

Home First Finance Company India Limited



Annual Report

2017 - 2018

www.hffc.in



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**Our Board of
Directors & Partners**

Board of Directors

Mr. Sakti Prasad Ghosh

Independent Director

DIN: 00183802

Ms. Sujatha Venkatramanan

Independent Director

DIN: 05340759

Mr. Rajagopalan Santhanam

Nominee Director

DIN: 00025669

Mr. Vishal Vijay Gupta

Nominee Director

DIN: 01913013

Mr. Divya Sehgal

Nominee Director

DIN: 01775308

Mr. Maninder Singh Juneja

Nominee Director

DIN: 02680016

Mr. Manoj Viswanathan

Director & CEO

DIN: 01741612

Our Partners

STATUTORY AUDITORS

Walker Chandiok & Co LLP

Mumbai

INTERNAL AUDITORS

P Chandrasekar LLP

Bangalore

BANKERS

National Housing Bank

Central Bank of India

HDFC Bank

Vijaya Bank

Bank of India

SBI

Union Bank

IDBI

DCB

Federal Bank

Axis Bank



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**Brief Profile of the
Board of Directors**

Brief Profile of the Board of Directors

Mr. Sakti Prasad Ghosh



Sakti Prasad Ghosh holds a master's degree in Commerce from Calcutta, and a diploma in Financial Management from Jamnalal Bajaj Institute of Management (University of Bombay). His career spans over four and a half decades, starting as a probationary officer (Class I) in Reserve Bank of India and retiring as Executive Director, National Housing Bank (NHB). During his career, he was placed on deputation with Unit Trust of India, National Agricultural Bank for Rural Development (NABARD) and NHB to assist in building these institutions. Mr. Ghosh has been involved with Asian Development Bank (ADB) as Financial Management Specialist-cum-Staff Consultant and was also associated with Vidyasagar University, West Bengal, as nominee of Chancellor and Governor of West Bengal.

Mr. Manoj Viswanathan

Manoj holds a Bachelor's degree in Electrical & Electronics Engineering from BITS, Pilani and an MBA from XLRI Jamshedpur. He possesses experience of more than 18 years in consumer lending, encompassing sectors such as automobile loans, mortgages, and unsecured lending. He has played an important role in building the branch-based consumer-lending model for Citigroup in India. He is the CEO of Home First Finance Company.



Ms. Sujatha Venkatramanan



Sujatha is a MBA in Finance & Marketing and a B.A. (Honours) in Economics from Delhi University. Ms. Venkatramanan has been a seasoned retail banking professional for over 20 years, with proven ability to manage portfolio risks across 14 countries, ranging from the Indian subcontinent and Middle East, to highly volatile Turkey and 'Emerging Europe'. She brings extensive hands-on experience in credit risk strategy and management across the retail lending landscape, covering mortgages, commercial real estate lending, credit cards, personal loans, overdrafts, auto, margin lending, business lending, purchase of securitized portfolios and structured products. She has worked for 18 years with Citibank in various leadership roles across the globe, then as Head, Risk Advisory for Kairoleaf Analytics (part of the listed AurionPro Solutions group) and is now an independent consultant in the banking and risk advisory arena.

Mr. Santhanam Rajagopalan

Rajagopalan joined TrueNorth in 2008 as a Managing Director. He is responsible for the smooth functioning of the finance and treasury function across portfolio companies. He also guides the Fund Management team in structuring investments and exits, in a way that is tax efficient and compliant with applicable regulations. Rajagopalan is a Bachelor of Commerce and a qualified Chartered Accountant with nearly 18 years of operational experience in accounting, finance and treasury management, having worked with Monsanto and ITC Ltd in India. His achievements include ideation and implementation of tax optimized cash utilization structures, the consolidation of legal entity structures, critical support in implementing a business acquisition and sale of three non-core business lines.

Divya joined True North in 2010. He is responsible for investments in and scaling up of businesses in the Financial Services and Technology sectors. Divya holds a Bachelor's degree in Electrical Engineering from IIT, Delhi and holds a Post Graduate Diploma in Management from IIM, Bengaluru. Prior to joining True North, he was Founder and Chief Operating Officer of Apollo Health Street, a leading healthcare outsourcing firm and one of the top five in its space globally. Before that he worked as a consultant with McKinsey, with the corporate finance team at ANZ and as an entrepreneur at Emedlife, one of the first corporate healthcare advisory firms in India that eventually merged with the Apollo Group.

Mr. Divya Sehgal**Mr. Maninder Singh Juneja**

Maninder joined True North in 2016 where he is involved in building and managing businesses primarily in the financial services sector. An MBA from IIM Lucknow, Maninder has over 17 years experience in the banking and financial services industry. Prior to joining True North, Maninder was the group Head for ICICI Bank's Retail Banking group, covering Strategy, Products, Small Business Loans, Branch Banking and distribution channels. Prior to this, he started his career with Godrej as a Branch Manager and has worked with Godrej GE Appliances and GE Transportation Financial Services.

Vishal is the Managing Director at Bessemer Venture Partners (BVP) located in Bangalore. Mr. Gupta joined BVP India in 2006 and focuses on investments in consumer internet, market places and enterprise SaaS. Mr. Gupta holds a M.B.A from the Indian Institute of Management in Calcutta, is a chartered accountant and a commerce graduate from GS College, wherein he was ranked one of the top 750 students in the country. He is also a member of Mensa and was a nationally-ranked table tennis player. Prior to joining BVP India, Mr. Gupta was a senior manager in the treasurer's office at Reliance Group, where he helped the in establishing a Private equity firm.

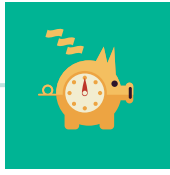
Mr. Vishal Gupta





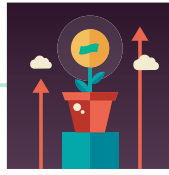
Business Highlights

Business Highlights



₹1,356 Cr

Asset under Management



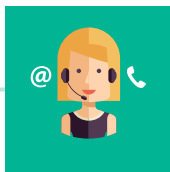
60%

Growth in Book size



15,534

Number of Happy Customers



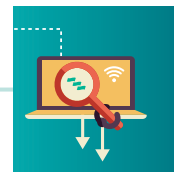
44

Operating branches



₹10 Lakhs

Average housing loan Ticket size



43.8%

Capital Adequacy Ratio



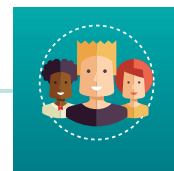
₹333 Cr.

Net Owned Funds



₹25.20 Cr.

Profit After Tax



0.46%

NNPA



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**Management Discussion
and Analysis**

Management Discussion and Analysis

Industry structure and developments

There have been various factors which have a long term positive impact on the growth of the Indian Economy and the housing/real estate sector at large. In the wake of the government's 'Housing for All by 2022' initiative, housing finance companies have taken centre stage. Overall Housing credit growth has been stable at 16% in FY 2018.

Owing to slow growth of banks, HFCs/NBFCs have been able to increase their market share from 37% in FY 2017 to 39% in FY 2018. Top players continue to dominate the market, however, the share of the small and mid sized players has been increasing gradually. There has been a significant rise in new entrants, resulting in a competitive landscape.

A few welcoming changes that have resulted in growth of the housing/ real estate sector, have been highlighted below:

- Real Estate Development and Regulation Act (RERA) came into place from 1 May 2017. RERA requires high procedural and disclosure requirements to be adhered by the developer group. The regulations have had a positive impact on the transparency and visibility to the buyers. However, real estate projects not exceeding 500 sq. metres or number of apartments not exceeding 8, are exempted from registration requirements under RERA.
- The Government of India amended the Constitution of India to implement Goods and Services Tax (GST), with effect from 1 July 2017, eliminating several existing cascading taxes being levied by the Central and respective State Government.
- IMF forecasts increase in GDP from 6.7% in FY 2018 to 7.4% in FY 2019. This outlook considers impact of GST and various other structural reforms along with increase in private investment in coming years.

Mortgage Finance penetration as a % of GDP touched the double-digit mark of 10% as on 31 March 2018, though the penetration levels continued to be significantly lower than developed markets. The mortgage finance penetration is

expected to grow by another 3%-5% over the next 5 years.

The Government of India (GOI) continues to lay down steps towards improvement of the affordable housing sector. Recently, the GOI has announced a dedicated affordable housing fund under the purview of National Housing Bank, which is likely to increase the funding options for Housing Finance Companies (HFCs) in the affordable housing segment. In addition, Pradhan Mantri Awas Yojana (PMAY) continues to provide subsidy benefits to the customers of the affordable housing segment.

In April 2018, RBI has liberalized ECB norms to facilitate Housing Finance Companies to access cheaper offshore funds through ECB route, thus opening up more funding avenues for Housing Finance Companies.

In the Union Budget for 2018-19, the allocation for the EWS and the LIG under PMAY has been increased to ₹ 10 billion. Also, for the financial year ending March 2018, the subsidy amount was doubled to ₹ 8 billion.

Recently, the carpet area of homes eligible for interest subsidy has been increased. The carpet area of houses has now been enhanced to 160 sq. meters from 120 sq. meters for Middle Income Group-I (MIG-I), while the same has been increased to 200 sq. meters from 150 sq. meters in case of MIG-II. This move will bring more customers under the ambit of the scheme.

RBI has revised the Priority Sector Loan (PSL) limits to the Banks from existing ₹ 28 Lakhs loan amount to ₹ 35 lakhs in metropolitan cities and from existing ₹ 20 lakhs to ₹ 25 lakhs in other centres; provided the overall cost of the dwelling unit of the metropolitan cities and at other centres does not exceed ₹ 45 lakhs and ₹ 30 lakhs, respectively. This will also have an indirect impact on the funding options available to affordable housing finance companies.

Opportunities, Threats and Outlook

Opportunities for HFFC due to focussed government initiatives, digitalization and increased transparency due to RERA, can be tapped through market and geographical penetration. There continues to be a significant opportunity in affordable housing segment which HFFC aims to tap.

Threats to housing finance segment can come from an economic slowdown in the near future, or from increasing competition from non-conventional avenues such as peer to peer lending.

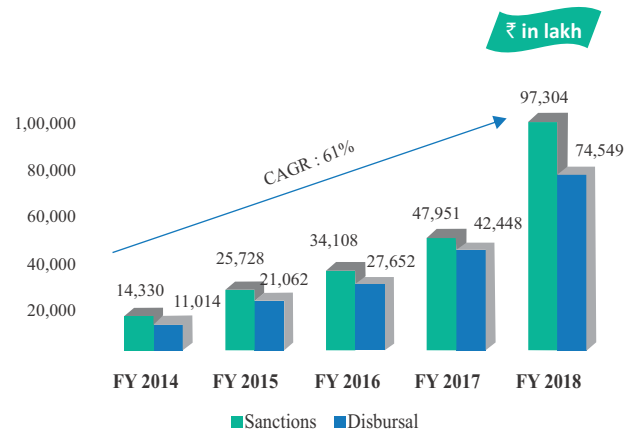
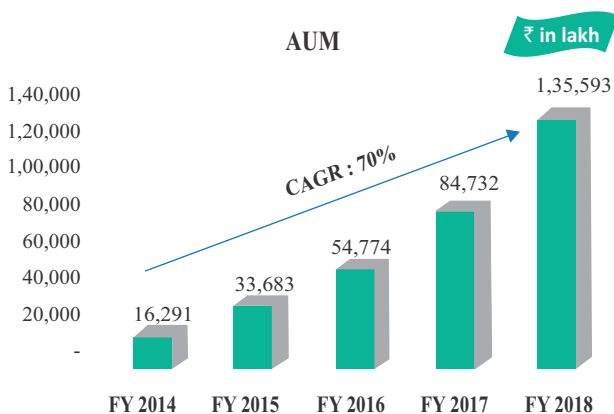
The Company's outlook towards these changes in the business environment remains optimistic. The Company will continue its growth by entering newer markets and new product lines.

Discussion on financial performance (includes segment and product wise performance)

At the beginning of the year, Home First Finance Company India Limited (HFFC) had 36 branches. There were additions of branches in the states of Gujarat, Maharashtra and Karnataka. We ended the year with 44 branches. We continued to strengthen our presence in the existing geographies.

Portfolio analysis

During the year, ₹ 97,304 lakhs were sanctioned taking the total sanctions value till date to ₹ 2,25,047 lakhs and ₹ 74,549 lakhs disbursed during the year. The Company received repayments (including prepayments) of ₹ 17,827 lakhs and subsidies of ₹ 5,861 lakhs, taking its Asset Under Management (AUM) to ₹ 1,35,593 lakhs.



The Portfolio is spread nationwide with Gujarat holding 38%, Maharashtra at 36%, Tamil Nadu, Rajasthan and Karnataka holding 19% of the AUM share of the Company.

The Company maintains its prime focus on Home Loans with Portfolio value of ₹ 1,29,627 lakhs. It has an exposure to Non-Housing Loans of ₹ 4,207 lakhs & Housing loans to corporate bodies of ₹ 1,759 lakhs.

The Company's customer segment in FY2018 consists of 21% Self Employed and 79% Salaried Customers.

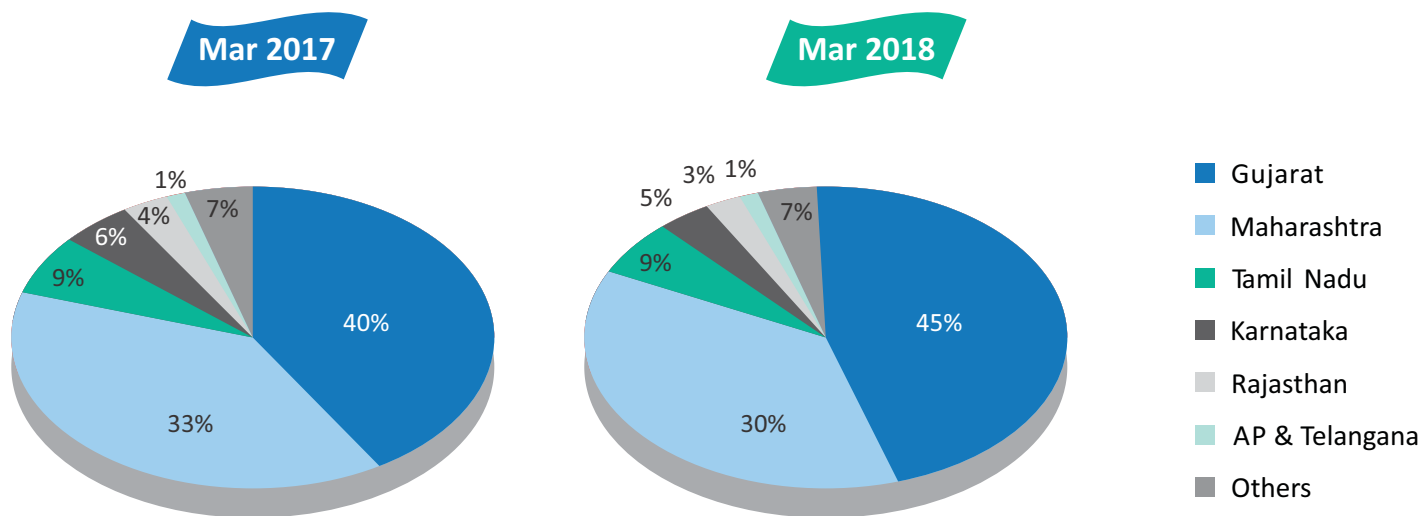
A higher number of female applicants was observed after Pradhan Mantri Awas Yojna (PMAY) Scheme became effective. As a consequence, female applicants have 51% share in current year originations.

The average ticket size of Originations in the year was ₹ 10 lakhs for Home Loans. The Company continues to target affordable segment and therefore, 89% of its loans fall below ticket size of ₹ 20 lakhs.

NPAs of the Company as on 31 March 2018 were at ₹ 754 lakhs, Gross NPA being 0.58% and Net NPA being 0.46%. In the current year, the Company by way of prudence and abundant caution has created an additional provision on non-performing loans amounting to ₹19.68 lakhs, keeping the Provision Coverage Ratio at 81%.

