

## DIRECTORS' REPORT

**Dear Members,**

The Directors of your Company take pleasure in bringing you the 20<sup>th</sup> Annual Report of your Company along with the Audited Accounts for the financial year from 01<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017.

### FINANCIAL RESULTS

Particulars	Year Ended 31-March-2017 <i>(In Rs.)</i>	Year Ended 31-March-2016 <i>(in Rs.)</i>
Gross Income	6,168,431,464	2,333,597,860
Staff Cost and Operative Expenses	8,306,890,907	3,533,321,133
Provision against standard assets	339,998,684	227,611,709
<b>Profit/ Loss before Interest, Depreciation and Tax</b>	<b>(2,478,458,127)</b>	<b>(1,427,334,982)</b>
Interest and Financial Charges	1,145,474,576	327,948,881
Depreciation	636,951,280	327,555,456
<b>Net Profit/ (Loss) before Tax</b>	<b>(4,260,883,983)</b>	<b>(2,082,839,319)</b>
Income tax	-	-
Deferred tax expense	-	-
<b>Net Profit/ (Loss) after Tax</b>	<b>(4,260,883,983)</b>	<b>(2,082,839,319)</b>
Surplus/(Deficit) b/f from previous year	(4,113,635,454)	(2,030,796,135)
<b>Amount available for appropriation</b>		
Special Reserves	-	-
<b>Balance c/f to Balance Sheet</b>	<b>(8,374,519,437)</b>	<b>(4,113,635,454)</b>

### STATEMENT OF AFFAIRS

The Financial Year 2016-17 has been a year of lots of ups and downs considering the significant events that took place during the year. The Company relatively had very strong year owing to diversity of product offering, wider customer reach, multi-fold volume increase coupled with the prudent operating cost management and effective risk management. However, the year also witnessed significant event such as Demonetization, which led all the companies especially lending companies to reevaluate the collection strategies. Your company was also equally impacted by such an unprecedented move since a significant portion of customer payments are received by the Company in cash. However, on account of existence of adequate control processes and quick actions, your Company was able to handle the situation with great strength without any significant impact.

Further, Your Company also supports and follows the move of Government of India with respect to creation of a digital economy and has accordingly developed and introduced digital and novel payment channels for the benefit of the customers. Apart from this, your Company is also experimenting with the introduction of digital platforms through website and mobile application for the purpose of providing ease of access for availing loan facility from the Company.

Your Company continued to spread its geographical presence in India but establishing its reach in many new Tier-II and Tier- III cities. As at March 31, 2017, the total number of Point of Sales (POS) stands increased to 8,298 as at March 31, 2017 as against the POS count of 4220 as at March 31, 2016 registering an increase of approx. 200%.

As at March 31, 2017, your Company had approx. 1,827,097 customers with outstanding loan amount of around 19,520,155,568 Rupees. As on date, your Company is one of the leading consumer finance companies in India having PAN India presence.

Your Company has also continued to increase its relationship with leading retail chains in India. This has also provided significant impetus to the Company in registering the significant rise in the volumes and it is still in the process of establishing its relationship with many national and state/city based retail chains.

With the significant rise in the number of customers, Your Company has continued to maintain its focus with respect to servicing of its customers. The Customer Experience function is committed to improve the relationship with the Company and help them experience a class apart experience while dealing with the Company. In this direction, your Company has introduced/improved various customer related process including automation of few processes which resulted in reduction of turnaround time while dealing with the customers. .

In order to ensure the faster and more robust risk management, your Company continues to explore various risk management and customer identification tools. Accordingly, the Company has setup the platform with the support of UIDAI for the purpose of customer validation for faster and more secured loan processing.

Although Your Company has achieved significant volumes during the year, as at March 31, 2017, the Company has incurred a loss of 4260.8 million rupees for the financial year ended March 31, 2017 as compared to loss of 2082.8 million rupees in the financial year ended March 31, 2016 owing to high fixed operating costs with respect to infrastructure, manpower, licensing and other costs for the purpose of supporting the tremendous business volumes. The Company is of the firm belief that in the ensuing year, the expected business volumes shall be sufficient enough to absorb these costs as well as bringing in profitability for the organization.

