

CFL/LS/201/2018-19

August 02, 2018

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. Tel No.: 022 – 2272 2039/ 37/3121 BSE- Scrip Code: 532938	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051. Tel No.: 022 – 2659 8237/ 38 NSE - Symbol – CAPF
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Sub.: Outcome of the Board Meeting held on August 02, 2018

Dear Sir / Madam,

We wish to inform you that the Board of Directors ("**the Board**") at its Meeting held today i.e. August 02, 2018 has *inter – alia* considered and approved the following:

The Board has *inter – alia* considered and approved the Audited Financial Results (Standalone and Consolidated) for the quarter and three months ended June 30, 2018, prepared pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"). Please find enclosed said Audited Results along with Audit Report.

M/s. B S R & Co. LLP, Statutory Auditors of the Company have issued unmodified opinion with respect to the Audited Financials Results (Standalone and Consolidated) of the Company for the quarter and three months ended June 30, 2018.

The meeting of the Board of Directors of the Company commenced at 12:00 noon and concluded at 05:30 p.m.

The extract of Investor Presentation is also enclosed herewith. The detailed presentation will be submitted separately.

Please take the above on record and acknowledge receipt of the same.

Thanking you,

Yours faithfully,

For Capital First Limited

**Satish Gaikwad**

Head – Legal, Compliance & Company Secretary

Encl.: as above

**Capital First Limited**

Introduction to Capital First

- Capital First Ltd, listed on BSE and NSE, is a leading Indian Financial Institution specializing in providing debt financing to Self-employed Entrepreneurs, MSMEs and consumers in India.
- The core purpose of existence for Capital First is to provide financing to India's 50 million self employed entrepreneurs, MSMEs and India's fast-emerging middle class- in a sustainable manner, with a differentiated model based on new technologies.
- Unlike traditional models of financing, Capital First has successfully created new, technology led models to finance MSMEs and Indian consumers, in the hitherto unbanked and under-served segments.
- With this differentiated approach, the company expanded its business operations to more than 225 locations across India
- Within eight years, the company has built loan assets of Rs. 29,856 Cr (\$4.59 bn) as on 30 June 2018 as per Ind AS, with 91% of its loan assets in the Consumer & MSME financing space.
- Capital First has consistently maintained high asset quality over the year. The Gross and Net NPA of the Company as per existing RBI guidelines are 1.57% and 1.00% respectively as of 30 June 2018 as compared to Gross and Net NPA of 1.72% and 1.04% respectively as of 30 June 2017.
- Post migration to Ind AS accounting, the net worth of the Company has increased by Rs. 241 Cr to Rs. 2,859 Cr as of 30 June 2018 from Rs. 2,618 Cr as of 31 March 2018 (Indian GAAP). As a result, the Book Value per Share of the Company stood at Rs. 288.72 as on 30 June 2018 (as per Ind AS).

Change in Accounting Standards as per Regulation

In compliance with the direction from Ministry of Corporate Affairs, Capital First Limited has prepared and reported results of Q1 FY19 as per requirements of Indian Accounting Standards (Ind AS).

Also, for corresponding quarter of FY18 (Q1 FY18), figures have been restated as per Ind AS.

Consolidated Profit & Loss (Ind AS)

Corresponding quarter (Q1-FY18 vs. Q1-FY19)

All figures are in Rs. Cr unless specified

Particulars	Q1-FY18	Q1-FY19	% Change
Interest Income	659.6	981.2	49%
Less: Interest Expense	308.8	453.3	47%
Net Interest Income (NII)	350.8	528.0	51%
Fee & Other Income	109.5	73.8	-33%
Total Income	460.3	601.7	31%
Opex	197.0	288.9	47%
Provision	167.1	153.7	-8%
PBT	96.2	159.1	65%
Tax	30.8	57.6	87%
PAT	65.4	101.5	55%

B S R & Co. LLP

Chartered Accountants

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To The Board of Directors of Capital First Limited

We have audited the quarterly consolidated financial results of Capital First Limited ('the Company'), its subsidiaries (collectively referred to as 'the Group') for the quarter ended 30 June 2018, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Attention is also invited to the fact that the figures for the corresponding quarter ended 30 June 2017, including the reconciliation of profit/ loss under Ind AS of the corresponding quarter with profit/ loss reported under previous GAAP, as reported in these financial results have been approved by Company's Board of Directors but have not been subjected to review/ audit.