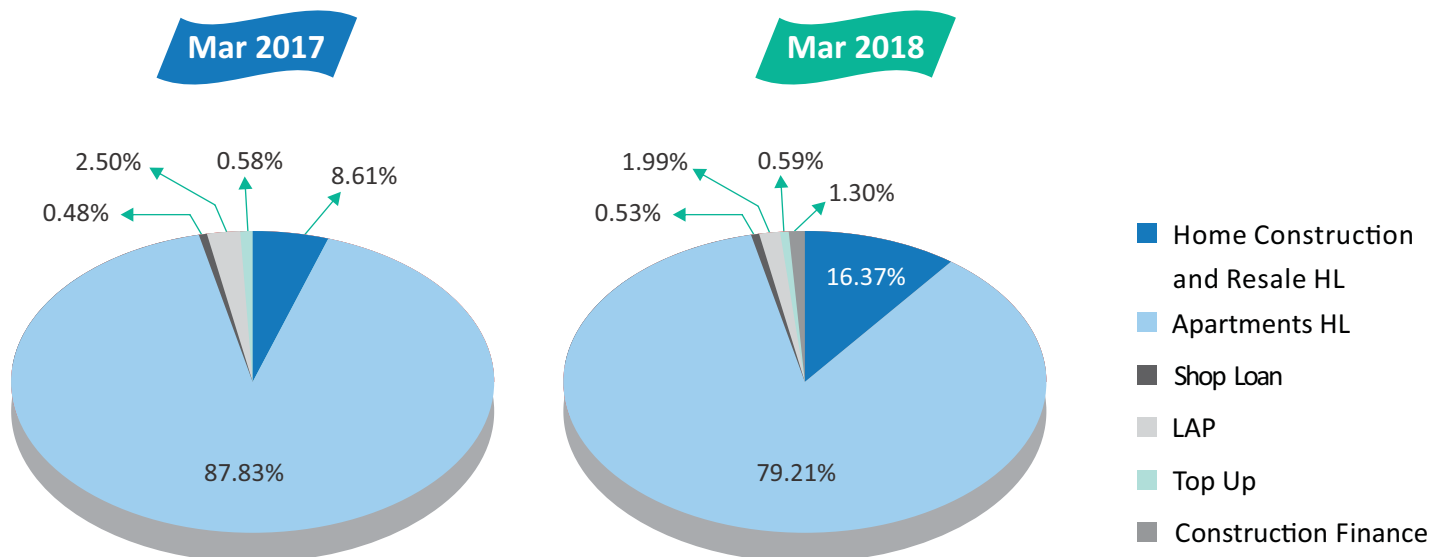
More details on the portfolio demographics are covered in the next section.

Live Loans Distribution (#)



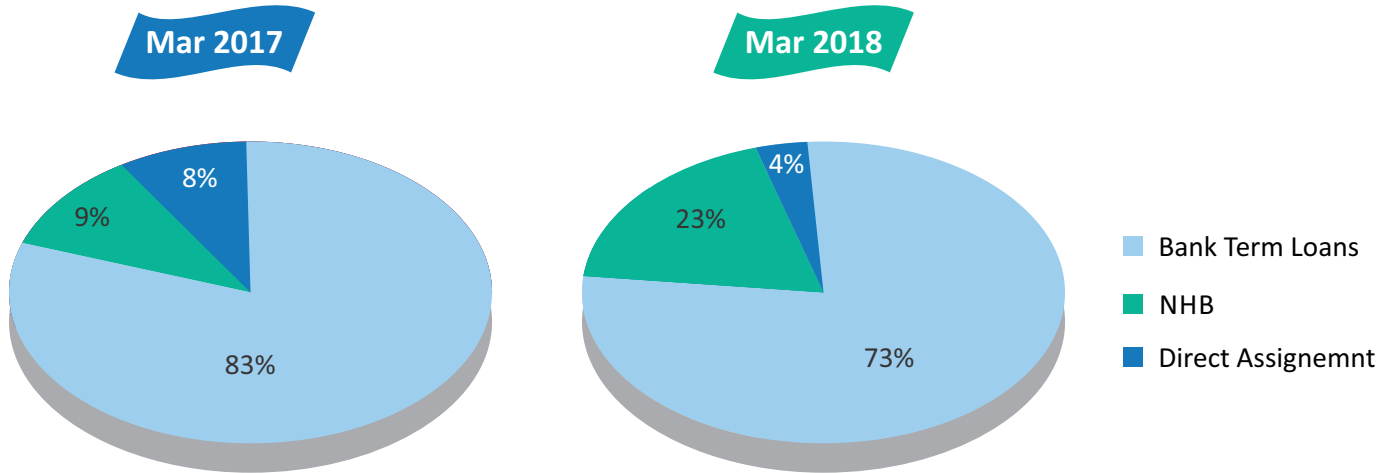
- The total number of live loans in FY 2018 has reached 16,053 as compared to 9,828 in FY 2017
- We have added 8 new branches and the total number of branches stands at 44 in FY 2018 (FY 2017 : 36)
- Gujarat remains our largest market followed by Maharashtra and Tamil Nadu

Product Mix



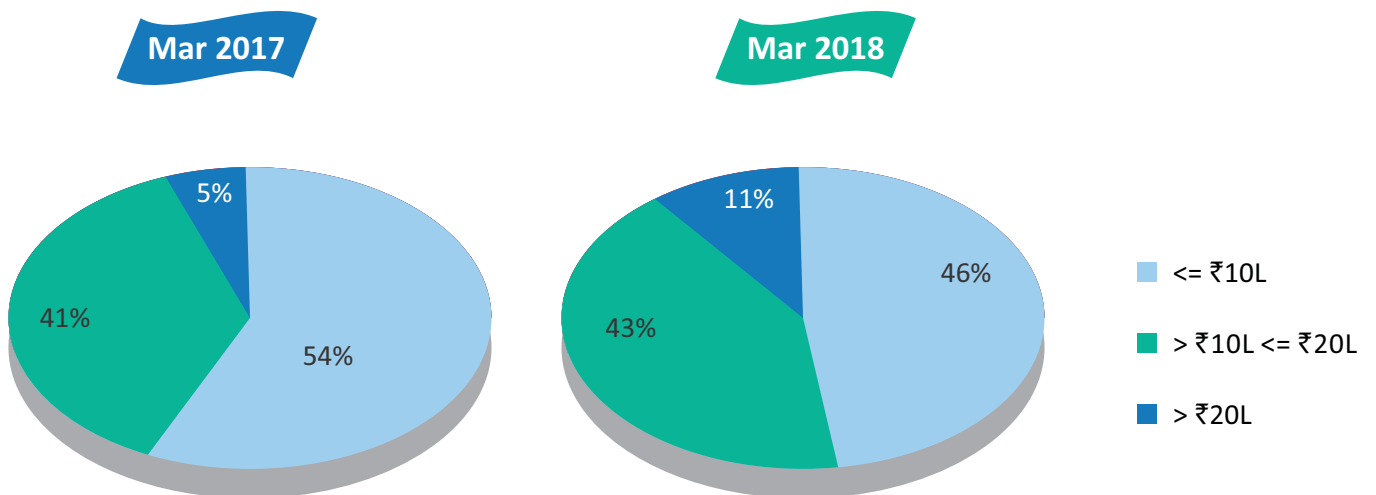
- The Company maintains its continued focus on Housing Loans to individuals which is more than 95% of the total portfolio
- New products like Construction Finance and LAP have also started contributing towards the total portfolio

Borrowings Mix



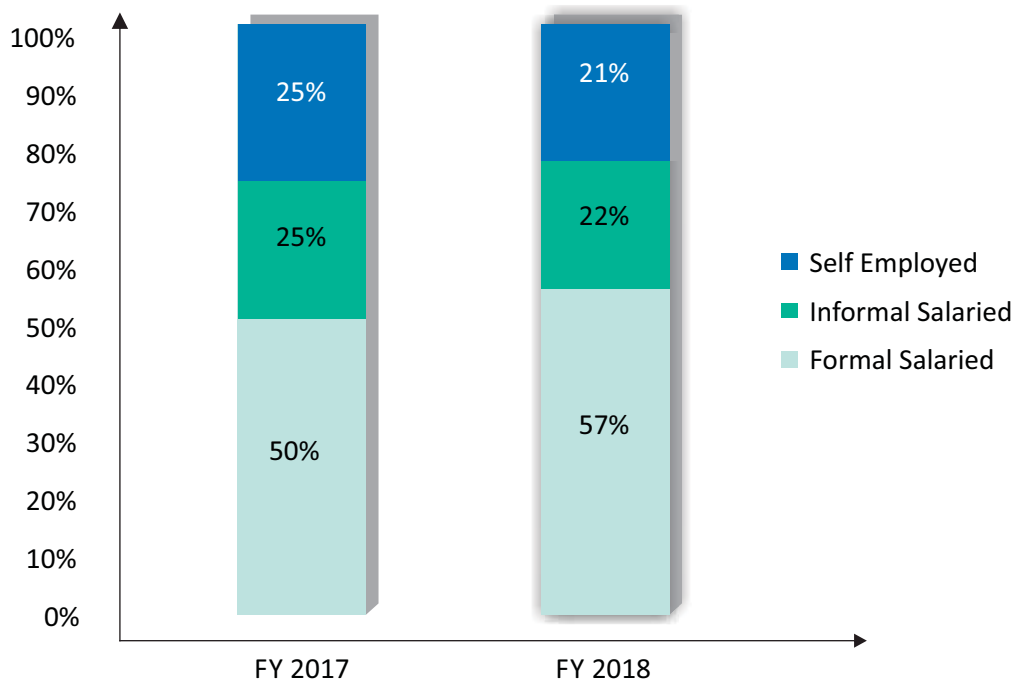
➤ The Company has received Term Loans of more than ₹59,000 lakhs and enjoys a strong relationship with 15+ banks/FIs

Average Ticket Size



➤ Affordable housing (ticket size < ₹ 20 lakhs) continues to be the predominant segment for the Company, with 89% of loans under ₹ 20 Lakhs

Employment Mix



- The portfolio has an optimum mix of customers from all segments, who can be broadly categorized as:
 - Self Employed : Small business owners, skilled service providers
 - Informal Salaried : Individuals working for smaller organizations and receiving salary in cash
 - Formal Salaried : Customers working for well established companies having documented proof of income

Financial update

a. Share Capital

The paid-up share capital of the Company as on 31 March 2018 stood at ₹ 1,032 lakhs. Nominal increase of ₹ 0.28 lakhs during the current year was on account of conversion of employee stock options.

b. Reserves and Surplus

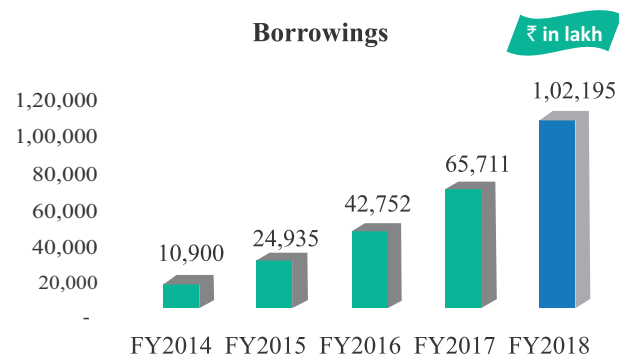
The Company has created a Special Reserve under section 29C(l) of National Housing Bank Act and transferred a sum of ₹ 520 lakhs to the Reserve. The balance at the end of FY 2018 stood at ₹ 942 lakhs.

c. Shareholders' funds (Networth)

The total shareholders' funds as on 31 March 2018 stood at ₹ 33,311 lakhs.

d. Borrowings

During the FY 2018, Company received total term loan sanctions of ₹ 59,300 lakhs from Banks. The Company also received refinance from National Housing Bank of ₹ 20,000 lakhs. Total borrowings of the Company as on 31 March 2018 stood at ₹ 102,195 lakhs. Company entered Capital Markets in FY 2018 with a first tranche of ₹ 2,500 lakhs of Commercial Papers. Amongst the lenders, the Company now counts 15+ strong relationships spread across Banks and Mutual Funds.



e. Property, plant and equipment

As a consequence, of increase in the number of branches, the tangible assets of the Company rose from ₹239 lakhs as on 31 March 2017 to ₹ 474 lakhs as on 31 March 2018. Also, the intangible assets of the Company rose from ₹23 lakhs as on 31 March 2017 to ₹ 35 lakhs as on 31 March 2018.

f. Revenues

During FY 2018, the Company's total revenue was ₹ 14,628 lakhs as compared to ₹ 9,429 in FY 2017, a growth of 55%.

The Net Interest Income for the year was at ₹ 6,451 lakhs. The total Operating Expenses amounted to ₹ 4,227 lakhs, with Employee Cost of ₹ 2,215 lakhs constituting 27% of the Total Income.

Commensurate with increasing business and decreasing Cost to Income Ratio, the Company achieved PBT of ₹ 3,832 lakhs which is equivalent to 1.8 times of ₹ 1,367 lakhs of FY 2017.

The Company continues to maintain its focus on affordable housing loans to individuals. 98.7% of the total book comprises of loans to such individuals and 99.8% of revenue comes from such segment of customers.

g. Profit after tax

During FY 2018, the Company has posted profit after tax of ₹ 2,520 lakhs, which compared to ₹ 877 lakhs in FY 2017, an increase of 1.87 times. The CAGR of PAT for the last 5 years is 59%.

As a result, Return on Equity for FY2018 was 7.9% vis-a-vis 3.8% in FY2017. Return On Assets for FY 2018 was 2.4% compared to 1.3% in FY 2017.

h. EPS

The EPS for the current year is ₹ 24.42 per share, an increase of ₹ 1.20 per share as compared to last year's EPS of ₹ 23.22 per share.

Internal controls

The Company has adequate internal control systems and procedures in place covering all financial and operating functions, which are considered to be commensurate with the size and nature of operations. Continuous efforts are being made to see that the controls are designed to provide a reasonable assurance with regard to operating effectiveness of such controls. The Audit Committee reviews all internal control aspects and advises corrective actions, as and when required.

The internal control system has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws, regulations and generally accepted accounting principles. There are maker-checker controls built in for all loan approval and disbursement processes.

The Internal Auditors of the Company conduct comprehensive audits of all functional areas and operations to examine the adequacy of, and compliance with policies, plans and statutory requirements.

The Audit committee reviews the scope of the Company's Internal Auditor and monitors periodic reports from the internal auditor. It also takes cognizance of NHB reports, if any, received during the year. The Audit committee also reviews the audit reports of the Statutory Auditor on Internal Financial controls on Financial Reporting. The observations of the Audit committee, if any, are reported to Board and resolution of these observations are discussed in the forthcoming meeting.

For the current year as well as previous year, the Statutory Auditors have not reported any negative observations on adequacy and effectiveness of the Internal controls on Financial Reporting.

Risk and concerns

To safeguard all its stakeholders' interests, the Company has various policies and guidelines in place like KYC policy, Anti-Money Laundering Policy,

Investment Policy, Credit policy, Fair Practice Code and guidelines for Underwriting. The Company's various board formulated committees evaluate and review these policies, periodically. The respective committees monitor the changes in the business environment and make suitable changes, if required, in these policies. Any changes recommended are carried out through Board approval.

The Company manages the risks prevalent to the industry and environment in which it operates in, through the adequacy of internal controls, review and monitoring mechanisms set in place by respective committees, ultimately reporting to the Board.

Developments in Human Resource

Employees are continuously encouraged to attend various training programmes organised by specialised training bodies to enhance their domain and operational skills etc. During the current year, the Company had imparted in-house training programs to its employees, in lending operations, recoveries, KYC, IT system & security and accounts. Also, the Company had given on job trainings and 12 weeks in house module-based training to its employees. Employees were also nominated for training programs conducted by NHB and other institutions. All branches are visited regularly by senior management to have a better connect and interaction with employees.

The total HFFC employee headcount has increased from 200 in previous year 2017 to 382 as at end of the current year.



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Directors' Report

Directors' Report

To,
The Members,
Home First Finance Company India Limited,

Your Directors have the pleasure in presenting the 9th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31 March 2018.

FINANCIAL RESULTS & PERFORMANCE:

Financial Results

The Company's performance for the year ended 31 March 2018 as compared to the previous financial year, is summarized as below:

Particulars	₹ in lakhs	
	FY 2017-18	FY 2016-17
Total Income	14,628.37	9,428.93
Less: Total Expenses	10,796.04	8,062.30
Profit/ (Loss) before tax	3,822.33	1,366.63
Less: Current tax	1,204.17	483.00
Income Tax of earlier years written off	-	6.54
Deferred tax	107.99	(0.15)
Profit after Tax	2,520.17	877.24
Transfer of Statutory Reserve (u/s 29C of NHB Act, 1987)	520.00	178.00
Balance carried to Balance sheet	2,000.17	695.11
Earnings per Share (Face Value ₹10)	-	-
Basic (₹)	24.36	23.22
Diluted(₹)	23.80	20.14

Financial Performance

During the year under review, your Company reported a total revenue of ₹14,628.37 Lakhs as against ₹9,428.93 Lakhs in the previous year. Total expenditure for the year under review increased to ₹10,796.04 Lakhs against ₹8,062.30 Lakhs in previous year and therefore the Company has reported a net profit of ₹2,520.17 Lakhs against a net profit of ₹877.24 Lakhs in the previous year.