The Directors and Senior Management have already prepared and implemented the Business Plan for the financial year 2017-18 and are committed to continued growth of the business with improved variable profitability.

During the year under review, the Company has issued 10,750 rated, listed, secured, redeemable, transferable, taxable non-convertible debentures in 5 (Five) tranches on private placement basis in accordance with provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, Companies Act 2013 and rules made thereunder which are listed on BSE Limited. Apart from this, the Company has also been availing loan facilities from various bankers for the providing requisite funding for business needs.

Apart from this, Your Company and its Board extend their heartiest thanks to our shareholder for their continued support for the regular equity infusion and guidance. As at March 31, 2017, the Capital Adequacy Ratio of the Company stood at 23.88%.

In the years to follow Your Company intends to explore other funding options such as issuance of debt securities to the local investors, securitization of portfolio and funding through Foreign Portfolio Investors. Further, the Company also proposes to launch the digital platforms for the purpose of extending loans online while identifying the customers on real time basis. The recent changes in the RBI guidelines pertaining to customer verification as well as various services introduced by UIDAI supports the plans of the Company in this direction. The Company also intends to venture into other permissible activities such as insurance which shall be beneficial to the customers as well as shall add to the bottom line for the Company.

## **SHARE CAPITAL**

### **Capital Structure**

The Authorised Share Capital of the Company as on March 31, 2017 was Rs.21,000,000,000/- (Twenty One Billion Rupees Only) comprising of 2,100,000,000 (Two Billion One Hundred Million) equity shares of Rs.10/- (Ten Rupees only).

The paid up equity share capital as on 31<sup>st</sup> March 2017 was Rs. 5,124,071,800 /- (Five Billion One Hundred Twenty Four Million Seventy One Thousand Eight Hundred Only). The Company has neither issued shares with differential voting rights nor granted stock options nor sweat equity shares during the period under review.

During the year under review, the Company has made following allotment of equity shares to the existing shareholders of the Company:

1. 7,142,857 equity shares, having the face value of Rs.10/-, has been allotted to Home Credit India B. V. on September 27, 2016 at a premium of Rs.11/- per share.
2. 17,714,285 equity shares, having the face value of Rs.10/-, has been allotted to Home Credit India B. V. on October 25, 2016 at a premium of Rs.25/- per share.
3. 20,571,429 equity shares, having the face value of Rs.10/-, has been allotted to Home Credit India B. V. on November 18, 2016 at a premium of Rs.25 /- per share.
4. 34,285,714 equity shares, having the face value of Rs.10/-, has been allotted to Home Credit India B. V. on December 22, 2016 at a premium of Rs. 25/- per share.
5. 45,714,286 equity shares, having the face value of Rs.10/-, has been allotted to Home Credit India B. V. on January 31, 2017 at a premium of Rs 25/- per share.
6. 41,714,286 equity shares, having the face value of Rs.10/-, has been allotted to Home Credit India B. V. on March 28, 2017 at a premium of Rs 25/- per share.

#### Holding Company, Subsidiary Company and Associate Company

Your Company is the subsidiary of Home Credit India B. V. having its registered seat at Strawinskyiaan 933, 1077 XX Amsterdam, The Netherlands.

The Company has no subsidiary or Associate Company in India as defined in the Companies Act, 2013.

#### **BOARD OF DIRECTORS**

##### Changes in the Board of Directors during the financial year 2016-17

During the financial year, following changes took place in the composition of Board of Directors of the Company.

On the recommendation of Nomination and Remuneration Committee, Ms. Jindra Hachova has been appointed as the Whole-time Director on 18<sup>th</sup> May 2016 by the Board of Directors of the Company. Ms. Jindra Hachova holds a Master's Degree in Strategic Human Resources Management from the Masaryk's Institute/Sheffield Business. Ms. Jindra Hachova has been working as Chief Human Resource Officer in the Company. She leads HR team and responsible for the HR strategy & operations, talent acquisition, learning & development, compensation & benefits and employee engagement.

