INDEPENDENT AUDITOR'S REPORT

To the Members of CapFloat Financial Services Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **CapFloat Financial Services Private Limited** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, of its consolidated net loss (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed or based on audit report of the auditors of the subsidiary company ("the Other Auditors"), we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

The Holding Company's management and Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management and Board of Directors of the respective companies are responsible for assessing the respective company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the companies or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the respective company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on internal financial controls with respect to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Board of Directors.

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of the entity included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which has been audited by Other Auditors, such Other Auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in sub-paragraph (a) of the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

a. The audit of the figures for the year ended March 31, 2021, was conducted by the predecessor auditors who had expressed an unmodified opinion in their report dated September 20, 2021.

b. We did not audit the financial statements of one subsidiary included in the consolidated financial statements whose Ind AS financial statements include total assets of Rs. 4,423.90 lakhs as at March 31, 2022 and total income of Rs. 1188.00 lakhs and net loss of Rs. 4,874.00 lakhs including other comprehensive income for the year ended March 31, 2022 as considered in the consolidated annual financial statements. These Financial Statements have been audited by the Other Auditors whose report has been furnished to us by the Management, and our opinion on the Consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of section 143(3) of the Act insofar as it relates to the aforesaid subsidiary is based solely on the report of the Other Auditors. Our opinion on the consolidated Ind As financial statements is not modified in respect of the above matter with respect to our reliance on the work done and the audit report of the Other Auditors.

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

BATLIBOI & PUROHIT
Chartered Accountants

Report on Other Legal and Regulatory Requirements

1. 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 purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the books of account maintained by the Holding Company and its subsidiary including the relevant records relating to the preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 and taken on record by the Board of Directors of the Holding Company and the report of the Other Auditors, none of the directors of the Group is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of such controls.

g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company and its subsidiary company for the year ended March 31, 2022.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer Note 38 of the consolidated financial statements.)

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company.

   iv. (a) The Management has represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or the subsidiary to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

(b) The Managements has represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or the subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or the subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures, that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Holding Company or its subsidiary has not declared or paid any dividend during the year.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "the CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's Report, according to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and by Other Auditors for the subsidiary company included in the consolidated financial statements of the Group, certain remarks included in respective CARO reports, have been reproduced below as per the requirements of the Guidance Note on CARO:

Name of the entity	CIN	Relationship	Clause number of the respective CARO reports
CapFloat Financial Services Private Limited	U65993KA1993PTC074590	Holding Company	Clause iii(c), Clause iii(d), Clause vii(a), Clause ix(a), Clause xi (a) and Clause xvii
Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)	U72900PN2014PTC153050	Subsidiary Company	Clause xvii

Footnotes to above table:

1. Clause iii(c) and Clause iii(d) of the Order pertains to irregularities in repayment and overdue status of the interest and principal of loans and advances made and reasonability of the steps taken for recovery.
2. Clause vii (a) of the Order pertains to delays in deposit of undisputed statutory dues.
3. Clause ix (a) of the Order pertains to delays/defaults in repayment of loans or other borrowings and interest thereon to any lender.
4. Clause xi (a) of the Order pertains to frauds noticed or reported during the year.
5. Clause xvii of the Order pertains to cash losses incurred during current or immediately preceding financial year.

For BATLIBOI & PUROHIT
Chartered Accountants
ICAI Firm Reg. No 101048W

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Place: Mumbai
Date: September 06, 2022
ICAI UDIN: 22116976ARDOEN8709

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

In conjunction with our audit of the consolidated financial statements of **CapFloat Financial Services Private Limited** ("the Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting with respect of the Consolidated Financial Statements of the Holding Company and its subsidiary as of that date.

In our opinion, and to the best of our information and according to the explanations given to us the Holding Company and its subsidiary incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022 based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI').

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Internal Financial Controls over Financial Reporting of the Holding Company and its Subsidiary Company incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain Reasonable Assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and Subsidiary Company's Internal Financial Controls system over Financial Reporting with reference to the Consolidated Financial Statements.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Other matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the subsidiary company incorporated in India, whose financial statements have been audited by the Other Auditors is based on the report of the Other Auditors of the said subsidiary. Our opinion is not modified in respect of this matter.