A provision of ₹464.26 Lakhs (Previous Year: ₹319.17 Lakhs) was created on outstanding standard assets as on 31 March 2018, as required pursuant to the applicable National Housing Bank (NHB) requirement in this regard. Your Company has continued to maintain good asset quality with a Net NPA of 0.46%, despite a difficult macro-

economic environment.

There has been no change in the nature of business of the Company during the year under review.

No material changes and commitments, affecting the financial position of the Company have occurred between the Financial Year ended 31 March 2018 and date of this Directors' Report.

Dividends & Reserves

Your Directors' consider it prudent to conserve the resources of the Company for its growth and despite having sufficient distributable profits, do not recommend any dividend on equity shares for the

financial year under review.

During the year under review, pursuant to Section 29C of the NHB Act, 1987, the Company had transferred a sum of ₹520 Lakhs out of the previous year's profits available for appropriation to the Statutory Reserve Fund.

Change in Constitution of the Company

During the year under review, your Company got converted into a 'Public Limited Company'.

Share Capital

During the year under review, your company had issued and allotted 2800 Equity Shares pursuant to exercise of stock options granted to employees of the Company under ESOP Plan 2012. Pursuant to the aforesaid allotments, the issued, subscribed and paid-up share capital of the Company stands increased to ₹10,32,33,310 /- (1,03,23,331 equity shares of Face Value ₹10/- each). The disclosures required to be made in compliance with the applicable regulations are set out in the **Annexure E** to this Report

Future Prospects and Outlook

Housing finance in India is at an inflection point and is poised for steady and sustained growth over the coming decade. Low and Mid-income affordable housing segment is gathering momentum and the market estimated to grow to ₹6.25 trillion by 2022. The Government of India under "Housing for All by 2022" mission announced the Pradhan Mantri Awas Yojana (PMAY) which aimed at addressing the housing requirement of the affordable housing segment. One of the key features is Credit Linked Subsidy Scheme (CLSS) which offers interest subsidy for the EWS/LIG and MIG segments for families having annual family income upto ₹18.00 lakhs p.a. A maximum subsidy upto ₹2.67 lakhs can be claimed under the scheme depending on the segment and loan amount. These subsidies along with income tax deductions against home loan repayments, means that effective home loan rates in the low and mid income housing segment have become very affordable making home ownership extremely compelling. Your Company also promotes the CLSS scheme which in turn will

benefit many aspiring home buyers. The infrastructure status granted to the affordable housing sector will enable developers operating in this segment, to raise loans at a cheaper rate.

Management perspective about future growth

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive. The agenda of housing for all is a key component of the government's strategy for making Indian cities inclusive and productive.

Your company has singularly focussed on mass-market, low and mid-income affordable housing by making convenient housing finance available at reasonable rates to aspiring home buyers. This year, your company has focussed on building an ecosystem powered by technology that will continuously evolve and stay ahead of the curve. The emphasis has been on improving efficiencies and turnaround time through optimisation of processes and enhancing productivity through better use of latest technology.

Outlook for 2018-19

The initiatives taken by your Company during the financial year 2017-18 are expected to improve its operational and financial performance and the Company hopes to reap the benefits of this initiative in the years to come. During FY 2018-19, the Company proposes:

- To establish HFFC as a trusted brand in the mind of Customers
- To expand distribution presence in focus states
- To improve Risk Management practices
- To diversify the sources of funds

Operations and Business Highlights:

Your Company continues to be focused on low and mid-income affordable housing and propelled by the growth in this segment, the Company's total loan assets grew to ₹1,31,847.07 Lakhs, up 74% from ₹79,307.50 Lakhs as at the end of FY 2017-18.

During the year your Company had disbursed ₹74,560 Lakhs under various schemes. As on 31 March 2018, Company ended with an AUM of ₹1,35,593.24 Lakhs.

During the year Company has received the subsidy worth ₹82.14 Crores in respect of 3931 beneficiaries and has credited the same to the respective customer's Loan account.

For the year ended 31 March 2018 the Company ended with 44 branches spread across 11 states.

Resources and Liquidity

Your Company has diversified funding sources including public sector banks, private sector banks, mutual funds and financial institutions. Funds were raised in line with Company's Resource Planning Policy FY 2017-18, through term loans, issue of commercial paper and re-finance facility from NHB.

During the year under review, your Company has raised (i) ₹449Crore as bank borrowings (outstanding as on 31 March 2018: ₹776.45 Crore), (ii) ₹25 Crore by issuance of commercial paper (outstanding as on 31 March 2018: Nil), and (iii) ₹200 Crore through re-finance from NHB (outstanding as on 31 March 2018: ₹245.50 Crore).

Issuance of Commercial Paper

Your Company had made a maiden issue of Commercial Papers of ₹2500 Lakhs. The short-term borrowings including commercial paper are rated "ICRA A1+", indicating very strong degree of safety regarding timely payment of financial obligations. The outstanding balance of commercial paper as at March 31, 2018 was Nil.

Credit Rating

Your Company's financial discipline and prudence is reflected in the strong credit ratings assigned by a rating agency as under:

Instrument	Rating Agency	Rating	Amount	Remarks
Term Loan from Banks	ICRA	A+	1,30,000 Lakhs	Stable
Commercial Paper	ICRA	A1+	10,000 Lakhs	Strong

Deposits

Your Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

Particulars of Contracts or arrangement with Related Parties

During the financial year under review the Company has not entered into any transactions/contract with the related parties falling within the provisions of Section 188 of the Companies Act, 2013 and the rules made thereunder.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Your Company being a housing finance company, the particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption are not applicable to the company during the financial year under review.

Foreign Exchange Earnings and Outgo

Your Company has made expenditure in foreign currency as per the following table:

Particulars	₹ in Lakhs	
	FY 2017-18	FY 2016-17
Software fee	226	137
Total	226	137

Extract of Annual Return

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return in Form MGT-9 for the financial year ended 31 March 2018 made under the provisions of Section 92(3) of the Act is attached as **Annexure A** which forms part of this Report.

Particulars of Investments, Loans, Guarantees and Securities

Your Company is engaged in the business of providing infrastructure facilities (Housing Finance) as specified under Schedule VI of the Companies Act, 2013. Accordingly, the provisions of Section 186 of the Companies Act, 2013 with respect to loan, guarantee or security provided is not applicable to the Company. However, the details of the loans made, and particulars of investment made by the Company, if any, are provided in the financial statements.

Details of Board of Directors along with Key Managerial Personnel are mentioned below:

Name	DIN / PAN	Designation
Mr. Sakti Prasad Ghosh	00183802	Independent Director
Ms. Sujatha Venkatramanan	05340759	Independent Director
Mr. Rajagopalan Santhanam	00025669	Nominee Director
Mr. Vishal Vijay Gupta	01913013	Nominee Director
Mr. Divya Sehgal	01775308	Nominee Director
Mr. Maninder Singh Juneja	02680016	Nominee Director
Mr. Manoj Viswanathan	01741612	Director & CEO
Ms. Kiran Agarwal Todi	AFWPA1351B	Chief Financial Officer
Mr. Shreyans Bachhawat	AJDPB9500E	Company Secretary

Mr. Aakash Goel and Mr. Rajiv Sabharwal resigned as Directors of the Company with effect from 7th December 2017 and 16th January 2018 respectively. The Board expresses their gratitude towards their contribution during their tenure and place on record their appreciation for the assistance and guidance provided by them during their tenure.

A detailed report on appointment of Directors and Key Managerial Personnel has been set out in Corporate Governance report (**Annexure B**).

Disclosure of Internal Financial Controls

Your Company has in place adequate internal financial controls with reference to its financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed. In the opinion of the Auditors of the Company, there are adequate internal financial control procedures commensurate with the size of the Company.

Matters related to Directors and Key Managerial Personnel

The composition of the Board is in accordance with Section 149 of the Companies Act, 2013 with an appropriate combination of Non-executive and Independent Directors. As of 31 March 2018, the Board of Directors of your Company comprised of 7 Directors out of which one (1) is Executive Director and two (2) Independent Directors out of which one is Woman Director and rest are Nominee Directors.

Declaration by Independent Directors

There are two Independent Directors on the Board of Directors of the Company. Both the Independent Directors have submitted the Declaration of Independence in accordance with the relevant provisions of Section 149 of Companies act 2013 stating that they meet the criteria of Independence and are not disqualified from continuing as Independent Directors.

Declaration of Fit & Proper Criteria

All the Directors of the Company have given the declaration to the effect that they are Fit & Proper, to be appointed as Director, as per the criteria prescribed by National Housing Bank.

Corporate Governance Report

Your Company believes that a good corporate governance system is necessary to ensure its long-term success. The Company ensures good governance through the implementation of various effective policies and procedures, which is mandated and reviewed by the Board or the Committees of the members of the Board in regular intervals. The Corporate Governance report is furnished as **Annexure B** to this report.

Company's policy on Directors' appointment and remuneration including criteria

The Nomination and Remuneration Committee had laid down criteria for determining Directors Qualification, positive attributes and independence of a Director, remuneration of Directors, Key Managerial Personnel and criteria for evaluation of Directors, Chairperson, Non-Executive Directors and Board and the evaluation process of the same.

Management Discussion and Analysis

Pursuant to Corporate Governance Directions issued by NHB, Management's Discussion and Analysis Report, for the year under review, is presented in a separate section forming part of this Annual Report.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

Board and Committee Meetings

During the financial year 2017-18, the Board of Directors of the Company met 7 times and the Audit committee meetings were held 3 times during the year under review. The details of meetings held during the financial year under review are further specified in the Corporate Governance Report (**Annexure B**) of the Directors. The intervening gap between the two meetings was within the period prescribed under the Companies Act, 2013.

Whistle Blower Policy / Vigil Mechanism

In accordance with the provisions of Section 177 (9) of the Companies Act, 2013 and the rules made thereunder, the Company has established Vigil mechanism and also adopted a Whistle blower Policy under the surveillance of the Audit committee. The Company has adopted work culture which ensures highest standards of professionalism, honesty, integrity, moral and ethical behavior.

The Policy may be accessed on the Company's website at the link:

<http://www.homefirstindia.com/whistle-blower-policy>

Corporate Social Responsibility (CSR)

Your Company being committed to the well-being and betterment of the communities in which it operates had explored opportunities for doing CSR and decided to donate requisite amount of Rs.18.30 Lakhs to Prime Ministers Relief Fund pertaining to the FY 2017-18 on 29th March 2018. A detailed report on the CSR Committee is being set out in (**Annexure D**)

Risk Management Policy

Your Company has in place the 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 Board of Directors of the Company.

Your Company further has an adequate system of internal financial control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, record and reported to the Management. Your Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

AUDITORS AND REPORTS

Ratification of Appointment of Auditors

Pursuant to the provisions of Section 139 of the

Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Walker Chandiook & Co LLP, Chartered Accountants, Firm registration no: 001076N/N500013, the Statutory Auditors of the Company have been appointed for a term of 5 years. However, their appointment as Statutory Auditors of the Company shall be required to be ratified by the Members at the ensuing Annual General Meeting. The Company has received a confirmation from the said Auditors that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company. In view of the same, based on the recommendation of the Audit Committee, the Board has recommended to the shareholders to ratify their appointment for the financial year 2018-19 at the ensuing Annual General Meeting of the Company.

Observations of Statutory Auditors on Financial Statements for the year ended 31 March 2018

There were no qualifications reported by the Statutory Auditors in their report for the financial year ended 31 March 2018 read with the explanatory notes therein which are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

Fraud Reported by Auditors

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board/Audit Committee under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

Internal Auditors

The Company has appointed P Chandrashekhar LLP as its internal auditor to conduct comprehensive audits of functional areas and operations to examine the adequacy of, and compliance with policies, plans and statutory requirements. The Internal Auditors have not submitted any material qualifications, reservations or adverse remarks or disclaimers.

Human Resource

At HFFC, human resource development is considered vital for effective implementation of business plans. Constant endeavors are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. During the current year, in-house training programs were provided to employees, inter alia in lending operations, recoveries, KYC, IT system & security and accounts. Employees were also nominated for training programs conducted by NHB and other institutions.

HFFC's staff strength as at 31 March 2018 was 382.

Employee Stock Option Scheme

Your Company believes that its success is largely determined by the quality of its workforce and their commitment towards achieving the goals of the Company. In order to enable the employees of the Company to participate in the future growth and success of your Company, 'ESOP Plan 2012' (ESOP 2012) was adopted by the Company.

During the year under review, in light of Company's pace of growth, increase in business volume and business verticals within the financial services sector, the Company adopted additional employee stock option schemes, in a manner which would enable your Company to attract, retain, motivate and incentivise its employees. In view of the same, Members of the Company at their Extraordinary General Meeting held on 28 February 2018 approved and adopted ESOP II. In terms of Section 62 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 of the Companies Act, 2013, the disclosures for the Financial Year ended 31 March 2018 with respect to ESOP 2012 and ESOP II have been provided as **Annexure E** to this Director's Report.

Prevention of Sexual Harassment at Workplace

In accordance with the Act mentioned herein above and the rules made thereunder the Company has adopted and implemented a policy in this behalf. The Policy is available on the website of the Company at the below mentioned link:

<http://www.homefirstindia.com/psh-policy>

During the financial year 2017-18, the Company had received one complaint on sexual harassment. The Annual Report as required to be prepared and submitted under Section 21 of the Act read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 is furnished as **Annexure- F** to this Report.

Regulatory Compliance

The Company has been following the directions, guidelines and circulars issued by National Housing Bank (NHB) from time to time. The Company has adopted all the applicable Policies as recommended by NHB.

Your Company has been maintaining capital adequacy as prescribed by the NHB. The capital adequacy was 43.76 percent (as against 12 percent prescribed by the NHB) as at 31 March 2018 after considering the loan to value ratio for deciding risk weightage.

The Company also has been following directions / guidelines / circulars issued by Accounting Standards, Income Tax Act, 1961, MCA from time to time, applicable to the company.

Other Disclosures

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

During the year under review there were no significant material orders passed by the Regulators / Courts which would impact the going concern status of the company and its future operations. Further no penalties have been levied by NHB / any other Regulator during the financial year under review.

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31 March 2018, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. such accounting policies have been selected and applied consistently and the Directors 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 as at 31 March 2018 and of the profit/loss of the Company for that year;
- c. proper and sufficient care was taken 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 annual accounts of the Company have been prepared on a going concern basis;
- e. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

Disclosure under Section 43(A)(II) of the Companies Act, 2013

Your Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

Disclosure under Section 54(1)(D) of the Companies Act, 2013

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

Disclosure under Section 67(3) of the Companies Act, 2013

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital

and Debentures) Rules, 2014 is furnished

Acknowledgement and Appreciation

Your Board of Directors take this opportunity to express their appreciation to all stakeholders of the Company including the National Housing Bank, the Ministry of Corporate Affairs, the Government of India and other Regulatory Authorities, Bankers, Financial Institutions, Members, Customers and Employees of the Company for their continued support and trust. Your Directors would like to express deep appreciation for the commitment shown by the employees in supporting the Company in achieving continued robust performance on all fronts.

For and on behalf of the Board

Manoj Viswanathan

Director & CEO
DIN 01741612

Date: 28 May 2018
Place: Mumbai

Rajagopalan Santhanam

Director
DIN 00025669



The background features a diagonal split between a blue upper-left section and a green lower-right section. Large, semi-transparent numbers are scattered across the page, including '181' in the top blue area, '2018' in the middle, and '1718' in the bottom green area. The central text is white and bold.

**Extracts of Annual
Return - MGT - 9**

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31 March 2018

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

I. REGISTRATION AND OTHER DETAILS:

CIN	U65990MH2010PLC240703
Registration Date	03/02/2010
Name of the Company	HOME FIRST FINANCE COMPANY INDIA LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	511, Acme Plaza Andheri Kurla Road, Andheri East Mumbai City MH 400059 IN
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any:	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower- B, Plot No 31-32, Gachibowli, Financial district, Nanakramguda, Hyderabad, 500032 Contact details – 91 040 67161563

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

S.No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1	Housing Finance	65922	97

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: N.A.