On the recommendation of Nomination and Remuneration Committee, Mr. David Minol has been appointed as the Additional Non-Executive Director on 21<sup>st</sup> February, 2017 by the Board of Directors of the Company. Mr. David Minol has a Master's degree in finance from the University of Economics, Prague and is presently working in Home Credit International, a.s. as Regional Executive Director. Previously, Mr. Minol has worked as President and Chief Executive Officer (CEO) at HC Consumer Finance Philippines Inc. for three years and as Chief Financial Officer for Asia at Home Credit Asia Limited. He has also served as Chairman of the Board and

statutory representative of Home Credit Consumer Finance (China) Co., Limited, as Deputy CEO, CFO & Statutory Representative of CF Commercial Consulting (Beijing) Limited for Six years and as Group Financial Manager at PPF a.s. for three years.

#### Number of Meetings of the Board of Directors during the financial year 2016-17

During the year ended 31<sup>st</sup> March 2017, 16 (Sixteen) meetings of the Board of Directors were held (i.e. on 03.05.2016, 14.06.2016, 23.06.2016, 28.06.2016, 28.07.2016, 14.09.2016, 27.09.2016, 07.10.2016, 25.10.2016, 10.11.2016, 18.11.2016, 06.12.2016, 22.12.2016, 18.01.2017, 21.02.2017 and 23.03.2017). The intervening gap between the two continuous meetings was within the period prescribed under the Companies Act, 2013. The details of number of Board meeting attended by respective Directors are tabulated below:

Name of Director	Designation	Board Meetings Attended during the FY 2016-17
Mr. Pavel Maco	Whole-time Director	13 (Thirteen)
Mr. Pavel Rozehnal	Non-Executive Director	1 (One)
Mr. Tomas Kocka	Non-Executive Director	3 (Three)
Ms. Jindra Hachova	Whole-time Director	12 (Twelve)
Mr. Vijay Dhingra	Whole-time Director	14 (Fourteen)
Mr. David Minol	Additional Non- Executive Director	Nil**

\*\* Mr David Minol was appointed in the Board Meeting held on February 21, 2017. Therefore has not attended any Board meeting during FY 2016-17.

#### KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of Companies Act, 2013, following employees of the Company have been designated as the Key Managerial Personnel of the Company by the Board of Directors of the Company:

1. Mr. Pavel Maco (Chief Executive Officer)
2. Mr. Mariusz Dabrowski (Chief Financial Officer)
3. Mr. Gaurav Sharma (Company Secretary)

#### AUDIT COMMITTEE

Pursuant to the requirement under Companies Act, 2013 and the NBFC Regulations, the Company has an Audit Committee. The Board reviews the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013 and the NBFC Regulations.

The terms of reference of the Audit Committee are in accordance with the Companies Act, 2013 and the NBFC Regulations. These broadly includes review and monitor the auditor's independence and performance and effectiveness of audit process and the disclosure of its financial information, review of financial statements, review of compliances and review of the internal financial control and the risk management systems and approval or any subsequent modification of transactions of the Company with related parties and to take note of the transactions, if any, related to trading or dealing in Securities of the Company by the Designated Persons etc.

Following is the Composition of Audit Committee:

S. No	Name of Director	Category
1	Mr. Pavel Maco	Whole-Time Director
2	Mr. Pavel Rozehnal	Non- Executive Director
3	Mr. Tomas Kocka	Non- Executive Director
4	Mr. David Minol	Additional Non- Executive Director

During the financial year 2016-17, the Committee met two times on: 23<sup>rd</sup> June 2016, and 03<sup>rd</sup> November 2016.

## **DIRECTORS RESPONSIBILITY STATEMENT**

As required under Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms that:

- a. In preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March 2017, the applicable Accounting Standards had been followed along with proper explanation to material departures;
- b. The Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The Directors had prepared the Annual Accounts on a going concern basis.
- e. The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The Directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and that such systems were adequate and operating effectively.

## **FORMAL ANNUAL EVALUATION**

The Board of Directors have laid down the manner for carrying out an annual evaluation of its own performance, its various Committees and individual Directors pursuant to the provisions of the Act and relevant Rules. Performance evaluation criteria for Board, Committees of the Board and Directors were approved by the Board at its meeting held on March 23, 2017.

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board and Nomination & Remuneration Committee has carried out an annual performance evaluation of its own performance, and that of its Committees and individual directors.

