55,243.31

Note:

- (i) During the year, the Company has contributed ₹ 372.62 lakhs (Previous Year: ₹ 117.27 lakhs) towards Corporate Social Responsibility ('CSR') expenditure being revenue in nature under Section 135 of the Companies Act, 2013 read with Schedule VII to the said Act.
- (ii) Details of CSR spent during the financial year:
- a) Gross amount required to be spent by the Company during the year is ₹ 369.94 Lakhs.
- b) Amount spent during the year on:

₹ in Lakhs

Particulars	In Cash	Yet to be paid in cash	Total
i) Construction/acquisition of any assets	-	-	-
ii) On purpose other than (i) above	372.62	-	372.62

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
28. a) Earnings Per Equity Share ('EPS')		
Basic EPS		
Net Profit for the year after tax expense	23,892.11	16,618.51
Weighted average number of equity shares	93,488,147	91,130,294
Nominal value per equity share	10.00	10.00
Earning per equity share - Basic	25.56	18.24
Diluted EPS		
Net Profit for the year after tax expense	23,892.11	16,618.51
Weighted average number of equity shares	93,488,147	91,130,294
Add: Weighted number of equity shares under options	6,195,000	4,783,291
Weighted average number of diluted equity shares	99,683,147	95,913,585
Nominal value per equity share	10.00	10.00
Earning per equity share - Diluted	23.97	17.33
b) Earnings Per Equity Share ('EPS') from Continuing Operations		
Basic EPS		
Net Profit for the year after tax expense	24,005.44	16,755.71
Weighted average number of equity shares	93,488,147	91,130,294
Nominal value per equity share	10.00	10.00
Earning per equity share - Basic	25.68	18.39
Diluted EPS		
Net Profit for the year after tax expense	24,005.44	16,755.71
Weighted average number of equity shares	93,488,147	91,130,294
Add: Weighted number of equity shares under options	6,195,000	4,783,291
Weighted average number of diluted equity shares	99,683,147	95,913,585
Nominal value per equity share	10.00	10.00
Earning per equity share - Diluted	24.08	17.47

29. Contingent Liabilities

Contingent Liabilities not provided for in respect of:

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Corporate guarantee given by Company to banks	901.00	902.90
Income-tax matters under dispute*	435.86	437.36

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

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,214.31	2,980.61
Commitments relating to loans sanctioned but undrawn	11,825.37	17,254.80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

30. Post-employment benefit plans

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

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

A. Change in Present Value of Obligation

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Present Value of the Obligation as at the beginning of the year	409.84	305.42
Interest Cost	31.38	24.28
Current Service Cost	158.45	164.08
Benefit Paid	(30.16)	(18.81)
Actuarial (gain)/loss on obligations	(30.11)	(65.13)
Present Value of the Obligation as at the end of the year	539.40	409.84

B. Amount recognised in the Statement of Profit and Loss

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Cost	31.38	24.28
Current Service Cost	158.45	164.08
Actuarial (gain)/loss on obligations	(30.11)	(65.13)
Total expense/(income) recognised in the Statement of Profit and Loss	159.72	123.23

C. Reconciliation of Balance Sheet

Particulars	₹ in Lakhs	
	Gratuity (Unfunded)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Present Value of the Obligation as at the beginning of the year	409.84	305.42
Total expense/(income) recognised in the Statement of Profit and Loss	159.72	123.23
Benefits paid	(30.16)	(18.81)
Present Value of the Obligation as at the end of the year	539.40	409.84

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

Assumptions	₹ in Lakhs	
	Gratuity (Unfunded)	
	March 31, 2017	March 31, 2016
Discount rate	7.64% - 7.70%	7.95%
Increase in compensation cost	8.00%	8.00%
Employee turnover	2.00%	2.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. 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 year over which the obligation is to be settled.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

31. Employee Stock Option Scheme ('ESOS')

For the year ended March 31, 2017

Particulars of Options	ESOS 2007	ESOS 2008	ESOS 2009	ESOS 2011	ESOS 2012	ESOS 2014	ESOS 2016
Outstanding as at the beginning of the year	344,000	376,000	322,125	1,174,275	2,045,750	6,500,000	-
Granted during the year	-	-	-	-	-	-	920,000
Forfeited/Cancelled during the year	-	9,000	-	14,000	12,500	-	15,000
Lapsed during the year	-	-	-	-	-	-	-
Exercised/Allotted during the year	-	144,000	300,425	203,650	756,250	-	-
Outstanding as at the end of the year	344,000	223,000	21,700	956,625	1,277,000	6,500,000	905,000
Exercisable at the end of the year	344,000	35,000	4,000	669,400	564,950	-	-
Weighted average remaining contractual life (in years)	3.48	8.60	10.00	6.25	7.65	7.54	7.40
Weighted average fair value of options granted (₹)	146.37	106.06	220.13	98.51	145.80	117.24	260.00
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity

For the year ended March 31, 2016

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

ESOS 2007

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

ESOS 2008

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2009

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options in respect of earlier grant are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2011

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

ESOS 2012

No further options were granted during the year under this scheme. The options will vest in graded proportion of 20% each year after the expiry of 1, 2, 3, 4 and 5 year respectively. All the options under this grant are exercisable within 5 years from the date of vesting or 10 years from the date of grant, whichever is later.

ESOS 2014

No further options were granted during the year under this scheme. The options will vest in graded proportion of 25% each year after the expiry of 1, 2, 3 and 4 years respectively. All the options are exercisable on completion of 5 years from the effective grant date (i.e April 2, 2014) but prior to expiry of 10 years from the effective grant date.

ESOS 2016

The Nomination and Remuneration Committee of the Board of Directors through Circular Resolution dated July 19, 2016 and December 6, 2016 respectively, has granted options in respect of 890,000 shares and 30,000 equity shares to eligible employees at an exercise price of ₹ 620.00 and ₹ 531.85 respectively. The options will vest in graded proportion of 20% each year after expiry of 1,2,3,4 and 5 years respectively. All the options are exercisable on completion of 5 years from the date of grant or 6 months from the date of vesting whichever is later.

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

Particulars	ESOS 2016
Exercise Price	ESOS 2016 - 890,000 options and 30,000 stock options with exercise price of ₹ 620.00 and ₹ 531.85 respectively
Historical Volatility	41.04% - 45.58%
Life of the options granted (Vesting and exercise year) in years	Vesting schedule: ESOS 2016 - 20% each year from the end of 1, 2, 3, 4 and 5 years of the date of grant respectively. Exercise Period: ESOS 2016 - Within 5 years from the date of grant or 6 months from the date of vesting whichever is later.
Dividend yield	0.39% - 0.45%
Average risk-free interest rate	6.06% - 7.15%

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

Proforma Accounting

Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

Particulars	₹ in Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit after tax as reported	23,892.11	16,618.51
Less: Employee stock compensation cost under fair value method (Refer Note below)	2,802.96	3,790.25
Total	21,089.15	12,828.26
Basic earnings per share as reported	25.56	18.24
Proforma Basic earnings per share	22.56	14.08
Diluted earnings per share as reported	23.97	17.33
Proforma Diluted earnings per share	21.16	13.37

Note:

Employee stock compensation cost includes ₹ 30.86 lakhs (Previous Year: ₹ 78.37 lakhs) pertaining to incremental fair value pursuant to modification of exercise year done in earlier years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

32. Segment Reporting

Primary segment information (by business segments):

Segment Report as per Accounting Standard ('AS') – 17, 'Segment Reporting' for the year ended March 31, 2017:

₹ in Lakhs

Particulars	Consolidated		Financing Activities		Other reconciling items	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Primary Segment - Business						
Revenue						
Income from external operations	280,086.43	188,879.56	280,086.43	188,879.56	-	-
Inter segment revenue	1,208.34	129.43	1,208.34	129.43	-	-
Total	281,294.77	189,008.99	281,294.77	189,008.99	-	-
Segment result	35,748.43	25,235.51	35,748.43	25,235.51	-	-
Interest on unallocated reconciling items	-	-	-	-	-	-
Income taxes	(11,742.99)	(8,479.80)	(11,742.99)	(8,479.80)	-	-
Net Profit after tax	24,005.44	16,755.71	24,005.44	16,755.71	-	-
Net Profit/(loss) from discontinuing operations (after tax)	(113.33)	(137.20)	-	-	(113.33)	(137.20)
Total Net Profit/(Loss) after tax including discontinuing operation.	23,892.11	16,618.51	24,005.44	16,755.71	(113.33)	(137.20)
Other Information						
Segment assets	1,749,186.63	1,427,504.09	1,749,186.63	1,427,504.09	-	-
Other unallocated assets	8,901.01	12,831.42	8,901.01	12,831.42	-	-
Assets relating to discontinuing operations	7,429.80	12,169.93	-	-	7,429.80	12,169.93
Total Assets	1,765,517.44	1,452,505.44	1,758,087.64	1,440,335.51	7,429.80	12,169.93
Segment liabilities	1,527,725.07	1,274,715.57	1,527,725.07	1,274,715.57	-	-
Liabilities relating to discontinuing operations	7,408.28	7,438.86	-	-	7,408.28	7,438.86
Total Liabilities	1,535,133.35	1,282,154.43	1,527,725.07	1,274,715.57	7,408.28	7,438.86
Capital Expenditure	5,337.16	2,053.66	5,337.16	2,053.66	-	-
Depreciation/amortisation	1,663.32	995.53	1,663.32	995.53	-	-
Other non-cash expenses	45,418.46	23,678.89	45,418.46	23,678.89	-	-

