

2015-16 KEEP ASPIRING



BUILT ON A STRONG FOUNDATION

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OUR VISION

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. V. Vaidyanathan

Chairman & Managing Director
DIN - 00082596

Mr. N. C. Singhal

Independent Director
DIN - 00004916

Mr. Vishal Mahadevia

Non-Executive Director
DIN - 01035771

Mr. M. S. Sundara Rajan

Independent Director
DIN - 00169775

Mr. Hemang Raja

Independent Director
DIN - 00040769

Dr. (Mrs.) Brinda Jagirdar

Independent Director
DIN - 06979864

Mr. Dinesh Kanabar

Independent Director
DIN - 00003252

Mr. Narendra Ostawal

Non-Executive Director
DIN - 06530414

Mr. Apul Nayyar

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

Mr. Nihal Desai

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

CHIEF FINANCIAL OFFICER & HEAD - CORPORATE CENTRE

Mr. Pankaj Sanklecha

LIST OF BANKING RELATIONSHIPS & SUBSCRIBERS TO DEBT ISSUES

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

Pension Funds

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

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited

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

CAPITAL FIRST LIMITED

15th Floor, Tower - 2,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone,
Mumbai - 400 013,
Maharashtra.
Tel. No.: +91 22 4042 3400
Fax No.: +91 22 4042 3401
E-mail: secretarial@capfirst.com
Website: www.capitalfirst.com

CIN : L29120MH2005PLC156795

HEAD - LEGAL, COMPLIANCE AND COMPANY SECRETARY

Mr. Satish Gaikwad

INVESTOR RELATIONS

Mr. Saptarshi Bapari

STATUTORY AUDITORS

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

KEY INDICATORS



160.41 Billion

AUM (as of March 31, 2016)

27.38 Billion

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



19.81%

Capital Adequacy Ratio
(as of March 31, 2016)

AA+

Credit Rating
(as of March 31, 2016)



222

Locations
(as of March 31, 2016)



1.07%

Gross NPA
(as of March 31, 2016)



0.55%

Net NPA



ISO 27001

Certification for Information
Security Management
System



1412

Employees
(as of March 31,
2016)

CHAIRMAN'S ADDRESS



DEAR STAKEHOLDERS,

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

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

The theme with which your Company was founded is that financing

over

2.25 million

customers financed



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

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

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

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

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

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

THE 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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank you

With Best Wishes

V. Vaidyanathan

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

BOARD OF DIRECTORS



VISHAL MAHADEVIA
Non-Executive Director

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

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

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

NIHAL DESAI
Executive Director

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

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

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

NARENDRA OSTAWAL
Non-Executive Director

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

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

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

DINESH KANABAR
Independent Director

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

He is a Fellow Member of the ICAI.

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

V. VAIDYANATHAN
Chairman and Managing Director

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

He has 25 years of experience in financial sector.