1. Based on the said criteria and the basis the discussions during the course of the meeting, the rating sheet was populated by the Chairman of the Nomination & Remuneration Committee towards the end of the year with regard to evaluation of performance of the individual Directors for the year under review. The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as Transparency, Participation in meetings, Ethics and ability to take balanced decisions etc.
3. The rating sheet for evaluation of performance of the Board and Committees of the Board for the year under review was filed by the Chairman of the Board of Directors. The performance of the Board & Committee was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as composition, decision making ability, quality of deliberations, open communication, meaningful participation, and timely resolution of issues etc.
3. A consolidated summary of the ratings given was then prepared and the report of performance evaluation so arrived at was then noted and discussed by the Board at their meetings held on July 18, 2017.

## **EMPLOYEES**

The human capital continues to be the biggest resource of the Company. The Company follows the policy of hiring people in all its business segments as per the business plans and needs of each of the operating divisions. In an increasingly competitive market for hiring human resource, your Company it focused on attracting and retaining the right talent, and provides equal opportunity to employees to deliver results.

During the financial year 2016-17, the Company was recognised by AON Hewitt in its ranking of the best employers in India. Your Directors wish to place on record the appreciation for the efforts and dedication of the employees in achieving good results during the year.

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect particulars of employees of the Company, are set out in the "**Annexure A**" to this report.

## **PUBLIC DEPOSITS**

During the financial year 2016-17, the Company has not accepted any public deposit. The resolution has been passed by the Board of Directors on in its meeting held on April 07, 2017 confirming that the Company has neither accepted nor held any public deposit as defined in RBI Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, as amended from time to time and that the Company shall neither accept nor hold in Financial Year 2017-18 any public deposit as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, as amended from time to time.

## **AUDITORS**

Pursuant to the provisions of section 139 of the Companies Act, 2013, M/s. B S R & Associates LLP has been appointed as the Statutory Auditors of the Company for the consecutive term of five financial years (2016-17 to 2020-21) subject to ratification of their appointment by the members at every AGM held thereafter. The Company has received from M/s. B S R & Associates LLP a certificate to the effect that their appointment shall be in accordance with the prescribed conditions and that the LLP is not disqualified under the Companies Act, 2013. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing Annual General meeting of the Company.

## **SECRETARIAL AUDITOR**

Pursuant to section 204 of the Companies Act, 2013 requires every Listed Company to annex with its Board's Report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form. The Board of Directors appointed M/s Anjali Yadav & Associates, Practicing Company Secretaries, as Secretarial Auditor of the Company for Financial Year 2016-17 for conducting the audit of the secretarial and related record of the Company and their report is annexed to this Board Report as **Annexure D**. There is no qualification, reservation or adverse remark made in the Secretarial Audit Report.

## **DEBENTURE TRUSTEE**

During the year, the Company has issued non-convertible debentures to Foreign Portfolio Investors. As per the requirement of Companies Act, 2013 and SEBI regulations, the Company has appointed Catalyst Trusteeship Limited (formerly known as GDA Trusteeship Limited) with CIN U74999PN1997PLC110262 and having its registered office at GDA House, Plot No. 85, Bhusari Colony, Paud Road, Pune - 411 038 and branch office at Office No. 83 – 87, 8th floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai – 400021, India as the Debenture Trustee for the non-convertible debentures issued by the Company.

## **LOAN, GUARANTEES & INVESTMENT**

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of granting loans and finance in the ordinary course of its business, is exempt from complying with the provisions of section 186 of the Companies Act, 2013 in respect of loans and guarantees. Accordingly, the disclosures of the loans as required under the aforesaid section have not been given in this report.

## **RELATED PARTY TRANSACTION**

During the financial year 2016-17, the Company does not have any related party transactions as pursuant to the notification dated June 05, 2016 granting exemptions to the private company, the definition of related party has been relaxed with respect to section 188 of Companies Act 2013 by exempting Holding, Subsidiary, Associate Company and Sister concern (subsidiary of holding company) from the definition of related party. The details of related party transactions in Form AOC-2 is annexed herewith as “*Annexure B*”.