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

i 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	13,38,959	-	13,38,959	12.97	6,56,609	-	6,56,609	6.36	6.61
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	13,38,959	-	13,38,959	12.97	6,56,609	-	6,56,609	6.36	6.61
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	13,38,959	-	13,38,959	12.97	6,56,609	-	6,56,609	6.36	6.61
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	26,79,619	20,72,424	47,52,043	46.04	29,52,559	20,72,424	50,24,983	48.68	2.64
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	40,19,429	-	40,19,429	38.94	44,28,839	-	44,28,839	42.90	3.96
Sub-total (B)(1):-	66,99,048	20,72,424	87,71,472	84.98	73,81,398	20,72,424	94,53,822	91.58	6.60
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	10,000	-	10,000	0.10	10,800	2,000	12,800	0.12	0.02
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,00,100	-	2,00,100	1.94	2,00,100	-	2,00,100	1.94	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	2,10,100	-	2,10,100	2.04	21,09,00	2,000	2,12,900	2.06	0.02
Total Public Shareholding (B)=(B)(1)+ (B)(2)	69,09,148	20,72,424	89,81,572	87.02	75,92,298	20,74,424	96,66,722	93.64	6.62
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	82,48,107	20,72,424	1,03,20,531	100	82,48,907	20,74,424	1,03,23,331	100	

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during 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	
1	Mr. P S Jayakumar	13,38,959	12.97	-	6,56,609	6.36	-	6.61
2	Mr. Jaithirth Rao	-	-	-	-	-	-	-
	Total	13,38,959	12.97	-	6,56,609	6.36	-	6.61

iii. Change in Promoters' Shareholding:**1. Palamadai Sundararajan Jayakumar**

Particulars	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	13,38,959	12.97	-	-
18.04.2017 – Transfer to Aether (Mauritius) and True North Fund V LLP			6,82,350	6.61
At the end of the year	-	-	6,56,609	6.36

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**M/s. True North Fund V LLP**

For each of the top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the beginning of 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	40,19,429	38.95	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	18 April 2017		4,09,410	3.97
At the end of the year (or on the date of separation, if separated during the year)	-	-	44,28,839	42.90

M/s. Aether (Mauritius) Limited

For each of the top 10 shareholders	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	26,79,619	25.96	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	18 April 2017		2,72,940	2.64
At the end of the year (or on the date of separation, if separated during the year)	-	-	29,52,559	28.60

M/s. Bessemer India Capital Holdings II Ltd

For each of the top 10 shareholders	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	20,72,424	20.08	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	20,72,424	20.08

Mr. Bhaskar Chaudhry

For each of the top 10 shareholders	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	10,000	0.10	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	10,000	0.10

Ms. Anisha B V

For each of the top 10 shareholders	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	-	-	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	28 February 2018		2,000	0.02
At the end of the year (or on the date of separation, if separated during the year)	-	-	2,000	0.02

V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**Mr. Rajagopalan Santhanam**

For each of the top 10 shareholders	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	-	-	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):				
At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

Mr. Maninder Singh Juneja

For each of the top 10 shareholders	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	-	-	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

Mr. Sakti Prasad Ghosh

For each of the top 10 shareholders	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	-	-	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

Ms. Sujatha Venkatramanan

For each of the top 10 shareholders	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	-	-	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

Mr. Vishal Vijay Gupta

For each of the top 10 shareholders	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	-	-	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

Mr. Divya Sehgal

For each of the top 10 shareholders	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	-	-	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

Mr. Manoj Viswanathan

For each of the top 10 shareholders	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	2,00,100	1.94	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	2,00,100	1.94

Ms. Kiran Agarwal Todi

For each of the top 10 shareholders	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	-	-	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	19.02.2018 Exercise of ESOP Shares	-	800	0.01
At the end of the year (or on the date of separation, if separated during the year)	-	-	800	0.01

Mr. Shreyans Bachhawat

For each of the top 10 shareholders	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	-	-	-	-
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc.):	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

II. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. Remuneration to Managing Director, Whole-time Directors and/or Manager: N.A.**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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		
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify...		
5	Others, please specify Total (A) Ceiling as per the Act		

**Remuneration of WTD has been mentioned in the KMP table as CEO.*

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors				Total Amount
1. Independent Directors	Mr. Sakti Prasad Ghosh	Ms. Sujatha Venkataramanan	-	-	
Fee for attending Board / committee meetings	10,00,000	5,00,000	-	-	15,00,000
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (1)					15,00,000
2. Other Non-Executive Directors	-	-	-	-	-
Fee for attending Board / committee meetings	-	-	-	-	-
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (2)	-	-	-	-	-
Total (B)=(1+2)					15,00,000
Total Managerial Remuneration					-
Overall Ceiling as per the Act					25,00,000

C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Director & CEO Mr. Manoj Viswanathan	CFO Ms. Kiran Agarwal Todi	Company Secretary Mr. Shreyans Bachhawat	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	70,91,676	46,60,636	7,73,598	1,25,25,910
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	2,77,664	-	2,77,664
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify... (performance Bonus)	10,68,500	14,50,000	90,000	26,08,500
5	Others			-	
	Dividend				
	Total (A)	81,60,186	63,88,300	8,63,598	1,54,12,084

III. 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	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Rajagopalan Santhanam

Director

DIN 00025669

Date: 28 May 2018

Place: Mumbai

Manoj Viswanathan

Director & CEO

DIN 01741612





**Report of the Directors
on Corporate Governance**

Report of the Directors on Corporate Governance

The Directors present the report on Corporate Governance for the financial year 31 March 2018.

Corporate Governance refers to a mechanism, process and relationship by which corporates are controlled and directed. The Board and Management give more emphasis on maintaining transparency and accountability in governing the Company and carrying out the business operations. The Company has adopted best practices of Corporate Governance in the best interest of the shareholders, employees, consumers and the community at large.

Board of Directors

Your Company's Board has a primary role of trusteeship to protect and enhance stakeholders' value through strategic supervision. The Board

provides direction and exercises appropriate controls. The Corporate Governance principles of your Company have been formulated to ensure that the Board remains informed, independent and participates actively in the affairs of your Company.

In addition to the basic governance practices, the Board of your Company lays strong emphasis on transparency, accountability and integrity. Your Company also strives to enhance stakeholders' value by taking measures to continuously improve Corporate Governance standards.

As at 31 March 2018, the Board of the Company comprised of 7 Directors of whom 2 were Non-Executive Independent Directors, 4 were Non-Executive Directors representing shareholders, 1 Whole-Time Director:

Name	DIN	Designation
Mr. Sakti Prasad Ghosh	00183802	Independent Director
Ms. Sujatha Venkatramanan	05340759	Independent Woman Director
Mr. Rajagopalan Santhanam	00183802	Nominee Director (For True North Fund V LLP)
Mr. Divya Sehgal	01775308	Nominee Director (For True North Fund V LLP)
Mr. Maninder Singh Juneja	02680016	Nominee Director (For True North Fund V LLP)
Mr. Vishal Vijay Gupta	01913013	Nominee Director (For Bessemer India Capital Holdings II Ltd.
Mr. Manoj Viswanathan	01741612	Director & Chief Executive Officer

Chief Financial Officer

Ms. Kiran Agarwal Todi
(Appointed w.e.f 28 February 2018)

Mr. Vishal Vijay Gupta was appointed w.e.f February 28, 2018 representing Bessemer India Capital Holdings II Ltd.

Company Secretary

Mr. Shreyans Bachhawat
(Appointed w.e.f 7 September 2017)

Resignation

Mr. Aakash Goel resigned from the Board of Directors w.e.f December 7, 2017.

Changes in Board of Directors

Appointment

During the year under review, Mr. Rajiv Sabharwal, Mr. Divya Sehgal, Mr. Maninder Singh Juneja were appointed as the Nominee Directors representing True North Fund V LLP.

Mr. Rajiv Sabharwal resigned w.e.f January 16, 2018

The Board expresses their gratitude towards their contribution during their tenure and place on record their appreciation for the assistance and guidance provided by them during their tenure.

Responsibilities of the Board

The Board Members are responsible for the management of the business. Role, functions, responsibility and accountability of the Board are clearly defined. In addition to its primary role of monitoring corporate performance, functions of the Board include, but does not restricts to the following:

- formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations;
- ensuring ethical behavior and compliance of laws and regulations;
- reviewing and approving borrowing limits;
- formulating exposure limits; and
- keeping shareholders informed regarding plans, strategies and performance.

Board Proceedings

The schedule of the Board / Committee meetings to be held in a Financial Year is circulated in advance to

enable the Directors / Committee Members to plan their schedule and ensure their highest participation at meetings. Directors are given an option of attending Board / Committee meetings through video conference to ensure effective decision making through increased participation by the Directors. The agenda along with detailed notes are circulated to the Directors well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused discussions at meetings of the Board and its Committees.

During the year under review, 7 meetings of the Board of Directors of the Company were convened and held on April 18, 2017, May 26, 2017, July 17, 2017, September 7, 2017, November 22, 2017, January 30, 2018 and February 28, 2018. These meetings were held in a manner that at least a gap of not more than 120 days lapsed between two consecutive meetings. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

The details of attendance of each Director/ Member at the Board meeting held during the financial year 2017-18 are given below:

Names of Directors	No. of Board Meetings convened during their tenure	No. of meetings attended	AGM Y=attended N=not attended
Mr. Sakti Prasad Ghosh	7	4	Y
Mr. Manoj Viswanathan	7	7	Y
Ms. Sujatha Venkatraman	7	2	N
Mr. Akash Goel*	5	3	Y
Mr. Rajagopalan Santhanam	7	3	N
Mr. Rajiv Sabharwal**	4	4	Y
Mr. Divya Sehgal	5	2	Y
Mr. Maninder Singh Juneja	5	3	N
Mr. Vishal Vijay Gupta^	1	1	N

*Mr. Aakash Goel resigned w.e.f 7 December 2017.

**Mr. Rajiv Sabharwal resigned w.e.f 16 January 2018.

^Mr. Vishal Vijay Gupta appointed w.e.f 28 February 2018

Audit Committee**Composition:**

During the year under review, the members of the Audit Committee were:

Mr. Sakti Prasad Ghosh	Independent Director	Chairman
Ms. Sujatha Venkatramanan	Independent Director	Member
Mr. Rajagopalan Santhanam	Nominee Director	Member
Mr. Rajiv Sabharwal	Nominee Director	Member

*Mr. Rajiv Sabharwal ceased to be a member of the Audit Committee with effect from 17 July 2017

In terms of Section 177 of the Companies Act, 2013 read with Companies (Meetings of the Board and its Powers) Rules, 2014, the majority of the Committee comprises of the Independent Directors.

Terms of Reference

The terms of reference of the Committee inter-alia includes:

- dealing with all material questions concerning the auditing and accounting policies of the Company and their financial controls and systems or any other function as may be determined by the Board,
- review and ensure correctness, sufficiency and credibility of Financial Statements,
- recommend appointment / re-appointment / removal of Statutory and Internal Auditors,

- overseeing the Whistle Blower Policy / Vigil Mechanism,
- monitor transactions with Related Parties,
- reviewing monitoring and evaluating the internal control system including internal financial controls and risk management system etc.

Audit Committee Meetings and Attendance of Members:

During the year under review, the Committee met 3 times on 26 May 2017, 22 November 2017 and 28 February 2018. The required quorum was present at all the meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 7 September 2017.

Names of Directors	No. of meetings held during the year and during their tenure	No. of meetings attended	% of total meetings attended
Mr. Sakti Prasad Ghosh	3	2	66.67%
Ms. Sujatha Venkatramanan	3	2	66.67%
Mr. Rajagopalan Santhanam	3	2	66.67%
Mr. Rajiv Sabharwal**	2	1	50%

(**) as explained above

All recommendations made by the Audit Committee to the Board were duly accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE (NRC)**Composition:**

During the year under review, the members of the Nomination and Remuneration Committee were:

Ms. Sujatha Venkatramanan	Independent Director	Chairperson
Mr. Sakti Prasad Ghosh	Independent Director	Member
Mr. Rajagopalan Santhanam*	Nominee Director	Member
Mr. Rajiv Sabharwal**	Nominee Director	Member
Mr. Aakash Goel***	Nominee Director	Member

**Mr. Rajagopalan Santhanam appointed as the member w.e.f 30 January 2018

**Mr. Rajiv Sabharwal ceased to be the member w.e.f 30 January 2018

***Mr. Aakash Goel ceased to be the member w.e.f 30 January 2018

In terms of Section 178 of the Companies Act, 2013 read with Companies (Meetings of the Board and its Powers) Rules, 2014, one half of the Committee comprises of Independent Directors.

Terms of reference

The terms of reference of the Committee inter-alia includes:

- deciding on specific remuneration packages (including pension rights and compensation payments) of the Executive Directors, Non-Executive Directors (including Independent Directors) and Senior Level Employees,

- formulating criteria for determining qualification, positive attributes, 'fit and proper' person status and independence of directors / senior management personnel.

NRC Meeting and its Quorum

During the year under review, the Committee met 3 times on 7 September 2017, 22 November 2017 and 28 February 2018. The required quorum was present at all the meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Names of Directors	No. of meetings held during the year and during their tenure	No. of meetings attended	% of total meetings attended
Mr. Sakti Prasad Ghosh	3	3	100%
Ms. Sujatha Venkatramanan	3	1	33.33%
Mr. Rajagopalan Santhanam	1	-	-
Mr. Rajiv Sabharwal**	2	2	100%
Mr. Aakash Goel***	2	2	100%

(** / ***) as explained above

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Composition:

During the year under review, the members of the Nomination and Remuneration Committee were:

Mr. Sakti Prasad Ghosh	Independent Director	Member
Mr. Manoj Viswanathan	Director & CEO	Member
Mr. Rajagopalan Santhanam*	Nominee Director	Member

*Mr. Rajagopalan Santhanam appointed as the member w.e.f 28 February 2018

*In terms of Section 135 of the Companies Act, 2013 read with Companies (Meetings of the Board and its Powers) Rules, 2014, there should be at least one Independent Director in the Committee.

Terms of reference

The terms of reference of the Committee inter-alia includes:

- formulating and monitoring the CSR Policy,
- recommending to the Board the amount

and area of CSR expenditure,

- implementation and monitoring the CSR Projects, etc.

Meeting and its Quorum:

During the year under review, the Committee met once on 28 February 2018. The required quorum was present at the meeting.

Names of Directors	No. of meetings held during the year and during their tenure	No. of meetings attended	% of total meetings attended
Mr. Sakti Prasad Ghosh	1	1	100%
Mr. Rajagopalan Santhanam	1	-	-
Mr. Manoj Viswanathan	1	1	100%

The Company being committed to the well-being and betterment of the communities in which it operates had explored opportunities for doing CSR and lastly decided to donate requisite amount of ₹18.30 Lakhs to Prime Ministers Relief Fund pertaining to the FY 2017-18 on 29 March 2018.

Asset Liability and Risk Management Committee (ALCO):

The Composition of the Committee as at 31 March 2018 for the year under review is as under:

Name	Designation
Mr. Manoj Viswanathan	Director & CEO
Ms. Kiran Agarwal Todi	CFO
Mr. Ajay Khetan	COO
Mr. Gaurav Mohta	Head – Sales, Marketing & Business Development
Ms. Vilasini Subramaniam	VP-Credit& Risk

Terms of Reference

The terms of reference of the Committee inter-alia includes:

- monitoring the asset liability composition of the Company's business,
- determining actions to mitigate risks associated with the asset liability mismatches,
- approve proposals and detailed terms and conditions of borrowings from banks,
- reviewing the borrowing program of the Company,

- review product pricing and desired maturity profile of assets and liabilities and also the mix of incremental assets & liabilities, etc.

Meeting and its Quorum

During the year under review, the ALCO met 5 times on 18 May 2017, 28 June 2017, 29 September 2017, 15 December 2017 and 9 March 2018. The required quorum was present at all the above meetings.

Date of meeting	Total members	No. of members who have attended the meeting
18 May 2017	5	4
28 June 2017	5	5
29 September 2017	5	5
15 December 2017	5	5
9 March 2018	5	5

Credit & Risk Management Committee

The Composition of the Committee as at 31 March 2018 for the year under review is as under:

Name	Designation
Mr. Manoj Viswanathan	Director & CEO
Ms. Kiran Agarwal Todi	CFO
Mr. Ajay Khetan	COO
Mr. Gaurav Mohta	Head – Sales, Marketing & Business Development
Ms. Vilasini Subramaniam	VP-Credit & Risk
Mr. Anand Soni	Head-Collection
Mr. Kamal Narwani	Division Manager – Credit Operations
Ms. Suman Ranka	Credit Manager
Ms. Pooja Mehta	Credit Manager
Ms. Vijayalakshmi Iyengar	Operations Manager

Terms of Reference

The terms of reference of the Committee inter-alia includes:

- Product mix of the previous month's sourcing
- Portfolio analytics –analysis to get a deeper understanding of the portfolios on various aspects
- Legal process for delinquent cases
- Summary of visits to locations by credit personnel, their inputs and feedbacks from Branches.
- Key collection updates on NPAs,

- NPAs in previous months and additions and roll-backs,
- Discussion on new products to be launched/ rolled-back, geographical expansion decisions, resource requirements and delinquency strategies.

Meeting and its Quorum

During the year under review, the Credit & Risk Management Committee met 5 times on 19 June 2017, 12 July 2017, 22 September 2017, 11 October 2017 and 11 January 2018. The required quorum was present at all the above meetings.