These quarterly consolidated financial results have been prepared on the basis of the condensed interim consolidated financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such condensed interim consolidated financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) for Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, these quarterly consolidated financial results:

- (i) include the quarterly financial results of the following entities:
 - Capital First Home Finance Limited
 - Capital First Commodities Limited
 - Capital First Securities Limited
- (ii) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations and SEBI circular dated 5 July 2016 in this regard; and



Capital First Limited

(iii) give a true and fair view of the consolidated net profit and consolidated other comprehensive income and other consolidated financial information for the quarter ended 30 June 2018.

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

Chartered Accountants

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



Manoj Kumar Vijai

Partner

Membership No. 046882

Mumbai
2 August 2018

CAPITAL FIRST LIMITED

Statement of Consolidated Financial Results for the quarter ended June 30, 2018

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter Ended	
		June 30, 2018 (Audited)	June 30, 2017 (Unaudited)
	Income		
1	Revenue from Operations	104,541.20	75,689.54
2	Other Income	956.83	1,221.91
3	Total Income (1+2)	105,498.03	76,911.45
	Expenses		
	Employee benefit expenses	12,392.36	7,573.55
	Finance costs	45,327.09	30,881.37
	Depreciation and Amortization expenses	637.70	604.93
	Credit Loss Expenses	15,372.84	16,714.53
	Other expenses	15,862.89	11,518.50
	Total Expenses	89,592.88	67,292.88
5	Profit before Tax (3-4)	15,905.15	9,618.57
	Tax Expenses		
	Current Tax	6,549.61	5,474.78
	Deferred Tax	(816.94)	(2,381.93)
	Tax of earlier years	-	(32.28)
	Total Tax Expenses	5,732.67	3,060.57
7	Profit for the period from continuing operations (5-6)	10,172.48	6,558.00
	Profit/ (Loss) for the period from discontinuing operations	1.83	(2.42)
	Tax expense from discontinuing operations	(22.37)	(18.95)
8	Profit for the period from discontinuing operations (after tax)	-20.54	-21.37
9	Profit for the period (7+8)	10,151.94	6,536.63
10	Other comprehensive income (OCI)		
	A) (i) Items that will not be reclassified to profit and loss	(1,475.04)	44.35
	(ii) Income tax relating to items that will not be reclassified to profit and loss	515.44	(15.35)
	B) (i) Items that will be reclassified to profit and loss	(368.93)	(3,862.02)
	(ii) Income tax relating to items that will be reclassified to profit and loss	128.51	1,351.59
	Total other comprehensive income	(1,200.02)	(2,481.43)
11	Total Comprehensive Income for the period (9+10)	8,951.92	4,055.20
12	Paid up equity share capital of Rs. 10 each	9,902.34	9,896.52
13	Earnings per share (face value of Rs. 10/- each) #		
	Basic (Rs.)	10.26	6.70
	Diluted (Rs.)	9.75	6.30

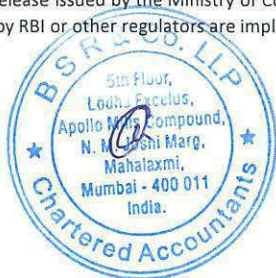
Earnings per share for the quarter is not annualised

Notes

- a. The consolidated financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted Ind AS from April 1, 2018 with effective transition date of April 1, 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 – Interim Financial Reporting, prescribed under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India.

This transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act, read with rule 7 of Companies (Accounts) Rules 2014 (as amended), guidelines issued by the Reserve Bank of India ('the RBI') and other generally accepted accounting principles in India (collectively referred to as 'the Previous GAAP'). Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding adjustments pertaining to comparative previous period / quarter as presented in these financial results have been restated / reclassified in order to conform to current period presentation.

These financial results have been drawn up on the basis of Ind AS that are applicable to the Company as at June 30, 2018 based on the Press Release issued by the Ministry of Corporate Affairs ("MCA") on January 18, 2016. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.