## **SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATOR OR COURT OR TRIBUNALS**

There were no significant/material orders passed by any Regulator or Court or Tribunal which would impact the going concern status of the Company and its future operations.

## **TRANSFER TO RESERVES**

Pursuant to guidelines issued by Reserve Bank of India, the Company is required to transfer 20% of its profits to the Reserves. In the absence for any profits for the financial year ended March 31, 2017, your Directors express their inability to transfer any amounts to the General Reserve.

## **DIVIDEND**

Since the Company has incurred cash losses for the financial year ended 31<sup>st</sup> March 2017, your Directors express their inability to declare any dividend.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is given below:

- A. **Conservation of Energy:** The operations of your Company are not energy intensive. Adequate measures have, however, been taken to reduce energy consumption, wherever possible. As energy costs form a very small part of the cost, the impact on cost is not material. Your Company is primarily involved in providing services which do not result in significant consumption of power and energy; hence energy conservation measures are not very relevant. Also, the loans and financing business is not covered under the list of industries, which should furnish this information in Form A annexed to the aforesaid Rules.
- B. **Technology Absorption:** Your Company is primarily engaged in the business of loans and financing. There is no usage of any particular technology or process. Hence, the Company is not required to provide any specific information/ inputs on technology absorption.
- C. **Foreign exchange earnings and outgo:**

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1.	Expenditure in foreign currency	938,447,226	453,269,710
2.	Earning in foreign currency	2,166,305	Nil

## **RISK MANGEMENT**

The Board of Directors has adopted Risk Acceptance Policy for the Company which provides for identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy. The Board of Directors of the Company has formed a risk management committee to frame, implement

and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

## **CORPORATE SOCIAL RESPONSIBILITY**

In compliance with the requirements of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee. The CSR Policy of the Company will be approved by the Board in their forthcoming meeting on the basis of the recommendation of the CSR Committee. Your Company is committed to spend towards the CSR activities in terms of the applicable guidelines as and when the Company achieves the profitability.

## **VIGIL MECHANISM**

The Company has a vigil mechanism policy to deal with instance of fraud and mismanagement, if any. Vigil mechanism policy ensures that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism. The vigil mechanism provides for adequate safeguards against victimization of persons and ensures that any employee, officer and director who violates the requirements of this policy will be subject to disciplinary action.

## **REMUNERATION POLICY**

The Company has duly framed a remuneration policy, providing a policy on remuneration for directors, key managerial personnel and other employees.

## **INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

Your Company has aligned its current systems of internal financial control with the requirement of Companies Act 2013. The Company has setup Internal Control Framework which aims to increase transparency and accountability in an organisation's process of designing and implementing a system of internal control. This framework requires the company to identify and analyse risks and manage appropriate responses. The audit committee reviews the audit reports submitted by internal auditors and statutory auditors of the Company. Suggestions for improvement are considered and the audit committee follows up on corrective action.

The Company's internal controls system are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures and ensuring compliance of corporate policies.

## **SAFE ENVIRONMENT FOR WOMEN AT WORKPLACE**

Your Company is committed to ensure safe and secure environment for women employees of the Company at all the levels and at all the offices of the Company. Accordingly, the Company has duly constituted Internal Complaints Committee in compliance of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which ensures immediate response to the complaints of harassment and fast track procedure disposal for such complaints. During the financial year ended 31<sup>st</sup> March 2017, 30 (Thirty) complaints have been received by the Committee against which necessary action has been taken.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "*Annexure C*".



## **AUDITORS' REPORT**

The Auditors' Report to the shareholders does not contain any qualification(s). The notes to the Accounts referred to in the Auditors' Report are self-explanatory and do not call for further comments.

## **NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT (RESERVE BANK) DIRECTIONS, 2016**

Pursuant to the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016, a report from the statutory auditors to the Board of Directors has been received by the Company. The Company continues to fulfil all the norms and standards laid down by the Reserve Bank of India (RBI) as applicable to the Company.