Date of meeting	Total members	No. of members who have attended the meeting
19 June 2017	10	09
12 July 2017	10	09
22 September 2017	10	09
11 October 2017	10	09
11 January 2018	10	09

OTHER COMMITTEES

Internal Complaints Committee

In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal)

Act, 2013, the Board of Directors of your Company have constituted an Internal Complaints Committee.

Composition of the Internal Complaints Committee:

Name	Designation
Ms. Vilasini Subramaniam	Chairperson [Presiding Officer]
Mr. Manoj Viswanathan	Member
Mr. Ajay Khetan	Member
Ms. Namrata Shah	Member
Ms. Geeta Jaisinghani	External Member

Terms of Reference

The terms of reference of the Committee inter-alia includes:

- conducting an inquiry into complaints made by any aggrieved women at the workplace and arrive at a conclusion as to

whether the allegation for which the complaint has been filed was proved or not and take necessary actions to resolve the complaints,

- preparing annual report for each calendar year and submitting the same to the Board of Directors and the District Officer

Executive Committee

The Composition of the Committee as at 31 March 2018 for the year under review is as under:

Name	Designation
Mr. Manoj Viswanathan	Director & CEO
Ms. Kiran Agarwal Todi	CFO
Mr. Shreyans Bachhawat	CS

Terms of Reference

The terms of reference of the Committee inter-alia includes:

- to borrow monies subject to a maximum of ₹400 Crore between two Board meetings and to open bank accounts in relation to the same.
- to grant loans or provide security in respect of loans at such terms and conditions as may be decided by the Committee from time to time.
- to invest funds of the Company in liquid mutual funds, debt mutual funds, NCDs,

CD/CPs, Fixed deposits to the extent necessary to the tune of ₹ 50 Crores.

- to execute documents in relation to bank accounts, addition / deletion of signatories thereof and matters related to banking operations.

Meeting and its Quorum

During the year under review, the Executive Committee met 2 times on 9 February 2018 and 22 March 2018. The required quorum was present at all the above meetings.

Date of meeting	Total members	No. of members who have attended the meeting
9 February 2018	3	3
22 March 2018	3	3

GENERAL BODY MEETINGS

The details of the location and time of the last five Annual General Meetings is given below:

For FY	Date	Time	Venue
2016-17	07-Sep-2017	12.30 PM	Registered Office
2015-16	25-Jul-2016	11.00 A.M	Registered Office
2014-15	28-Aug-2015	11.00 A.M	Registered Office
2013-14	20-Jun-2014	1.00 P.M	Registered Office
2012-13	03-Jun-2013	2:00 P.M	Registered Office

1 Extra-ordinary General Meeting was held during the last financial year

Year	Date	Time	Venue of the meeting
2017-18	28.02.2018	9.00 AM	511, Acme Plaza Andheri Kurla Road, Andheri East Mumbai - 400059.

The following were the Special Resolutions passed in the General Meeting held during the last year:

Date	Particulars
28 February 2018	<ul style="list-style-type: none"> To approve change in constitution of the Company from 'Private Limited' to 'Public Limited' To approve the ESOP policy termed as ESOP II

General Shareholder Information:

This Annual Report includes yearly financial data

and a section on Shareholder Information giving required information.

Shareholding pattern of the company as on 31 March 2018 is as under:

Name of the Shareholder	No.of equity shares	% Holding
True North Fund V LLP	44,28,839	42.90%
Aether (Mauritius) Limited	29,52,559	28.60%
Bessemer India Capital Holdings II Ltd.	20,72,424	20.08%
Mr. P S Jaya Kumar	6,56,609	6.36%
Mr. Manoj Viswanathan	2,00,100	1.94%
Mr. Bhaskar Chaudhry	10,000	0.10%
Ms. Kiran Agarwal Todi	800	0.01%
Ms. Anisha B V	2,000	0.02%
Total	1,03,23,331	100.00%

Annual General Meeting

The Annual General Meeting ("the AGM") of the Company for FY 2016-17 was held on 7 September 2017 at 12.30 P.M at Registered Office of the Company at 511, Acme Plaza, Andheri Kurla Road, Andheri East, Mumbai 400059.

Statutory and Regulatory Compliance:

The Company has been following the directions, guidelines and circulars issued by National Housing Bank (NHB) from time to time. The Company has adopted all the applicable Policies as recommended by NHB. The Company also has been following directions / guidelines / circulars issued by Accounting Standards, Income Tax Act, 1961, MCA from time to time, applicable to the company.

On behalf of the Board of Directors**Manoj Viswanathan**

Director and CEO

DIN: 01741612

Date: 28 May, 2018

Place: Mumbai





**Report on Corporate Social
Responsibility
for FY 2017-18**

REPORT ON CORPORATE SOCIAL RESPONSIBILITY FOR FY 2017 - 18

Home First Finance Company India Limited (hereinafter referred to as 'HFFC') believes in integrating its business model with the social welfare of people and society in which it operates.

CSR activities

The Company shall decide to undertake any of the following CSR activities/ projects as enumerated in Schedule VII of the Companies Act, 2013 or such other CSR activities/ projects as may be notified by Ministry of Corporate Affairs from time to time:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
5. Protection of national heritage, art & culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
10. Rural development projects.
11. Slum area development (any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force).

The CSR Policy of the Company is available on the website of the Company at the following link:
<https://homefirstindia.com/policy/corporate-social-responsibility-policy/>

The Composition of the Corporate Social Responsibility Committee

Name of the Director	Position in the Committee	Category
Mr. Sakti Prasad Ghosh	Member	Independent Director
Mr. Rajagopalan Santhanam	Member	Nominee Director
Mr. Manoj Viswanathan	Member	Director & CEO

CSR Budget and Expenditure**Profit computation as per section 198 of Companies Act,2013 & Amount to be spent**

Financial Year	Profit before Tax (₹ In Lakhs)
2016-17 (a)	1,366.63
2015-16 (b)	902.50
2014-15 (c)	472.64
Net Profit / Loss (a+b+c)	2,741.77
Average Net Profit for last three financial years	913.92
Prescribed CSR Expenditure as per Section 135	18.27
Total amount spent for the financial year	18.30

Way the amount spent during the financial year is detailed below

The Company being committed to the well-being and betterment of the communities in which it

operates had explored opportunities for doing CSR and decided to contribute requisite amount of ₹18.30 Lakhs to Prime Ministers Relief Fund pertaining to the FY 2017-18 on 29 March 2018.

For and on behalf of the Board


Manoj Viswanathan
Director & CEO
DIN 01741612

Date: 28 May 2018

Rajagopalan Santhanam
Director
DIN 00025669

Place: Mumbai





**Report on Employee
Stock Option Plan**

Annexure E

Disclosures under the HFFC ESOP Plan 2012 (ESOP 2012) and ESOP II, pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on Financial Year ended March 31, 2018:

Particulars	ESOP 2012	ESOP II
Number of options granted	5,81,636	4,84,444
Number of options vested	4,86,336	59,553
Number of options exercised	2,800	-
Total Number of Shares arising as a result of exercising of option	2,800	-
Number of options lapsed / cancelled	55,850	-
Exercise price of the options exercised in Rs./eq. share	₹ 239.13/eq. share	-
Variation of terms of option	N.A.	N.A.
Money realised by the exercise of option	₹ 6,69,564	-
Total number of options in force	5,22,986	4,84,444

Details of options granted to Key Managerial Personnel

Name	Designation	Options granted during the year March 31, 2018		Options in force in as on March 31, 2018	
		ESOP 2012	ESOP II	ESOP 2012	ESOP II
Mr. Manoj Viswanathan	Director & CEO	-	1,30,000	1,38,136	1,30,000
Ms. Kiran Agarwal Todi	Chief Financial Officer	-	65,000	59,200	65,000
Mr. Shreyans Bachhawat	Company Secretary	-	2,047	-	2,047

Details of employees including director(s) who have received a grant of options in any one year, of options amounting to five percent or more of options granted during that year

Name of the Employee	Number of options granted
Financial year 2011-12 – Total options granted under ESOP 2012	1,15,000
Mr. Manoj Viswanathan	50,000
Mr. Gaurav Mohta	10,000
Mr. Ajay Khetan	7,500
Mr. Sakti Prasad Ghosh	10,000
Ms. Sujatha Venkatramanan	7,500

Financial year 2012-13 – Total options granted under ESOP 2012	1,25,000
Mr. Manoj Viswanathan	25,000
Ms. Kiran Agarwal Todi	15,000
Mr. Gaurav Mohta	15,000
Mr. Ajay Khetan	15,000
Mr. Sakti Prasad Ghosh	7,500
Ms. Sujatha Venkatramanan	7,500
Ms. Kamini Bharti	7,500
Mr. Anand Soni	7,500
Financial year 2013-14 – Total options granted under ESOP 2012	1,70,000
Mr. Manoj Viswanathan	35,000
Ms. Kiran Agarwal Todi	20,000
Mr. Gaurav Mohta	20,000
Mr. Ajay Khetan	20,000
Financial year 2014-15 – Total options granted under ESOP 2012	1,03,136
Mr. Manoj Viswanathan	28,136
Ms. Kiran Agarwal Todi	20,000
Mr. Gaurav Mohta	20,000
Mr. Ajay Khetan	20,000
Ms. Vilasini Subramaniam	15,000
Financial year 2015-16 – Total options granted under ESOP 2012	68,500
Mr. Kiran Kumar B	7,500
Ms. Kamini Bharti	4,000
Mr. Anand Soni	7,500
Mr. Amod Soratur	7,500
Mr. Manoj Yadav	7,500
Financial Year 2017-18 – Total options granted under ESOP II	5,42,083
Mr. Manoj Viswanathan	1,30,000
Ms. Kiran Agarwal Todi	65,000
Mr. Gaurav Mohta	65,000
Mr. Ajay Khetan	70,000
Ms. Vilasini Subramaniam	50,000

Details of employees including director(s) who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:

Name of the Employee	Number of options granted	
	ESOP 2012	ESOP II
For Financial Year 2011-12		
Mr. Manoj Viswanathan	50,000	-
For Financial Year 2013-14		
Mr. Manoj Viswanathan	30,000	-
For Financial Year 2017-18		
Mr. Manoj Viswanathan	-	1,30,000

For and on behalf of the Board

Rajagopalan Santhanam

Director

DIN 00025669

Date: 28 May 2018

Place: Mumbai

Manoj Viswanathan

Director & CEO

DIN 01741612



The cover features a diagonal split between a blue upper-left section and a green lower-right section. Large, semi-transparent numbers '2018' are overlaid across the entire page. The title is centered in the green section in white, bold text.

**Annual Report on
Sexual Harassment Cases
for FY 2017-18**

Annual Report on Sexual Harassment Cases for the financial year 2017-18

No. of complaints received	No. of Complaints disposed off	No. of cases pending for more than 90 days	No. of workshops or awareness programs conducted	Nature of action taken by the employer
1	-	Nil	7	Investigation ongoing

For Home First Finance Company India Limited

Vilasini Subramaniam
Chairperson of Internal Complaints Committee (ICC)

Date: 28 May 2018

Place: Mumbai



The background is composed of several overlapping geometric shapes. A blue triangle is in the top-left corner. A green triangle is in the bottom-left corner. A white triangle is in the top-right corner. The rest of the background is white. Large, semi-transparent numbers are scattered across the page: '181' in blue at the top, '2018' in light grey on the left, '18' in teal on the right, '1717' in teal at the bottom, and '8' in teal at the bottom center.

Auditors' Report

Independent Auditors' Report

To the Members of Home First Finance Company India Limited

(formerly known as Home First Finance Company India Private Limited)

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Home First Finance Company India Limited** (formerly known as Home First Finance Company India Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation

and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 controls 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 the accounting policies used & the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide

a basis for our audit opinion on these financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

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

10. Further to our comments in Annexure I, 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 financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of

the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 29 May 2018 as per Annexure II expressed an unmodified opinion;
- 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position;
 - 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 amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these statements. Hence, reporting under this clause is not applicable

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**
Partner
Membership No.: 42423
Place: Mumbai
Date: 29 May 2018

Annexure I to the Independent Auditor's Report of even date to the members of Home First Finance Company India Limited (formerly known as Home First Finance Company India Private Limited), on the financial statements for the year ended 31 March 2018

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- | | |
|---|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.</p> <p>(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.</p> <p>(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.</p> <p>(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act.</p> | <p>Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.</p> <p>(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.</p> <p>(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.</p> <p>(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.</p> <p>(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:</p> |
|---|---|

Statement of arrears of statutory dues outstanding for more than six months

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Professional Tax Act, Gujarat	Professional Tax	10,000	FY 2017-2018	Various dates	29 May 2018	-
Professional Tax Act, Tamil Nadu	Professional Tax	11,637	FY 2017-2018	Various dates	-	-
Professional Tax Act, Telangana	Professional Tax	1,000	FY 2017-2018	Various dates	-	-

- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle funds which were not required for immediate utilization were temporarily used for the purpose other than for which the loan was sanctioned but were ultimately utilized for the stated end-use.
- (x) In our opinion, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with the covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**
Partner
Membership No.: 42423
Place: Mumbai
Date: 29 May 2018

Annexure II to the Independent Auditor's Report of even date to the members of **Home First Finance Company India Limited** (formerly known as Home First Finance Company India Private Limited) on the financial statements for the year ended 31 March 2018

Annexure II

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act'):

1. In conjunction with our audit of the financial statements of **Home First Finance Company India Limited** (formerly known as Home First Finance Company India Private Limited) ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors 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 the Company's 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion

on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include 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.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Khushroo B Panthaky**

Partner

Membership No.:42423

Place: Mumbai

Date: 29 May 2018



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Annual Accounts

Annual Accounts

Balance Sheet

(₹ in lakhs)

	Note No.	As at 31 Mar 2018	As at 31 Mar 2017
Shareholders' funds			
Share capital	2.1	1,032.33	1,032.05
Reserves and surplus	2.2	32,278.25	29,751.66
		33,310.58	30,783.71
Non-current liabilities			
Long-term borrowings	2.3	86,964.88	54,638.36
Deferred tax liabilities (net)	2.4	100.94	-
Long-term provisions	2.5	682.28	457.06
		87,748.10	55,095.42
Current liabilities			
Short-term borrowings	2.6	-	771.66
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	2.7	-	5.57
Total outstanding dues of creditors other than micro enterprises and small enterprises		104.06	541.56
Other current liabilities	2.8	16,062.53	11,804.24
Short-term provisions	2.9	9.82	25.66
		16,176.41	13,148.69
Total		137,235.09	99,027.82
Assets			
Non-current assets			
Property, plant and equipment	2.10	473.97	239.32
Intangible assets		34.97	22.63
Capital work-in-progress		78.78	-
Intangible assets under development		26.05	-
Deferred tax assets (net)	2.4	-	7.05
Long-term loans and advances	2.10	1,29,897.91	78,616.30
Other non-current assets	2.10	700.00	500.00
		1,31,211.68	79,385.30
Current assets			
Cash and cash equivalents	2.13	2,301.41	17,698.02
Short-term loans and advances	2.14	227.83	150.28
Other current assets	2.15	3,494.17	1,794.22
		6,023.41	19,642.52
		1,37,235.09	99,027.82

The accompanying notes are an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm registration no.: 001076N/N500013

For and on behalf of the Board of Directors

Manoj Viswanathan
Director and CEO
Din No.: 01741612

Rajagopalan Santhanam
Director
Din No.: 00025669

Khushroo B. Panthaky
Partner
Membership No.: 42423
Place: Mumbai
Date: 29 May 2018

Kiran Agarwal Todi
Chief Financial Officer
Place: Mumbai

Shreyans Bachhawat
Company Secretary
Date: 28 May 2018

Statement of Profit and Loss

(₹ in lakhs)

	Note No.	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Revenue			
Revenue from operations	2.16	14,291.13	9,273.26
Other income	2.17	337.24	155.67
Total revenue		14,628.37	9,428.93
Expenses			
Employee benefit expense	2.18	2,215.16	1,438.80
Finance costs	2.19	6,653.65	5,405.99
Other expenses	2.20	1,634.37	994.16
Provision on loans	15.1	202.79	170.91
Depreciation and amortization expense	2.10	90.07	52.44
Total expenses		10,796.04	8,062.30
Profit before tax		3,832.33	1,366.63
Tax expense:			
Current tax		1,204.17	483.00
Income taxes of earlier years		-	6.54
Deferred tax (credit)/charge		107.99	(0.15)
		1312.16	489.30
Profit after tax		2,520.17	877.24
Earnings per share			
Basic	2.21	24.42	23.22
Diluted		23.80	20.14
Nominal value of equity share		10.00	10.00

The accompanying notes are an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm registration no.: 001076N/N500013