For BATLIBOI & PUROHIT
Chartered Accountants
ICAI Firm Reg. No.101048W

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: September 06, 2022
ICAI UDIN: 22116976ARDOEN8709

CapFloat Financial Services Private Limited
Consolidated Balance Sheet as at March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
I ASSETS			
1 Financial assets			
Cash and cash equivalents	4	693.55	134.66
Bank balance other than above	5	4,033.80	2,014.13
Receivables			
(i) Trade receivables	6	8.14	36.74
Loans and advances	7	4,163.36	4,164.93
Other financial assets	8	30.61	47.87
2 Non-financial assets			
Current tax assets (net)		146.01	186.89
Property, plant and equipment	9	53.21	60.28
Right-of-use assets	10	92.18	38.38
Intangible assets under development	11	89.62	39.30
Goodwill on consolidation	12	1,071.14	1,071.14
Other intangible assets	12	111.80	114.11
Other non-financial assets	13	200.32	174.67
Total assets		10,693.74	8,083.41
II LIABILITIES AND EQUITY			
Liabilities			
1 Financial liabilities			
Payables			
Trade Payables			
(i) total outstanding dues of Micro, Small and Medium Enterprises	14	6.23	6.98
(ii) total outstanding dues of creditors other than Micro, Small and Medium Enterprises	14	98.90	79.37
Debt securities	15	2,464.53	2,310.83
Borrowings (other than debt securities)	16	1,974.08	2,261.25
Other financial liabilities	17	637.03	350.71
2 Non-financial liabilities			
Provisions	18	224.65	158.45
Other non-financial liabilities	19	127.27	78.74
Total liabilities		5,635.36	5,245.83
Equity			
Equity Share Capital	20	15.78	15.78
Instruments entirely Equity in nature	20	642.56	426.30
Other equity	21	4,394.04	2,918.77
Equity attributable to equity holders of the Parent		5,058.38	3,361.46
Non Controlling Interest		-	(523.87)
Total equity		5,058.38	2,837.59
Total liabilities and equity		10,693.74	8,083.41

Summary of significant accounting policies 3
The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Batliboi & Purohit
Chartered Accountants
ICAI Firm Registration No. 101048W

per Janak Mehta
Partner
Membership No. 116976
Place: Mumbai
Date: September 6, 2022

For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited

Gaurav Dinesh Hinduja
Director
DIN: 01264801

Sashank R Rishyasringa
Director
DIN: 00486905

Akshay Sarma
Chief Financial Officer
Place: Bengaluru
Date: September 6, 2022

Impana H P
Company Secretary
Membership No. A59631
Place: Bengaluru
Date: September 6, 2022

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited
Bangalore

CapFloat Financial Services Private Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