## **COMPLIANCE WITH REGULATIONS/ DIRECTIONS OF RESERVE BANK OF INDIA APPLICABLE TO NON-BANKING FINANCIAL COMPANIES.**

The Company continues to comply with applicable regulations/ directions and other instructions issued by Reserve Bank of India (RBI) from time to time and continues to fulfil all the norms and standards laid down by the RBI in Master Direction – Non Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by Department of Non-Banking Supervision, Reserve Bank of India on September 29, 2016.

During the year 2016-17, Reserve Bank of India has conducted the inspection of the Company in exercise of the powers entrusted under section 45 N of the Reserve Bank of India Act. The onsite inspection was completed on August 11, 2016. Further, the Company has submitted the reply to the Inspection Report received from the RBI on January 19, 2017.

## **ACKNOWLEDGEMENT**

Your Company maintained cordial relationships with Reserve Bank of India, Registrar of Companies, Trustees for Debenture holders and other regulatory authorities, Financial Institutions, Banks, Vendors, Suppliers and Customers during the financial year. Your Directors extend their heartiest thanks for the support extended by them and look forward to receiving their continued support and encouragement. Lastly, the Board of Directors also places on record its sincere appreciation of the commitment and hard work put in by the Management and employees of the Company during the year under review.

**For and on behalf of the Board of Directors  
Of Home Credit India Finance Private Limited**

**Sd/-  
Pavel Maco  
Whole-time Director  
DIN: 06703589**

**Sd/-  
Vijay Dhingra  
Whole-time Director  
DIN: 01617643**

**Place: Gurgaon  
Date: 18.07.2017**

***(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.***

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis.**

NIL

**2. Details of contracts or arrangements or transactions at Arm's length basis**

NIL

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**Extract of Annual Return as on the Financial Year ended on 31<sup>st</sup> March 2017**

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

**1. REGISTRATION AND OTHER DETAILS:**

<b>i.</b>	CIN	U65910HR1997PTC047448
<b>ii.</b>	Registration Date	1 <sup>st</sup> October 1997
<b>iii.</b>	Name of the Company	Home Credit India Finance Private Limited
<b>iv.</b>	Category/Sub-Category of the Company	Company Limited by Shares
<b>v.</b>	Address of the Registered office and contact details	Third Floor, Tower C, DLF Infinity Towers, DLF Cyber City Phase II, Gurgaon, Haryana Phone: 0124-4907600
<b>vi.</b>	Whether listed company	Unlisted
<b>vii.</b>	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Other financial service activities except insurance and pension funding activities.	64920	100%

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Home Credit B.V. Regd. Office: Strawinskylaan 933, 1077 XX Amsterdam, The Netherlands.	N.A.	Holding Company	99.9999%	2(46) of Companies Act 2013



h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(1)</b>	-	-	-	-	-	-	-	-	-
<i>2. Non Institutions</i>									
a) Bodies Corp.									
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	-	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh									
c) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	345,264,323	345,264,323	100%		512,407,180	512,407,180	100%	Nil

*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.	Home Credit India B.V.	345,264,313	99.999997%	Nil	512,407,170	99.999998%	Nil	+0.000001

2.	Home Credit International a.s.	10	00.000003%	Nil	10	0.000002%	Nil	-0.000001
	<b>Total</b>	345,264,323	100	-	512,407,180	100	-	-

iii. **Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	345,264,323	100%	345,264,323	100%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Allotted on 27.09.2016	7,142,857		352,407,180	100%
	Allotted on 25.10.2016	17,714,285		370,121,465	100%
	Allotted on 18.11.2016	20,571,429		390,692,894	100%
	Allotted on 22.12.2016	34,285,714		424,978,608	100%
	Allotted on 31,01.2017	45,714,286		470,692,894	100%
	Allotted on 28,03.2017	41,714,286		512,407,180	100%
	At the End of the year	<b>512,407,180</b>	<b>100 %</b>	<b>512,407,180</b>	<b>100 %</b>

5. **INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,442,391,762	1,279,820,268	-	2,722,212,030
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	887,427	343,488	-	1,230,915
<b>Total (i+ ii + iii)</b>	<b>1,443,279,189</b>	<b>1,280,163,756</b>		<b>2,723,442,945</b>