Geographical Segments:

The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

33. Related Party Disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Relationship	Name of the Party
Holding Company	Cloverdell Investment Ltd.

Names of other related parties :

Relationship	Name of the Party
Fellow subsidiaries	Dayside Investment Ltd
Key Management Personnel	Mr. V. Vaidyanathan - Chairman and Managing Director
	Mr. Apul Nayyar - Exeutive Director (W.e.f. April 4, 2016)
	Mr. Nihal Desai - Executive Director (W.e.f. April 4, 2016)
Enterprises significantly influenced by key management personnel	JV & Associates LLP

Refer Annexure 1 for transactions with the related parties.

34. Operating Leases

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

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

₹ in Lakhs		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Lease payments recognized in the Statement of Profit and Loss	2,233.71	1,368.85

Details of non-cancellable leases are as follows:

₹ in Lakhs		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Minimum Lease Payments:		
Not later than one year	1,307.63	530.59
Later than one year but not later than five years	600.30	374.22
Later than five years	-	-

35. During the year, the Board of Directors vide Circular Resolution dated December 14, 2016 had allotted 4,780,000 equity shares of the Company of ₹ 10/- each, at the premium of ₹ 702.70 per equity shares on preferential basis amounting to ₹ 34,067.06 lakhs. The said funds have been utilized as on March 31, 2017. The aforesaid allotment is subject to lock-in requirements as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, with regard to said Preferential Issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

36. The Board of Directors at its meeting held on November 13, 2013 had decided to discontinue its broking business carried on through its subsidiaries viz. Capital First Securities Limited (CFSL) & Capital First Commodities Limited (CFCL) (subsidiary of CFSL). However, CFSL has started the business of advisory, support services and loan syndication and is classified as a going concern from FY 2016-17 onwards. In view of the foregoing, the accompanying financial statements of CFCL have been prepared on the basis that it would not continue as a going concern and consequently, assets are measured at net realizable value and liabilities are measured at the cost to settle, as determined by the management. These expected realizable values and expected settlement values of assets and liabilities are subject to change on actual realization/settlement.

The carrying amount of Assets and Liabilities, and Income and Expenditure, pertaining to discontinued operations are :

₹ in Lakhs

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Total income	280,086.43	4.49	188,879.56	28.08
Operating Expenses	244,338.00	8.87	163,644.05	48.03
Profit/(Loss) from operating activities	35,748.43	(4.38)	25,235.51	(19.95)
Interest expense	-	-	-	0.65
Profit/(Loss) before tax	35,748.43	(4.38)	25,235.51	(20.60)
Tax	11,742.99	108.95	8,479.80	116.60
Profit/(Loss) after tax	24,005.44	(113.33)	16,755.71	(137.20)

₹ in Lakhs

Particulars	As at March 31, 2017		As at March 31, 2016	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Total Assets	1,758,087.64	7,429.80	1,440,335.51	12,169.93
Total Liabilities	1,527,725.07	7,408.28	1,274,715.57	7,438.86

Cash Flows pertaining to discontinued operations, is as follows:

₹ in Lakhs

Particulars	As at March 31, 2017		As at March 31, 2016	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Net Cash (used in)/from Operating Activities	(181,629.48)	(119.95)	(349,550.72)	864.99
Net cash (used in)/from Investing Activities	(11,121.81)	111.20	(136.08)	(1,100.51)
Net cash (used in)/from Financing Activities	248,826.34	-	348,343.14	-

37. Pursuant to circular no. DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 issued by the Reserve Bank of India (RBI) which permits Regulated Entities to defer the down grade of an account that was standard as on November 1, 2016, the Company has not opted for 90 days' relaxation extended by RBI for recognition of loan as Non-Performing Assets ('NPA').