For and on behalf of the Board of Directors

Manoj Viswanathan
Director and CEO
Din No.: 01741612

Rajagopalan Santhanam
Director
Din No : 00025669

Khushroo B. Panthaky
Partner
Membership No.: 42423
Place: Mumbai
Date: 29 May 2018

Kiran Agarwal Todi
Chief Financial Officer
Place: Mumbai

Shreyans Bachhawat
Company Secretary
Date: 28 May 2018

Cash Flow Statement

(₹ in lakhs)

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Cash flow from operating activities:		
Profit before tax	3,832.33	1,366.63
Adjusted for:		
Depreciation and amortization expense	90.07	52.44
Interest expense	6,653.65	5,267.31
Loan written off	39.82	-
Dividend Income on units of mutual funds	(47.48)	-
Interest income on bank deposits	(122.76)	(155.57)
Provision against housing and other loans	202.79	170.91
Operating profit before working capital changes	10,648.42	6,701.72
Decrease/(Increase) in working capital:		
Trade payables	(443.07)	384.20
Other current liabilities	268.72	142.83
Long-term loans and advances	(51,274.79)	(28,436.95)
Short-term loans and advances	(77.55)	(49.81)
Other receivables	(1,696.14)	(842.74)
Cash used in operations	(42,574.41)	(22,100.75)
Direct taxes paid	(1,250.81)	(475.38)
Net cash used in operations	(43,825.22)	(22,576.13)
Cash flows from investing activities:		
Purchase of fixed assets including capital work-in-progress	(441.89)	(173.60)
Investment in fixed deposits on lien	(200.00)	-
Dividend Income on units of mutual funds	47.48	-
Interest received	119.51	166.56
Net cash used in investing activities	(474.90)	(7.04)
Cash flows from financing activities:		
Proceeds from issue of share capital (net of share issue expenses)	6.14	14,540.79
Interest paid	(6,814.09)	(5,207.49)
Proceeds from long-term borrowings	64,901.00	30,935.57
Repayments of long-term borrowings	(28,417.88)	(7,976.26)
Proceeds of short-term borrowings (net)	(771.66)	505.37
Dividend paid	-	(19.49)
Net cash generated from financing activities	28,903.51	32,778.49
Net increase/(decrease) in cash and cash equivalents	(15,396.61)	10,195.32
Cash and cash equivalents at beginning of the year	17,698.02	7,502.70
Cash and cash equivalents at end of the year	2,301.41	17,698.02
Components of cash and cash equivalents		
Cash in hand	0.53	2.49
Wallet money	6.38	12.35
With banks in current accounts	2,294.50	11,583.18
With banks in deposit accounts	-	6,100.00
	2,301.41	17,698.02

The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' as specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended).

The accompanying notes are an integral part of the financial statements

This is the cash flow statement referred to in our report of even date.

For Walker Chandio & Co LLP

Chartered Accountants

Firm registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No.: 42423

Place: Mumbai

Date: 29 May 2018

For and on behalf of the Board of Directors

Manoj Viswanathan

Director and CEO

Din No.: 01741612

Kiran Agarwal Todi

Chief Financial Officer

Place: Mumbai

Rajagopalan Santhanam

Director

Din No : 00025669

Shreyans Bachhawat

Company Secretary

Date: 28 May 2018

Note 1 Significant accounting policies and other explanatory information

Home First Finance Company India Limited (Formerly known as Home First Finance Company India Private Limited) (the 'Company') is a Housing Finance Company founded on 3 February 2010 with offices across various cities in India. It's registered head office is located at 511, Acme Plaza, Andheri Kurla Road, Andheri East, Mumbai – 400 059. The Company has converted to a public limited company with effect from 14 March 2018.

Note 1.1 Basis of accounting and preparation of financial statements

The financial statements which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable provisions Companies Act, 2013 (the 'Act') and the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards ('AS') as specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Company also follows the directions prescribed by the National Housing Bank ('NHB') for housing finance companies. The accounting policies applied by the Company are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current non-current classification of assets and liabilities.

Note 1.2 Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Examples of such estimates include useful lives of fixed assets, provision for doubtful advances, future obligations under employee retirement benefit plans,

income taxes etc. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised in the period in which such revisions are made.

Note 1.3 Revenue recognition

Interest income on housing loans, other loans and securitised portfolio except for non-performing loans, is accounted on accrual basis. Housing and other loans are classified as Standard, Sub-standard, Doubtful and Loss category based on the guidelines and directions issued by the National Housing Bank ('NHB') from time to time.

Once an account is categorized as a non-performing asset ('NPA'), the interest accrued, but not received, is reversed and no further income or other charges is recognized on that account. Interest income and other charges on such NPA accounts is recognised on the basis of actual receipt. This is in line with the guidelines provided in the NHB Directions, 2010.

Repayment of housing and other loans is by way of equated monthly instalments (EMI's) comprising principal and interest. The interest is calculated on the outstanding balances at the beginning of the month. Pending commencement of EMI, pre-equated monthly instalment interest (Pre-EMI) is payable every month.

Processing fees, project appraisal fees and other ancillary fees is recognised on the basis of actual receipt.

Interest income on fixed deposits is accounted on time proportion basis taking into account the amount outstanding and the applicable rate of interest.

Note 1.4 Property, plant and equipment, Intangible assets and depreciation/amortisation

Property, plant and equipments and Intangible assets are stated at cost less accumulated depreciation, amortisation and impairment losses. Cost includes purchase price, inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use

Cost of property, plant and equipments and Intangible assets not ready for their intended use before such date is disclosed under Capital work-in-progress. The Company has used the following useful lives to provide depreciation/amortisation on its fixed assets:

	Lives
Property, plant and equipments	
Furniture and fixtures	10
Office equipments	5
Computers	3
Intangible assets	
Computer software	3
Licenses	3
Scoring algorithm	3

Note 1.5 Provision on performing and non-performing assets

Assets are identified and categorised into Standard, Sub-standard, Doubtful and Loss category based on the guidelines and directions issued by NHB. Provisions for such assets are made in accordance with the said guidelines.

Note 1.6 Investments

Investments are classified as Non-current investments and Current investments. Current investments are carried at lower of cost and fair value, computed individually. Non-current investments are carried at cost. The carrying amount for current investment is lower of cost and fair value on an individual basis. Changes in the carrying amount of current investments are recognised in the statement of profit and loss. Provision for diminution in the value of Non-current investments is made, only if such decline is other than temporary, in the opinion of the management.

Note 1.7 Employee benefits

All short term employee benefits are accounted on undiscounted basis during the accounting year based on services rendered by employees. The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the year in which services are rendered by the employees.

The Company's gratuity benefit scheme is an unfunded defined benefit plan. The Company's obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods recognised as a liability at the present value

of the defined benefit obligations at the balance sheet date based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date. Actuarial gains or losses on such valuation are recognised immediately in the statement of profit and loss for the year.

Note 1.8 Taxation

Current tax

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets 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 realised.

Minimum alternate tax

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 there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate 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 sufficient period.

Note 1.9 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the statement of profit and loss or against revaluation surplus where applicable.

Note 1.10 Provision and contingencies

Provisions comprise liabilities of uncertain timing or amount such as loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. Provisions are recognised when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Note 1.11 Borrowing cost

Borrowing costs incurred on acquiring a qualifying asset are capitalised as cost of that asset until it is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue and recognised as an expense in the statement of profit and loss.

Note 1.12 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments (excluding costs for services such as insurance and maintenance) are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Note 1.13 Securitisation of assets

Any securitization/ sale/ transfer of assets have been done in conformity with the guidelines and various circulars issued by Reserve Bank of India ('RBI') in this regard. The surplus arising as the difference between the EMIs recoverable on the individual home loans assigned and the amounts payable to the purchaser of such home loans is being recognised on an accrual basis.

Note 1.14 Employees stock option scheme

Measurement and disclosure of the employee share-based payment plans is made in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Compensation expense is amortised over the vesting period of the option on a straight line basis.

Note 1.15 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions. Exchange difference arising on foreign currency transactions between the actual rate of settlement and the rate on the date of the transactions is charged or credited to statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates prevailing on the balance sheet date and the overall net exchange gain or loss on such conversion, if any, is credited/charged to the statement of profit and loss. Non monetary assets and liabilities are

recorded at the rates prevailing on the date of the transactions.

Note 1.16 Share issue expenses

Share issue expenses are adjusted from share premium account in terms of section 52 of the Companies Act, 2013.

Note 1.17 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

2.1. Share Capital

i. The following table sets forth, for the periods indicated, the details of share capital

Particulars	As at 31 Mar 2018		As at 31 Mar 2017	
	No. of shares	Amount (₹ in lakhs)	No. of shares	Amount (₹ in lakhs)
Authorised				
Equity shares of ₹ 10 each	1,09,91,185	1,099.12	10,991,185	1,099.12
1% Series A Compulsorily convertible preference shares of ₹ 10 each	1,600,004	160.00	1,600,004	160.00
1% Series B Compulsorily convertible preference shares of ₹ 10 each	2,408,811	240.88	2,408,811	240.88
Total	15,000,000	1,500.00	15,000,000	1,500.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each	10,323,331	1,032.33	10,320,531	1,032.05
1% Series A Compulsorily convertible preference shares of ₹ 10 each	-	-	-	-
1% Series B Compulsorily convertible preference shares of ₹ 10 each	-	-	-	-
Total	10,323,331	1,032.33	10,320,531	1,032.05

ii. The reconciliation of the number of shares outstanding and the amount of share capital as at 31 March 2018 and 31 March 2017 is set out below

Equity Shares Particulars	As at 31 Mar 2018		As at 31 Mar 2017	
	No. of shares	Amount (₹ in lakhs)	No. of shares	Amount (₹ in lakhs)
Shares outstanding at the beginning of the year	10,320,531	1,032.05	3,752,907	375.29
Add: Shares issued during the year	2,800	0.28	2,558,810	255.88
Add: Preference shares converted during the year	-	-	4,008,814	400.88
Shares outstanding at the end of the year	10,323,331	1,032.33	10,320,531	1,032.05

1% Series A compulsorily convertible preference shares Particulars	As at 31 Mar 2018		As at 31 Mar 2017	
	No. of shares	Amount (₹ in lakhs)	No. of shares	Amount (₹ in lakhs)
Shares outstanding at the beginning of the year	-	-	1,600,004	160.00
Add: Shares issued during the year	-	-	-	-
Less: Preference shares converted during the year	-	-	1,600,004	160.00
Shares outstanding at the end of the year	-	-	-	-

(₹ in lakhs)

1% Series B compulsarily convertible preference shares Particulars	As at 31 Mar 2018		As at 31 Mar 2017	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	-	-	2,408,810	240.88
Add: Shares issued during the year	-	-	-	-
Less: Preference shares converted during the year	-	-	2,408,810	240.88
Shares outstanding at the end of the year	-	-	-	-

iii. Shareholders holding more than 5% of the shares

Particulars	Equity Shares (31 Mar 2018)		Equity Shares (31 Mar 2017)	
	No. of shares	% of holding	No. of shares	% of holding
Equity Shares				
True North Fund V LLP (Formerly known as India Value Fund V LLP)	4,428,839	42.90%	4,019,429	38.95%
Aether (Mauritius) Limited	2,952,559	28.60%	2,679,619	25.96%
Bessemer India Capital Holdings II Limited	2,072,424	20.08%	2,072,424	20.08%
Mr. P S Jayakumar	656,609	6.36%	1,338,959	12.97%

iv. Terms, rights, preferences and restrictions attached to shares**Equity shares:**

The Company has only one class of equity share having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company.

Preference shares:

a) Right to dividend: Each Series A and Series B preference shares shall be entitled to annual dividend on each share at the rate of 1% and will be payable when declared by the Board of Directors, prior and in preference to the dividend on the equity shares. The dividends shall not be cumulative in nature. Notwithstanding anything provided above, each Series A and Series B preference shares shall also participate equally with equity shares of the Company, on and as converted basis for all other dividends and declarations made by the Company.

b) Right in case of liquidation: In case of any liquidation event, winding up or dissolution of the Company, merger, or any Company sale, each of the holders of Series A and Series B preference shares shall be entitled to first receive

the aggregate of (i) their respective investments in preference shares as on that date; and (ii) an amount being the pro rata share of each holder of the preference shares in the net assets of the Company resulting from the liquidation event based on the then existing shareholding in the Company on a fully diluted basis, prior to any payments being made to any equity shareholders or to any holders of any securities irrespective as to whether other Shares are convertible, redeemable or exchangeable as on that date.

c) Conversion ratio: Each of the Series A and Series B preference shares is converted into 1 equity share of the Company (subject to anti-dilution rights and appropriate adjustment in the event of any stock dividend, stock split, combination, anti-dilution or any other similar recapitalisation).

v) Issue of bonus shares or buy back of shares

The Company has not issued any bonus shares nor there has been any buy back of shares during five years immediately preceding 31 March 2018.

2.2. Reserves and surplus

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<u>Securities premium account</u>		
Opening balance	28,024.62	13,739.71
Add: Premium received on allotment of shares	6.42	14,744.11
Less: Share issue expenses adjusted in accordance with Section 52 of Companies Act, 2013	-	(459.20)
	28,031.04	28,024.62
<u>Statutory reserve under section 29C of the NHB Act, 1987</u>		
(Also, refer note below)		
Opening balance	421.85	243.85
Add: Current year transfer (Also, refer note 7)	520.00	178.00
Less: Appropriation during the year	-	-
	941.85	421.85
<u>Surplus in the statement of profit and loss</u>		
Opening balance	1,305.19	610.08
Add: Transferred from statement of profit and loss	2,520.17	877.24
Less: Transfer to special reserve	(520.00)	(178.00)
Less: Creation of Deferred tax liability on Statutory reserve (Also, refer note 2.4)	-	(4.13)
	3,305.36	1,305.19
	32,278.25	29,751.66

Note As per Section 29C of National Housing Bank Act (NHB), 1987, the Company is required to transfer atleast 20% of its net profits every year to a reserve before any dividend is declared. For this purpose, any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax

Act, 1961 is considered to be an eligible transfer. Thus, during the year ended 31 March 2018 and 31 March 2017, the Company has transferred to Statutory Reserve, an amount arrived in accordance with Section 29C of the NHB Act, 1987.

2.3. Long-term borrowings

The following table sets forth, for the periods indicated, the details of long-term borrowings

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Secured loans		
Term Loan from banks	77,644.63	59,831.48
Less: Current portion disclosed as Other current liabilities (Also, refer note 2.8)	(13,171.40)	(10,420.00)
(Secured by hypothecation of book debts and escrow of receivables from customers)	-	-
	64,473.23	49,411.48
Term Loan from National Housing Bank	24,549.89	5,879.92
Less: Current portion disclosed as Other current liabilities (Also, refer note 2.8)	(2,058.24)	(653.04)
(Secured by hypothecation of book debts and assignment of mortgage of the financed units)	-	-
	22,491.65	5,226.88
	86,964.88	54,638.36

Details of interest rate and maturity of the term loans are as follows:

(₹ in lakhs)

Rate of Interest	Maturity	As at 31 Mar 2018	As at 31 Mar 2017
4%-5%	1-5 Years	5,658.39	-
6%-7%		2,599.39	2,112.04
7%-8%		981.73	487.73
8%-9%		61,938.15	2,091.05
9%-10%		17,955.49	20,392.60
10%-11%		-	19,150.00
11%-11.50%		-	15,200.00
4%-5%	5-7 Years	2,382.24	-
6%-7%		1,094.48	889.28
7%-8%		412.23	205.36
8%-9%		3,077.48	143.60
9%-10%		67.84	1,717.84
10%-11%		-	1,850.00
4%-5%	7-10 Years	2,676.24	-
6%-7%		886.20	1,049.04
7%-8%		298.00	101.55
8%-9%		2,022.82	143.55
9%-10%		101.76	101.76
9%-10%	> 10 Years	42.08	76.00
Total		102,194.52	65,711.40
Less: Current portion disclosed as Other current liabilities (Also, refer note 2.8)		(15,229.64)	(11,073.04)
Long term borrowings from banks and National Housing Bank		86,964.88	54,638.36

Note 2.4 Deferred tax assets/(liabilities) (net)

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Deferred tax liabilities		
Special reserve (Also, refer note below) On timing difference between book depreciation and depreciation as per Income Tax Act, 1961	(325.98) (7.69)	(146.00) (7.41)
Deferred tax assets		
Provision for loans	204.96	141.59
Provision for gratuity	8.29	14.37
Provision for lease equalisation	19.48	4.50
	(100.94)	7.05

Note Pursuant to National Housing Bank's circular NHB(ND)/DRS/Pol. Circular No. 62/2014 dated 27 May 2014 and subsequent circular NHB(ND)/DRS/Policy Circular 65/2014-15 dated 22 August 2014, the Company has created Deferred tax liability ('DTL') on the Special Reserve maintained

under section 36(1)(viii) of the Income Tax Act, 1961. Accordingly, the Company has opted to adjust the Deferred tax liability, created on the Special Reserve balance as at 31 March 2014, directly from the reserves over a period of 3 years starting with the financial year 2014-15, in a phased manner.