Change in Indebtedness during the financial year				
- Addition	-		-	-
- Reduction	-		-	-
<b>Net Change</b>	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	13,496,612,538	1,279,820,268	-	14,196,612,538
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,226,913	343,488	-	4,418,967
<b>Total (i + ii + iii)</b>	<b>13,500,839,451</b>	<b>700,192,054</b>	-	<b>14,201,031,505</b>

## 6. 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)
<b>A. Company</b>					
<b>Penalty</b>	-	-	-	-	-
<b>Punishment</b>	-	-	-	-	-
<b>Compounding</b>	-	-	-	-	-
<b>B. Directors</b>					
<b>Penalty</b>	-	-	-	-	-
<b>Punishment</b>	-	-	-	-	-
<b>Compounding</b>	-	-	-	-	-
<b>C. Other Officers In Default</b>					
<b>Penalty</b>	-	-	-	-	-
<b>Punishment</b>	-	-	-	-	-
<b>Compounding</b>	-	-	-	-	-

## Annexure D

### Secretarial Audit Report

*Anjali Yadav & Associates*  
Company Secretaries

102 & 104, 18/12, Jain Bhawan  
W.E.A, Pusa Lane, Karol Bagh  
New Delhi-110005  
Phone : 91-11-28750485, 47067659  
Email : anjaliyadav.associates@gmail.com  
anjaliyadavpcs@gmail.com  
Website: csanjali.com

REF: AYA/2017-18/MAY/4

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup>MARCH, 2017

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

To,

The Members,

Home Credit India Finance Private Limited  
Third Floor, Tower C DLF Infinity Towers,  
DLF Cyber City Phase II  
Gurgaon-122002

We, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HOME CREDIT INDIA FINANCE PRIVATE LIMITED(CIN:U65910HR1997PTC047448) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the HOME CREDIT INDIA FINANCE PRIVATE LIMITED(CIN:U65910HR1997PTC047448) books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied





with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (as amended) ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956(as amended) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(as amended):- **Not Applicable on the company for the period under review.**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(as amended);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;**Not Applicable on the company for the period under review.**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(as amended):-**Not applicable to the Company during the period of audit.**



(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - *Not applicable to the Company during the period of audit.*

(vi) We further report that after considering the compliance system prevailing in the Company, and after carrying out test checks of the relevant records and documents maintained by the Company, it has complied with the following laws that are applicable specifically to the Company:

- (a) Employees Provident Fund and (Misc. Provisions) Act, 1952
- (b) Payment of Gratuity Act, 1972
- (c) Payment of Bonus Act, 1965
- (d) Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notification and its Directors as prescribed for NBFC
- (e) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
- (f) Prevention of Money Laundering Act, 2002

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015

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

**We further report that:**

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

Adequate notices were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists



for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried with the unanimous consent of the members and the same is recorded as part of the minutes.

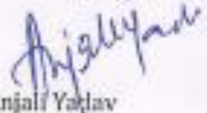
There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period under review:

1. The Company in its Extra Ordinary General Meeting on 06<sup>th</sup> May, 2016 has obtained the shareholder's approval for issuance of Non-Convertible Debentures on Private Placement basis to the extent of Rs. 10 billion in several tranches.
2. The Company in its Extra Ordinary General Meeting on 15<sup>th</sup> December, 2016 has obtained the shareholder's approval to increase the limit for issuance of Non-Convertible Debentures on Private Placement basis from Rs. 10 billion to Rs. 50 billion.
3. The Company has issued and allotted Non-Convertible Debentures of Rs. 10.75 billion in several tranches and in compliance with the rules and regulations under various acts.

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

For Anjali Yadav & Associates  
Practising Company Secretary

  
Anjali Yadav  
Proprietor  
FCS No.: 6628  
C P No.: 7257



Place: Gurgaon  
Date: 25.05.2017

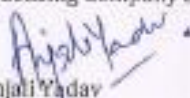
## Annexure A

To,  
The Members,  
Home Credit India Finance Private Limited  
Third Floor, Tower C DLF Infinity Towers,  
DLF Cyber City Phase II, Gurgaon-122002

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

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

For Anjali Yadav & Associates  
Practising Company Secretary

  
Anjali Yadav  
Proprietor  
FCS No.: 6628  
C P No.: 7257



Place: Gurgaon  
Date: 25.05.2017