Pursuant to circular no. NHB(ND)/DRS/Policy Circular No.77/2016-17 dated November 21, 2016 issued by the National Housing Bank (NHB) which permits Regulated Entities to defer the down grade of an account that was standard as on November 1, 2016, the Company has not opted for 60 days' relaxation extended by NHB for recognition of loan as Non-Performing Assets ('NPA').

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

38. The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial results at March 31, 2017. Refer note no. 29 for details on contingent liabilities.
39. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
40. The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:

₹ in Lakhs

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	177.14	150.26	327.40
(+) Permitted receipts	-	6,203.54	6,203.54
(+) Non Permitted receipts	557.48	-	557.48
(-) Permitted payments	-	3.24	3.24
(-) Amount deposited in Banks (Refer Note below)	734.62	5,880.38	6,615.00
Closing cash in hand as on 30.12.2016	-	470.18	470.18

In the ordinary course of business Group's collection agencies have collected cash and customers have directly deposited cash amounting to ₹ 6,615.00 Lakhs as part of the loans repayments in the collection bank accounts of the Group during the period from November 09, 2016 to December 30, 2016. The denomination wise details of such cash has been confirmed by the Group's bankers.

41. The Board of Directors have recommended dividend of ₹ 2.60 per share (26%) on each equity share having face value of ₹ 10/- each. The proposed equity dividend and dividend distribution tax thereon are not accounted as liabilities in fiscal 2016-17 in accordance with revised AS-4 "Contingencies and events occurring after balance sheet date."
42. Figures for previous year have been regrouped/rearranged wherever necessary, to conform to current year's classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Annexure 1

Transactions with Related parties

₹ in Lakhs

Relationship	Holding Company		Key Management Personnel	
Year	April 01, 2016 to March 31, 2017	April 01, 2015 to March 31, 2016	April 01, 2016 to March 31, 2017	April 01, 2015 to March 31, 2016
Interest Income				
Mr. Nihal Desai	-	-	14.58	15.25
Loans repayment received				
Mr. Nihal Desai	-	-	3.46	2.79
Managerial Remuneration				
Mr. V. Vaidyanathan	-	-	758.22	740.07
Mr. Apul Nayyar	-	-	366.32	-
Mr. Nihal Desai	-	-	358.70	-
Closing Balance			As at March, 31 2017	As at March, 31 2016
Loans Receivable	-	-		
Mr. Nihal Desai	-	-	141.35	144.80

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(₹ in Lakhs)

Sr. No.	Name of the Subsidiary Company	Capital First Commodities Limited	Capital First Home Finance Limited	Capital First Securities Limited
1	Reporting year for the subsidiary	March 31, 2017	March 31, 2017	March 31, 2017
2	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable	Not applicable	Not applicable
3	Share Capital	2,832.50	6,630.45	6,735.56
4	Reserves and surplus	644.02	2,515.50	(1,950.52)
5	Total assets	10,884.80	70,662.89	6,064.74
6	Total liabilities	7,408.28	61,516.94	1,279.70
7	Investments	-	-	4,753.00
8	Turnover	326.34	7,121.46	1,487.82
9	Profit before tax	317.47	971.07	1,304.72
10	Provision for tax	108.95	327.23	(126.58)
11	Profit after tax	208.51	643.84	1,431.30
12	Proposed dividend	0%	0%	0%
13	% of shareholding	100%	100%	100%

Part "B": Associates and Joint Ventures

Not applicable

Additional information

(₹ in Lakhs)

Sr. No.	Name of the Subsidiary Company	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss	
		As % of consolidated assets	Amount	As % of profit or loss	Amount
	Parent	92.44%	212,976.58	90.44%	21,608.46
	Capital First Limited				
	Subsidiaries				
	<i>Indian:</i>				
1	Capital First Commodities Limited	1.51%	3,476.52	0.87%	208.51
2	Capital First Home Finance Limited	3.97%	9,145.95	2.69%	643.84
3	Capital First Securities Limited	2.08%	4,785.04	5.99%	1,431.30
	<i>Foreign:</i>				
	None	NA	-	NA	-
	Minority interests in all subsidiaries	NA	-	NA	-
	Associates (Investments as per the equity method)	NA	-	NA	-
	Joint Ventures (as per proportionate consolidation/ investment as per the equity method)	NA	-	NA	-



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