(₹ in lakhs)

Particulars	Amount
Special reserve under section 36(1)(viii) of the Income Tax Act, 1961	50.85
Deferred tax liability on the above	16.50
Adjusted	
Deferred tax liability adjusted in the financial year 2014-15	4.12
Deferred tax liability adjusted in the financial year 2015-16	8.25
Deferred tax liability adjusted in the financial year 2016-17	4.13
	16.50

Note 2.5 Long-term provisions

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Provision for gratuity (Also, refer note 3(v))	47.28	36.31
Provision for lease equalisation	23.13	11.67
Provision for standard loans and advances (Also, refer note 15.2)	464.26	319.17
Provision for restructured loans and advances (Also, refer note 15.2)	-	3.07
Provision for sub-standard loans and advances (Also, refer note 15.2)*	106.51	73.95
Provision for doubtful loans and advances (Also, refer note 15.2)*	41.10	12.89
	682.28	457.06

*Provision on non-performing loans is required to be maintained as per NHB guidelines on prudential norms to the extent of ₹ 127.93 lakhs (Previous year: ₹ 86.84 lakh). In the current year, the Company by

way of prudence and abundant caution has created an additional provision on non-performing loans amounting to ₹ 19.68 lakhs (Previous year: Nil).

Note 2.6 Short-term borrowings

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Secured		
Bank overdrafts		
- Against bank deposits*	-	269.60
- Repayable on demand	-	502.06
	-	771.66

*Secured against bank deposits as mentioned in Note 2.12

Note 2.7 Trade payables

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Total outstanding dues of micro enterprises and small enterprises	-	5.57
Total outstanding dues of creditors other than micro enterprises and small enterprises	104.06	541.56
	104.06	547.13

Based on the information available with the Company, there are no dues outstanding in respect of micro and small enterprises as at 31 March 2018. Further, no interest during the year has been paid or

payable in respect thereof. The above disclosures has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 2.8 Other current liabilities

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Current maturities of long term borrowings (Also, refer note 2.3)	15,229.64	11,073.04
Interest accrued but not due on borrowings	49.60	387.10
Interest accrued and due on borrowings	177.06	-
Payable to Central Bank of India (on account of securitisation)	187.70	258.83
Payable to employees	196.41	-
Payable to Central Registry of Securitisation Asset Reconstruction and Security Interest	5.38	9.70
Payable to NHB on account of CLSS Subsidy refund	32.84	-
Statutory dues	81.31	57.82
Others	102.59	17.75
	16,062.53	11,804.24

Note 2.9 Short-term provisions

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Provision for gratuity (Also, refer note 3(v))	8.98	5.20
Provision for lease equalisation	0.84	1.33
Provision for corporate social responsibility (Also, refer note 5)	-	10.78
Provision for taxation (net of advance tax of ₹ 475.38 lakhs at 31 March 2017)	-	8.35
	9.82	25.66

Note 2.10 Property, plant and equipment and Intangible assets

(₹ in lakhs)

Particulars	Gross block			Accumulated depreciation/ amortisation			Net block			
	As at 1 Apr 2017	Additions	Sale/ deletion	As at 31 Mar 2018	Upto 1 Apr 2017	For the year	Sale/ deletion	Upto 1 Apr 2018	As at 31 Mar 2018	As at 31 Mar 2017
Property, plant and equipment										
Furniture and fixtures	197.31	185.30	-	382.61	27.49	31.49	-	58.98	323.63	169.82
Office equipments	50.91	22.65	-	73.56	18.48	11.59	-	30.07	43.49	32.43
Computers	84.76	101.10	-	185.86	47.69	31.32	-	79.01	106.85	37.07
	332.98	309.05	-	642.03	93.66	74.40	-	168.06	473.97	239.32
Intangible assets										
Computer softwares	72.33	28.01	-	100.34	49.70	15.67	-	65.37	34.97	22.63
Licenses	0.65	-	-	0.65	0.65	-	-	0.65	-	-
Scoring algorithm	3.00	-	-	3.00	3.00	-	-	3.00	-	-
	75.98	28.01	-	103.99	53.35	15.67	-	69.02	34.97	22.63
Total	408.96	337.06	-	746.02	147.01	90.07	-	237.08	508.94	261.95
Previous year										
Property, plant and equipment	172.33	-	-	172.33	55.76	-	-	55.76	116.57	116.57
Intangible assets	63.03	-	-	63.03	38.81	-	-	38.81	24.22	24.22

Note 2.11 Long-term loans and advances

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Loans (Secured, considered good)		
Housing loan to Individuals	129,627.45	78,926.15
Housing loan to Corporate bodies and others	1,759.18	-
Non-Housing loans	4,206.61	5,805.50
	135,593.24	84,731.65
Less: Securitized loan under direct assignment (Also, refer note 10.2)	(3,746.17)	(5,424.15)
	131,847.07	79,307.50
Less: Current maturities classified under other current assets (Also, refer note 2.15)	(2,098.12)	(816.88)
	129,748.95	78,490.62
Others (Unsecured, considered good)		
Capital advances	20.00	58.34
Rent deposits	75.83	57.19
Prepaid expenses	6.49	10.15
Advance tax (Net of provision of ₹ 1,204.17 lakhs)	46.64	-
	148.96	125.68
	129,897.91	78,616.30

Note 2.12 Other non-current assets

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Bank deposits with maturity of more than one year		
- Security against the guarantees *	100.00	100.00
- Deposit with maturity of more than three months but less than 12 months**	600.00	400.00
	700.00	500.00

* The balance of bank deposits includes amount of Rs.100.00 lakhs (Previous year - Rs.100.00 lakhs) held as security against the bank guarantee.

** The balance of bank deposits includes deposits against which bank overdraft are availed (Also, refer note 2.6).

Note 2.13 Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Cash on hand	0.53	2.49
Balances with banks		
Current accounts	2,294.50	11,583.18
Bank deposits*	-	6,100.00
Other bank balances		
Balances with the banks held as		
- Wallet money	6.38	12.35
	2,301.41	17,698.02

* The balance of bank deposits includes deposits against which bank overdraft are availed (Also, refer note 2.6).

Note 2.14 Short-term loans and advances

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Unsecured, considered good		
Prepaid expenses	163.70	101.97
Rent deposits	15.49	9.44
Advance to employees	33.91	29.06
Advance to creditors	13.73	8.81
Other deposits	1.00	1.00
	227.83	150.28

Note 2.15 Other current assets

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Current maturities of long-term loans and advances (Also, refer note 2.11)	2,098.12	816.88
Interest receivable on loans and advances	1,339.76	911.34
Interest accrued on fixed deposits	0.40	17.15
E-filing and stamp duty receivable from housing loan customers	-	3.36
Service tax receivable	-	21.29
Other receivables	35.89	24.20
	3,494.17	1,794.22

Note 2.16 Revenue from operations

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Interest on loans	12,583.85	8,401.08
Processing fees	312.61	146.24
Interest income on portfolio assignment to Central Bank of India (net)	233.24	229.82
Other operating income	1,161.43	496.12
	14,291.13	9,273.26

Note 2.17 Other income

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Interest income on fixed deposit	122.76	155.57
Display income	167.00	-
Dividend Income on units of mutual funds	47.48	-
Sale of scrap	-	0.10
	337.24	155.67

Note 2.18 Employee benefit expense

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Salaries, bonus and incentives (including managerial remuneration)	2,044.91	1,346.55
Contributions to provident fund	76.23	49.59
Employee insurance	20.60	9.93
Gratuity (Also, refer note 3(iv))	16.03	19.94
Staff welfare expenses	57.39	12.79
	2,215.16	1,438.80

Note 2.19 Finance costs

(₹ in lakhs)

Particulars	As at 31 Mar-2018	As at 31 Mar 2017
Interest expense on borrowings	6,365.92	5,267.31
Processing fee on term loans	181.80	127.03
Bank and documentation charges	105.93	11.65
	6,653.65	5,405.99

Note 2.20 Other expenses

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Power and fuel	16.99	10.28
Repairs and maintenance	6.45	6.25
Rent (Also, refer note 4)	184.74	129.58
Travelling expense	183.79	109.39
Telephone and communication expense	15.04	12.76
Marketing and sales promotion expense	116.43	131.93
Rates and taxes, excluding taxes on income	133.42	47.96
Loss on foreign currency transaction	0.98	0.02
Loan written off	39.82	-
Legal and professional fees	380.56	202.00
Corporate social responsibility (Also, refer note 5)	18.54	10.78
Auditor's remuneration (excluding Service tax/GST)		
- Statutory audit and certification fees	21.25	21.50
- Tax audit fee	1.75	1.50
Software license fee	175.70	123.61
Technology fee	108.54	88.30
Miscellaneous expenses	230.37	98.30
	1,634.37	994.16

Note 2.21 Earning per share

The basic earnings per equity share ('EPS') is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The number of shares used in computing diluted earnings per

share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

The following table sets forth, for the periods indicated, the details of earnings per share

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Net profit after tax as per statement of profit and loss	2,520.17	877.24
Less: Proposed dividend to the preference shareholders	-	-
Less: Dividend distribution tax on above	-	-
Net profit after tax attributable to the equity share holders - for basic EPS	2,520.17	877.24
Net profit after tax attributable to the equity share holders - for diluted EPS	2,520.17	877.24
Weighted number of equity shares for earnings per share		
(a) For basic earnings per share	10,320,796	3,777,911
(b) For diluted earnings per share	10,589,231	4,356,036
Earnings per equity share - Basic (in ₹)	24.42	23.22
Earnings per equity share - Diluted (in ₹)	23.80	20.14
Nominal value per share (in ₹)	10.00	10.00

Note 3 Employee Benefits

On the basis of an actuarial valuation carried out by an independent actuary, the Company has determined the actuarial liability as at the end of the accounting year, for which a provision has been made in the books of accounts at the end of the accounting year with a corresponding charge to the statement of profit and loss. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees. In respect of gratuity, the Company has not made any

contribution to any fund during the year.

The following table set out the status of the gratuity plan as specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended) under Accounting Standard 15, 'Employee benefits' and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
I. Assumptions:		
Discount rate	7.18%	6.67%
Salary escalation rate	9.00%	12.00%
Attrition rate	25.00%	23.00%
Mortality rate	Indian Assured Lives (2006- 2008)	Indian Assured Lives (2006- 2008)

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
II. Table showing change in benefit obligation:		
Liability at the beginning of the year	41.51	21.57
Interest cost	2.85	1.61
Current service cost	13.44	6.36
Past service cost - Vested benefits incurred during the period	0.92	-
Benefits paid	-	(1.28)
Actuarial loss/(gain)	(2.46)	13.25
Liability at the end of the year	56.26	41.51
III. Reconciliation of present value of defined benefit obligation and the fair value of assets		
Present value of funded obligations as at year end	(56.26)	(41.51)
Fair value of plan assets as at year end	-	-
Funded liability recognised in the Balance sheet	(56.26)	(41.51)
IV. Expenses recognised in the statement of profit and loss:		
Current service cost	13.44	6.36
Interest cost	2.85	1.61
Actuarial loss/(gain)	(2.46)	13.25
Benefits paid	-	(1.28)
Past service cost - Vested benefits incurred during the period	0.92	-
Expenses recognised in the statement of profit and loss*	14.75	19.94
V. Balance sheet bifurcation:		
Current liability	8.98	5.20
Non-current liability	47.28	36.31
Amount recognised in balance sheet	56.26	41.51
VI. Experience adjustment:		
On plan liability loss	7.77	4.58

*Note that the expense recognised in the statement of profit and loss includes ₹ 1.28 lakhs as benefit paid considered in previous year.

Amounts for the current and previous periods are as follows:

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at 31 Mar 2016	As at 31 Mar 2015	As at 31 Mar 2014
Defined benefit obligation	56.26	41.51	21.57	14.54	6.35
Deficit	56.26	41.51	21.57	14.54	6.35
Experience losses on plan liability	2.47	13.25	1.15	4.72	1.72

Note 4 Operating lease

The Company has entered into agreements for taking its office premises under lease and license arrangements.

These agreements are for tenures between 12 months and 60 months and are renewable by mutual consent on mutually agreeable terms.

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Lease rent for the year	184.74	129.58
- Within 1 year	209.25	47.40
- After 1 year but before 5 years	443.50	11.62
- After 5 years	-	-

Note 5 Corporate Social Responsibility

Disclosure on Corporate Social Responsibility ('CSR') activities u/s 135 of the Companies Act, 2013 is as below:

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
(a) Total amount to be spent for the financial year (including amount unspent in previous year)	29.32	10.78
(b) Total amount spent during the year pertaining to previous year	10.78	-
(b) Total amount spent during the year pertaining to current year	18.54	-
(c) Amount unspent, if any	-	10.78

Disclosures required by the NHB vide Policy no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9 February 2017 and in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated 11 October 2010

Note 6 Capital to risk assets ratio ('CRAR')

The following table sets forth, for the periods indicated, the details of capital to risk assets ratio:

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
i) CRAR (%)	43.76%	66.66%
ii) CRAR – Tier I Capital (%)	42.87%	65.98%
iii) CRAR – Tier II Capital (%)	0.89%	0.68%
iv) Amount of subordinated debt raised as Tier - II capital	-	-
v) Amount of subordinated debt raised as Tier - II capital	-	-

Note 7 Reserve fund u/s 29C of NHB Act, 1987

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Balance at the beginning of the year		
a) Statutory reserve under section 29C of NHB Act, 1987	-	-
b) Amount of special reserve under section 36 (1) (viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	421.85	243.85
	421.85	243.85

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Addition/ Appropriation/ Withdrawal during the year		
Add:		
a) Amount transferred under section 29C of NHB Act, 1987	-	-
b) Amount of special reserve under section 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve under section 29C of the NHB Act, 1987	520.00	178.00
Less:		
a) Amount appropriated from Statutory reserve under section 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the special reserve under section 36(1) (viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision under section 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve under section 29C of NHB Act, 1987	-	-
b) Amount of special reserve under section 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve under section 29C of the NHB Act, 1987	941.85	421.85
	941.85	421.85

Note 8 Investments

The Company did not hold any investment as at 31 March 2018 (Previous year: Nil).

Note 9 Derivatives**9.1 Forward Rate Agreement ('FRA')/Interest Rate Swap ('IRS')**

The Company has not entered into any transaction of forward rate agreements and interest rate swaps during the year (Previous year: Nil).

9.2 Exchange Traded Interest Rate ('IR') Derivative

The Company has not entered into any transaction

in exchange traded interest rate derivatives during the year (Previous year: Nil).

The disclosures on risk exposure in derivatives is not applicable as there are no transactions/balances of FRA/IRS/IR.

Note 10 Securitisation**10.1 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 during the year (Previous year: Nil).

10.2 Details of assignment transactions

(₹ in lakhs)

Particulars	As at	As at
	31 Mar 2018	31 Mar 2017
(i) Number of accounts	532	725
(ii) Aggregate value (net of provisions) of accounts assigned (₹ in lakhs)	4,159.80	6,023.69
(iii) Aggregate consideration (net of minimum risk retention) (₹ in lakhs)	3,746.17	5,424.15
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	-

10.3 Details of Non-performing financial assets purchased/sold

The Company has not purchased/sold any non performing assets during the current year (Previous year: Nil).

Note 11 Asset liability management (Maturity pattern of certain items of assets and liabilities)

(₹ in lakhs)

Particulars	31 Mar 2018		31 Mar 2017	
	Borrowings from banks	Advances*	Borrowings from banks	Advances*
Upto one month	789.97	2,388.88	300.00	63.94
Over 1 month and upto 2 months	94.00	2,345.60	-	64.66
Over 2 months and upto 3 months	344.00	2,303.10	669.00	65.40
Over 3 months and upto 6 months	4,910.45	6,661.93	3,860.26	200.67
Over 6 months and upto 1 year	9,091.22	12,276.07	6,080.52	746.21
Over 1 year and upto 3 years	49,495.51	37,606.79	28,563.56	2,795.79
Over 3 years and upto 5 years	24,408.00	24,248.41	19,960.08	3,642.70
Over 5 years and upto 7 years	7,034.27	15,635.09	4,806.08	4,471.03
Over 7 years and upto 10 years	5,985.02	13,686.62	1,395.90	9,191.02
Over 10 years	42.08	14,694.58	76.00	58,066.08
Total	1,02,194.52	1,31,847.07	65,711.40	79,307.50

*Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Company for compiling the return submitted to NHB.