- b. The consolidated audited financial results of Capital First Limited (the 'Company' or 'CFL') for the quarter ended June 30, 2018 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on August 2, 2018
- c. On January 13, 2018, the Board of Directors of the Company approved the merger of the Company and its wholly owned subsidiaries i.e., Capital First Home Finance Limited and Capital First Securities Limited, with IDFC Bank Limited in an all-stock transaction through a Composite Scheme of Arrangement, subject to approvals of the Reserve Bank of India (RBI), the National Housing Bank, the Competition Commission of India (CCI), the Securities and Exchange Board of India (SEBI), stock exchanges, the respective shareholders and creditors of each entity and the National Company Law Tribunal (NCLT). The appointed date for the scheme is April 01, 2018 or such other mutually agreed date. The effective date is the mutually agreed date, being a date post the last of the dates on which all condition precedents and matters, as set out in the scheme, occur or have been fulfilled or waived in accordance with the scheme. In view of the pending approvals from NCLT, Shareholders and Creditors of each entities, the proposed transaction however does not have any impact on the current financial results or the financial position of the Company as at March 31, 2018.
- d. During the quarter ended June 30, 2018, 58,150 stock options were exercised by eligible employees under various CFL Employees Stock Options Schemes.
- e. The Secured Listed Non-Convertible Debt securities of the Company as on June 30, 2018 are secured by first pari-passu charge on the fixed assets 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.
- f. The primary business of the Company is financing. As such, there are no separate reportable segments as per Ind AS 108 dealing with operating segment.
- g. As permitted under circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016 issued by SEBI, the Company has opted to avail exemption for submission of Ind AS compliant financial results for the quarter ended March 31, 2018 and previous year ended March 31, 2018. Further, the consolidated financial results for the quarter ended June 30, 2017 have not been subjected to limited review /audit. However, the management has exercised necessary due diligence to ensure that the consolidated financial results for the quarter ended June 30, 2017 provide a true and fair view of the Company's affairs.
- h. As required by paragraph 32 of Ind AS 101, the profit reconciliation between the figures previously reported under the previous GAAP and restated as per Ind AS is as under:

Particulars	Quarter ended June 30, 2017
Profit after tax as reported under Previous GAAP	6,722.37
Adjustments resulting in increase/ (decrease) in profit after tax as reported under previous GAAP:	
Assignment of loans	2,736.12
Impact on recognition of financial assets and financial liabilities at amortised cost by application of effective interest rate method	148.87
Fair valuation of employee stock options as per Ind AS 102	(630.38)
Impact on application of expected credit loss method for loan loss provisions	(2,634.16)
Fair valuation of financial assets carried through profit and loss	63.17
Others	(33.81)
Tax impact on above adjustments	164.44
	6,536.62
Other Comprehensive Income/ (loss) (net of tax)	(2,481.42)
Total Comprehensive Income (after tax) as reported under Ind AS	4,055.20

For Capital First Limited



V. Vaidyanathan
Chairman & Managing Director
DIN : 00082596

Place: Mumbai
Date : August 2, 2018



B S R & Co. LLP

Chartered Accountants

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Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Fax +91 (22) 4345 5399

To The Board of Directors of Capital First Limited

We have audited the quarterly standalone financial results of Capital First Limited ('the Company') for the quarter ended 30 June 2018, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Attention is also invited to the fact that the figures for the corresponding quarter ended 30 June 2017, including the reconciliation of profit/ loss under Ind AS of the corresponding quarter with profit/ loss reported under previous GAAP, as reported in these financial results have been approved by Company's Board of Directors but have not been subjected to review/ audit.

These quarterly standalone financial results have been prepared on the basis of the condensed interim standalone financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such condensed interim standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) for Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, these quarterly standalone financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations and SEBI circular dated 5 July 2016 in this regard; and
- (ii) give a true and fair view of the standalone net profit and other comprehensive income and other standalone financial information for the quarter ended 30 June 2018.

For **B S R & Co. LLP**
Chartered Accountants

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

Manoj Kumar Vijai
Partner

Membership No: 046882

Mumbai
2 August 2018

B S R & Co (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011, India

Statement of Standalone Financial Results for the quarter ended June 30, 2018

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter Ended	
		June 30, 2018 (Audited)	June 30, 2017 (Unaudited)
	Income		
1	Revenue from Operations	97,270.67	73,311.51
2	Other Income	914.74	1,162.73
3	Total Income (1+2)	98,185.41	74,474.24
	Expenses		
4	Employee benefit expenses	11,705.21	7,313.68
	Finance costs	41,393.97	29,670.79
	Depreciation and Amortization expenses	637.70	604.93
	Credit Loss Expenses	14,884.90	16,888.33
	Other expenses	15,417.51	11,367.18
	Total Expenses	84,039.29	65,844.91
5	Profit before Tax (3-4)	14,146.12	8,629.33
6	Tax Expenses		
	Current Tax	6,030.47	5,375.83
	Deferred Tax	(794.54)	(2,412.21)
	Tax of earlier years	-	(33.98)
	Total Tax Expenses	5,235.93	2,929.64
7	Profit after Tax (5-6)	8,910.19	5,699.69
8	Other Comprehensive Income (OCI)		
	A) (i) Items that will not be reclassified to profit and loss	(1,475.04)	44.35
	(ii) Income tax relating to items that will not be reclassified to profit and loss	515.44	(15.35)
	B) (i) Items that will be reclassified to profit and loss	(362.29)	(3,950.09)
	(ii) Income tax relating to items that will be reclassified to profit and loss	126.60	1,376.99
	Total other comprehensive income	(1,195.29)	(2,544.10)
9	Total Comprehensive Income for the period (7+8)	7,714.90	3,155.59
10	Paid up Equity share Capital of Rs. 10 each	9,902.34	9,896.52
11	Earnings per share (face value of Rs. 10/- each) #		
	Basic (Rs.)	9.00	5.85
	Diluted (Rs.)	8.56	5.46

Earnings per share for the quarter is not annuallised

Notes

- a. The financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted Ind AS from 1 April 2018 with effective transition date of 1 April 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 – Interim Financial Reporting, prescribed under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India.

This transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act, read with rule 7 of Companies (Accounts) Rules 2014 (as amended), guidelines issued by the Reserve Bank of India ('the RBI') and other generally accepted accounting principles in India (collectively referred to as 'the Previous GAAP'). Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding adjustments pertaining to comparative previous period / quarter as presented in these financial results have been restated / reclassified in order to conform to current period presentation.

These financial results have been drawn up on the basis of Ind AS that are applicable to the Company as at June 30, 2018 based on the Press Release issued by the Ministry of Corporate Affairs ("MCA") on January 18, 2016. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.



- b. The standalone audited financial results of Capital First Limited (the 'Company' or 'CFL') for the quarter ended June 30, 2018 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on August 2, 2018.
- c. On January 13, 2018, the Board of Directors of the Company approved the merger of the Company and its wholly owned subsidiaries i.e., Capital First Home Finance Limited and Capital First Securities Limited, with IDFC Bank Limited in an all-stock transaction through a Composite Scheme of Arrangement, subject to approvals of the Reserve Bank of India (RBI), the National Housing Bank, the Competition Commission of India (CCI), the Securities and Exchange Board of India (SEBI), stock exchanges, the respective shareholders and creditors of each entity and the National Company Law Tribunal (NCLT). The appointed date for the scheme is April 01, 2018 or such other mutually agreed date. The effective date is the mutually agreed date, being a date post the last of the dates on which all condition precedents and matters, as set out in the scheme, occur or have been fulfilled or waived in accordance with the scheme. In view of the pending approvals from NCLT, Shareholders and Creditors of each entities, the proposed transaction however does not have any impact on the current financial results or the financial position of the Company as at March 31, 2018.
- d. During the quarter ended June 30, 2018, 58,150 stock options were exercised by eligible employees under various CFL Employees Stock Options Schemes.
- e. The Secured Listed Non-Convertible Debt securities of the Company as on June 30, 2018 are secured by first pari-passu charge on the fixed assets 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.
- f. The primary business of the Company is financing. As such, there are no separate reportable segments as per Ind AS 108 dealing with operating segment.
- g. As permitted under circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016 issued by SEBI, the Company has opted to avail exemption for submission of Ind AS compliant financial results for the quarter ended March 31, 2018 and previous year ended March 31, 2018. Further, the financial results for the quarter ended June 30, 2017 have not been subjected to limited review /audit. However, the management has exercised necessary due diligence to ensure that the financial results for the quarter ended June 30, 2017 provide a true and fair view of the Company's affairs.
- h. As required by paragraph 32 of Ind AS 101, the profit reconciliation between the figures previously reported under the previous GAAP and restated as per Ind AS is as under:

Particulars	Quarter ended June 30, 2017
Profit after tax as reported under Previous GAAP	6,027.71
<i>Adjustments resulting in increase/ (decrease) in profit after tax as reported under previous GAAP:</i>	
Assignment of loans	2,788.01
Impact on recognition of financial assets and financial liabilities at amortised cost by application of effective interest rate method	154.04
Fair valuation of employee stock options as per Ind AS 102	(630.38)
Impact on application of expected credit loss method for loan loss provisions	(2,891.17)
Fair valuation of financial assets carried through profit and loss	63.17
Others	(33.81)
Tax impact on above adjustments	222.11
	5,699.68
Other Comprehensive Income/ (loss) (net of tax)	(2,544.09)
Total Comprehensive Income (after tax) as reported under Ind AS	3,155.59

Place: Mumbai
Date : August 2, 2018



For Capital First Limited

V. Vaidyanathan

V. Vaidyanathan
Chairman & Managing Director
DIN : 00082596