Note: The Company does not have market borrowing, foreign currency liabilities, deposits, foreign currency assets and investments as at 31 March 2018 and 31 March 2017.

Note 12 Exposure**12.1 Exposure to Real Estate Sector**

(₹ in lakhs)

Category	As at 31 Mar 2018	As at 31 Mar 2017
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;	1,29,054.31	78,588.97
Out of the above Individual housing loans up to ₹15.00 lakhs	1,01,849.22	62,147.11
(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	2,792.75	717.69
(iii) Investments in Mortgage Backed Securities and other securities exposures		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil
b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies	Nil	Nil

12.2 Exposure to Capital Market

The Company does not have any exposure to capital market sector as at 31 March 2018 (Previous year: Nil).

12.3 Details of financing of parent company products: Nil (Previous year: Nil).**12.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company**

During the year, the Company has not exceeded single or group borrower exposure limit (Previous year: Nil)

12.5 Unsecured advances

During the year, there are no unsecured advances (Previous year: Nil)

Note 13 Disclosure of penalties imposed by NHB

During the year ended 31 March 2018 and 31 March 2017, the Company has:

a) not paid any penalty for non-compliance of any provision of the Housing Finance Companies (NHB) Directions, 2010.

b) not received any adverse comments in writing from NHB on regulatory compliances.

Note 14 Rating assigned by credit rating agency and migration of rating during the year**As at 31 March 2018**

Instrument	Rating	Rating Agency	Comments
Term loans	A+ (stable)	ICRA	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Commercial Paper	A1+	ICRA	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

As at 31 March 2017

Instrument	Rating	Rating Agency	Comments
Term loans	CARE A-	CARE ratings	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

Note 15 Provisions and contingencies

(₹ in lakhs)

15.1 Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at 31 Mar 2018	As at 31 Mar 2017
1. Provisions for depreciation on investment	-	-
2. Provision made towards income tax	1,204.17	483.00
3. Provision towards non-performing assets	57.70	57.22
4. Provision for standard assets	145.09	113.69

15.2 Break up of loan and advances and provisions thereon

(₹ in lakhs)

Particulars	Housing		Non Housing	
	As at 31 Mar 2018	As at 31 Mar 2017	As at 31 Mar 2018	As at 31 Mar 2017
Standard assets				
a) Total outstanding amount	1,26,910.79	73,001.18	4,182.30	5,761.58
b) Provisions made	443.18	293.65	21.08	25.52
Sub-Standard assets				
a) Total outstanding amount	588.60	476.99	24.30	36.49
b) Provisions made	101.41	71.55	5.10	5.47
Doubtful assets – Category-I				
a) Total outstanding amount	136.27	23.83	-	7.43
b) Provisions made	39.17	5.96	-	6.93
Doubtful assets – Category-II				
a) Total outstanding amount	4.81	-	-	-
b) Provisions made	1.93	-	-	-

Particulars	Housing		Non Housing	
	As at 31 Mar 2018	As at 31 Mar 2017	As at 31 Mar 2018	As at 31 Mar 2017
Doubtful assets – Category-III				
a) Total outstanding amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss assets				
a) Total outstanding amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total outstanding amount	1,27,640.47	73,502.00	4,206.60	5,805.50
b) Provisions made	585.69	371.16	26.18	37.92

Provision on non-performing loans is required to be maintained as per NHB guidelines on prudential norms to the extent of ₹ 127.93 lakhs (Previous year: ₹ 86.84 lakh). In the current year, the Company by

way of prudence and abundant caution has created an additional provision on non-performing loans amounting to ₹ 19.68 lakhs (Previous year: Nil).

15.3 Contingent liabilities

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Other commitments - Undisbursed amount of housing and other loans	37,893.50	19,492.98

Note 16 Draw down reserves

During the year, the Company has not made any draw down from reserves (Previous year - Nil).

Note 17 Concentration of public deposits, advances, exposures and NPA's

17.1 Concentration of Public Deposits (for public deposit taking/holding HFCs)

The Company do not accept any public deposits and hence the same is not applicable.

17.2 Concentration of loans and advances

(₹ in lacs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Total loans and advances to twenty largest borrowers (₹ in lakhs)	2,419.97	581.07
Percentage of Loans and Advances to twenty largest borrowers to total advances of the HFC	1.84%	0.73%

17.3 Concentration of all exposures (including off - balance sheet exposure)

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Total exposure to twenty largest borrowers/customers (₹ in lakhs)	6,545.60	631.47
Percentage of exposures to twenty largest borrowers/customers to total exposure of the HFC on borrowers/customers	3.86%	0.64%

17.4 Concentration of Non-performing assets

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Total exposure to top ten NPA accounts	173.85	176.73

17.5 Sector wise Non-performing assets(NPAs)

Percentage of NPA's	As at 31 Mar 2018	As at 31 Mar 2017
A Housing loans :		
1 Individuals	0.58%	0.68%
2 Builders/Project loans	-	-
3 Corporates	-	-
4 Others	-	-
B Non housing loans :		
1 Individuals	0.56%	0.78%
2 Builders/Project loans	-	-
3 Corporates	-	-
4 Others	-	-

17.6 Movement of Non-performing assets (NPAs)

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
(I) Net NPAs to net advances (%)	0.46%	0.58%
(II) Movement of NPAs (Gross)		
a) Opening balance	544.74	197.96
b) Additions during the year (net)	612.89	513.27
c) Reductions during the year	403.66	166.49
d) Closing balance	753.97	544.74
(III) Movement of Net NPAs		
a) Opening balance	454.83	165.26
b) Additions during the year (net)	487.48	434.04
c) Reductions during the year	335.95	144.47
d) Closing balance	606.36	454.83
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	89.91	32.70
b) Provision made during the year (net)	125.42	79.23
c) Reductions during the year	67.72	22.02
d) Closing balance	147.61	89.91

Note 18 Overseas Assets and Off-balance Sheet special purpose vehicle (SPVs) sponsored

The Company does not own any assets overseas during the year (Previous year - Nil).

There are no off-balance sheet SPVs sponsored during the year (Previous year - Nil).

Note 19 Disclosure of complaints

Particulars	31 Mar 2018	31 Mar 2017
a) Number of complaints pending at the beginning of the year	-	-
b) Number of complaints received during the year	46	29
c) Number of complaints redressed during the year	46	29
d) Number of complaints pending at the end of the year	-	-

Note 20 Related party disclosures

As per Accounting Standard 18 – Related Party Disclosures, specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended), the Company's related parties and transactions with them are enumerated below:

a) List of related parties:**Individuals/Companies having significant influence**

- True North Fund V LLP (Formerly known as India Value Fund V LLP with effect from 10 April 2017)
- Aether (Mauritius) Limited

- Bessemer India Capital Holdings II Ltd
- Mr. Jaithirth Rao – Promoter & Director (upto 31 March 2017)

Key Management Personnel

- Mr. Manoj Viswanathan – Director and Chief Executive Officer
- Ms. Kiran Agarwal Todi – Chief Financial Officer (with effect from 28 February 2018)
- Mr. Shreyans Bachhawat – Company Secretary (with effect from 17 August 2017)
- Ms. Trupti Bolke – Company Secretary (with effect from 19 October 2015 upto 30 April 2017)

b) The following table represents significant transactions between the Company and its related parties:

Transactions with	Nature of Transaction	Year ended 31 March 2018	Year ended 31 March 2017
Mr. Manoj Viswanathan	Remuneration	81.60	79.85
Ms. Kiran Agarwal Todi	Remuneration	63.88	-
Mr. Shreyans Bachhawat	Remuneration	8.89	-
Ms. Trupti Bolke	Remuneration	-	4.83
Mr. Manoj Viswanathan	Dividend	-	0.50
Ms. Kiran Agarwal Todi	Exercise of ESOP	1.91	-

The KMPs are covered under the Company's gratuity policy and ESOP scheme along with other employees of the Company. Proportionate amount

of gratuity and stock compensation expense is not included in the aforementioned disclosures as it cannot be separately ascertained.

c) Balances at the year end:

(₹ in lakhs)

Balances with	Nature of balances	As at 31 Mar 2018	As at 31 Mar 2017
Mr. Manoj Viswanathan	Payables	4.31	2.88
Ms. Kiran Agarwal Todi	Payables	0.84	-

Note 21 Registration from any other financial sector regulator

The Company has not obtained registration from any other financial sector regulator.

The Company has further issued 687,548 options vide Board Resolution dated 28 February 2018 under a new Policy termed as ESOP II which is in accordance with the provisions of the law and/or guidelines issued by relevant authority.

Note 22 Revenue recognition

During the year ended 31 March 2018 and 31 March 2017, there are no instances in which revenue recognition has been postponed.

In accordance with the guidance note on "Accounting for Employee Share based payments", the excess, if any, of the market price of the share, preceding the date of grant of the option under ESOPs over the exercise price of the option is amortised on a straight-line basis over the vesting period. Since the market price determined in accordance to the scheme and the exercise price offered are the same, no amount has been recognized as an expense in the current year.

Note 23 Employee stock option plan

The Board has granted 5,81,636 options, convertible into 5,81,636 equity shares of the Company, under the Employee Stock Option Scheme (ESOP) 2012 and the Board Resolution which is in accordance with the provisions of the law and/or guidelines issued by the relevant authority.

Consequent to the above, the Company has granted stock options to employees of the Company, details of which are disclosed in the below table:

Particulars	Employee stock option plan-2012	ESOP II
Details of approval	Board resolutions, dated 14 March 2012; 25 March 2013; 19 March 2014; 30 March 2015 and 4 January 2016	Board Resolution dated 28 February 2018
Implemented through	Directly by the Company	Directly by the Company
Total number of share	5,81,636	6,87,548
Price per option	₹ 281.13 for 68,500 options granted during the year 2015-16, ₹ 281.13 for 103,136 options granted during the year 2014-15, ₹ 281.13 for 1,70,000 options granted in the year 2013-14 and ₹ 239.13 for 2,40,000 options granted till 31 March 2013.	₹ 586.21
Granted	Nil (Previous year: Nil)	4,84,444
Vested	4,86,336 (Previous year 493,411)	59,553
Exercised	2,800 (Previous Year Nil)	-
Lapsed options	55,850 (Previous year 9,375)	-
Vested and unexercised	4,85,536 (Previous year 493,411)	59,553
Total number of options outstanding at the end of the year	5,22,986 (Previous year 5,72,261)	4,84,444
Money realised	₹ 6,69,564	-

Note 23 Employee stock option plan (Contd...)

Directors	Options granted till date	Options granted during the year	Options vested till date	Options vested during the year	Options lapsed during the year	Options exercised	Balance
Sakti Prasad Ghosh	25,000 (Previous year: 25,000)	Nil (Previous year: Nil)	25,000 (Previous: year 22,000)	3,000 (Previous year: 5,250)	-	-	25,000 (Previous year: 25,000)
Sujatha Venkatramanan	22,500 (Previous year: 22,500)	Nil (Previous year: Nil)	22,500 (Previous: year 19,500)	3,000 (Previous year: 5,250)	-	-	22,500 (Previous year: 22,500)
Manoj Viswanathan (ESOP 2012)	1,38,136 (Previous year: 1,38,136)	Nil (Previous year: Nil)	1,38,136 (Previous year: 1,38,136)	Nil (Previous year: 58,416)	-	-	1,38,136 (Previous year: 1,38,136)
Manoj Viswanathan (ESOP II)		1,30,000	14,300	14,300	-	-	14,300

While in employment, the vested options can be exercised within 10 years of date of vesting of the options.

Note 24 Expenditure in foreign currency

(₹ in lakhs)

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
Software license fee	225.83	137.22

Note 25 Unhedged foreign currency exposure

The Company has no foreign currency exposure as at 31 March 2018 and 31 March 2017. Accordingly, the disclosures pertaining to unhedged foreign currency exposure have not been given herewith.

Note 26 Segment reporting

The main business of the Company is to provide loans for the purchase or construction of residential

houses/commercial properties. Further, the Company is operating in a single geographical segment i.e. within India. Accordingly, no separate disclosures relating to primary and secondary business segments in accordance with the requirement of Accounting Standard (AS 17) on 'Segment Reporting' as specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended) are required.

For Walker Chandio & Co LLP
Chartered Accountants
Firm registration no.: 001076N/N500013

For and on behalf of the Board of Directors

Khushroo B. Panthaky
Partner
Membership No.: 42423
Place: Mumbai
Date: 29 May 2018

Manoj Viswanathan
Director and CEO
Din No.: 01741612

Rajagopalan Santhanam
Director
Din No : 00025669

Kiran Agarwal Todi
Chief Financial Officer
Place: Mumbai

Shreyans Bachhawat
Company Secretary
Date: 28 May 2018



The background features a diagonal split between a blue upper-left section and a green lower-right section. Large, semi-transparent numbers are scattered across the page: '181' in blue at the top, '2018' in light grey in the middle, and '1718' in light green at the bottom. The central text is white and bold.

**Auditor's Report
as per
NHB Directions**

Auditor's Report as per NHB Directions

Independent Auditor's additional report pursuant to the requirement of Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016

To the Board of Directors of **Home First Finance Company India Limited** (formerly known as Home First Finance Company India Private Limited)

1. This report is issued in accordance with the terms of our engagement letter with **Home First Finance Company India Limited** (formerly known as Home First Finance Company India Private Limited) (the 'Company').
2. We have audited the balance sheet of the Company as at 31 March 2018 and the related statement of profit and loss and cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, on which we have issued our unmodified report dated 29 May 2018.

Management's responsibility regarding norms of National Housing Bank

3. The Company's Board of Directors is responsible for complying with the provisions of the National Housing Bank Act, 1987 ('the Act'), the Housing Finance Companies (NHB) Directions, 2010 ('the 2010 Directions'), and other circulars and directions issued by the National Housing Bank (the 'NHB'). This responsibility includes the design, implementation and maintenance of internal controls relevant for ensuring compliance as aforesaid.

Auditor's responsibility

4. Pursuant to the requirement of paragraph 2 of the Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016 ('the 2016 Directions'), it is our responsibility to provide reasonable

assurance on the following matters specified in the 2016 Directions, to the extent applicable to the Company, basis our audit of the accompanying financial statements of the Company and examination of the books of account and other records maintained by the Company for the year ended 31 March 2018.

5. The financial statements for the year ended 31 March 2018, referred to in paragraph 2 above, have been audited by us, on which we issued an unmodified audit opinion vide our report dated 29 May 2018. We conducted our audits of these financial statements in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
6. We conducted our examination of the aforementioned matters in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' ('Guidance Note') issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control ('SQC') 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.

Opinion

8. Based on our audit of the accompanying financial statements for the year ended 31

March 2018 and examination of the books of account and other records maintained by the Company for the year ended 31 March 2018 and the information and explanations given to us, we report that:

- a. the Company has obtained a Certificate of Registration (CoR) from the NHB;
- b. the Company has met the required Net Owned Fund (NOF) (as disclosed in the accompanying financial statements) requirement during the year ended 31 March 2018 as prescribed under section 29A of the Act;
- c. the Company has complied with the requirements of section 29C of the Act during the year ended 31 March 2018;
- d. with respect to public deposits:
 - i. the Board of Directors of the Company has passed a resolution during the year ended 31 March 2018 for non-acceptance of any public deposits;
 - ii. the Company has not accepted any public deposits during the year ended 31 March 2018;
- e. total borrowings of the Company (as disclosed in the accompanying financial statements) are within the limits prescribed under paragraph 3(2) of the 2010 Directions during the year;
- f. the Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/ investments as specified in the 2010 Directions;
- g. the capital adequacy ratio as disclosed in the Schedule-II return submitted to the NHB on 14 May 2018 in terms of the 2010 Directions has been correctly determined and this ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein;
- h. the Company has furnished Schedule-II return to the NHB on 14 May 2018, which is within the stipulated period as specified in the 2010 Directions;
- i. the Company has furnished Schedule-III return on Statutory Liquid Assets to the NHB on 14 April 2018, which is within the stipulated period as specified in the 2010 Directions;
- j. the Company has complied with the requirements contained in the 2010 Directions in relation to opening of new branches and closure of existing branches during the year ended 31 March 2018;
- k. the Company has complied with the provisions contained in paragraphs 38 and 38A of the 2010 Directions.

Restriction on Distribution or Use

9. This report is issued at the request of the Company and is addressed to the Board of Directors of the Company, pursuant to the requirements of the 2016 Directions solely for the purpose of submitting it to the NHB along with the accompanying financial statements for the year ended 31 March 2018. Accordingly, this report may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements the Company.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Khushroo B Panthaky**

Partner

Membership No.:42423

Place:Mumbai

Date:29 May 2018





Registered Office: 511, Acme Plaza, Andheri Kurla Road, Andheri East, Mumbai - 400059.