		Particulars	Notes	March 31, 2022	March 31, 2021
		Revenue from operations			
	(i)	Interest income	22	799.76	1,065.80
	(ii)	Fee income	23	143.68	125.52
	(iii)	Net gain on fair value changes	24	45.54	25.98
(I)		Total revenue from operations		988.98	1,209.28
(II)		Other income	25	108.73	20.00
(III)		Total income (I + II)		1,097.71	1,229.28
		Expenses			
	(i)	Finance cost	26	586.53	749.85
	(ii)	Impairment on financial instruments	27	228.91	789.20
	(iii)	Employee benefit expenses	28	860.66	861.28
	(iv)	Depreciation, amortization and impairment	29	92.01	91.82
	(v)	Other expenses	30	610.70	479.26
(IV)		Total expenses (IV)		2,378.81	2,973.10
(V)		Profit/(loss) for the year before tax (III-IV)		(1,281.10)	(1,743.82)
		Tax Expense:			
		(a) Current tax		-	-
		(b) Deferred tax		-	-
(VI)		Total Tax expense		-	-
(VII)		Profit/(loss) for the year (V-VI)		(1,281.10)	(1,743.82)
		Profit for the year attributable to			
		Equity holders of the parent		(1,121.41)	(1,565.30)
		Non controlling interest		(159.69)	(178.52)
(VIII)		Other comprehensive income			
	A	Items that will not be reclassified to profit or loss			
		Remeasurement gain/(loss) on defined benefit plan		(10.82)	(8.74)
		Income tax impact		-	-
		Total (A)		(10.82)	(8.74)
	B	Items that will be classified to profit or loss			
		Reclassification adjustments to statement of profit and loss		-	-
		Income tax impact		-	-
		Total (B)		-	-
		Other comprehensive income (A + B)		(10.82)	(8.74)
		Other comprehensive income for the year attributable to			
		Equity holders of the parent		(7.72)	(6.72)
		Non controlling interest		(3.10)	(2.02)
(IX)		Total comprehensive income for the year		(1,291.92)	(1,752.56)
		Total comprehensive income for the year attributable to			
		Equity holders of the parent		(1,129.13)	(1,572.02)
		Non controlling interest		(162.79)	(180.54)
(X)		Earnings per share (Nominal value per share Rs.10)			
		Basic (Rs.)	32	(145.07)	(226.74)
		Diluted (Rs.)		(145.07)	(226.74)

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Batliboi & Purohit
Chartered Accountants
ICAI Firm Registration No. 101048W

per Mukesh Mehta
Partner
Membership No. 115976
Place: Mumbai
Date: September 6, 2022

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited

Gaurav Dinesh Hinduja
Director
DIN: 01254001

Sashank R [illegible]
Director
DIN: 08466865

[illegible] Sinha
Chief Financial Officer
Place: Bengaluru
Date: September 6, 2022

Impana H P
Company Secretary
Membership No. A59531
Place: Bengaluru
Date: September 6, 2022

Capfloat Financial Services Private Limited
Bangalore

CapFloat Financial Services Private Limited
Consolidated Statement of Cash Flows for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Operating activities		
Profit/(Loss) before tax	(1,294.10)	(1,745.33)
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation & amortisation	92.04	41.62
Impairment on financial instruments	228.81	515.09
Share based payment to employees	24.49	230.99
Loss/(Profit) on sale/write off of fixed assets (Net)	21.93	7.80
Interest on Lease liabilities	12.18	10.61
Impact of Effective Interest rate on Borrowings	(21.38)	4.50
Finance cost expenses	554.35	712.03
Payment of Finance cost	(556.15)	(708.02)
Lease modifications	(1.67)	7.75
Operating Loss Before Working Capital Changes	(926.35)	(761.05)
Working capital changes		
Increase/(Decrease) in trade payables	17.22	3.51
Increase/(Decrease) in financial liabilities	201.87	(49.88)
Increase in other liabilities	48.53	17.17
Decrease in provisions	55.56	14.82
Decrease in loans and advances	7.97	1,520.86
Decrease/(Increase) in financial assets	(187.07)	(20.67)
Increase in other assets	(25.35)	(25.37)
Decrease/(Increase) in trade receivables	28.47	(0.88)
Increase in Bank Balances other than Cash & Cash equivalents	(2,019.79)	(10.00)
Income tax refund/(Paid)	40.09	(20.87)
Net cash flows from operating activities	(2,765.41)	1,968.87
Investing activities		
Purchase of property, plant & equipment ('PPE') including intangible assets	(101.75)	(50.42)
Sale proceeds from PPE	7.14	1.69
Acquisition of Non-Controlling Interest	(5.80)	
Net cash flows used in investing activities	(100.41)	(54.73)
Financing activities		
Proceeds from issue of Equity Share Capital	-	-
Proceeds from issue of Preference Share Capital	271.56	-
Proceeds from Securities Premium on issue of Share Capital	3,324.74	-
Payment of securities issue expenses	(91.10)	(2.38)
Principal repayment of lease liabilities	(42.02)	(40.09)
Proceeds from debt securities	1,023.60	1,790.10
Repayment of debt securities	(1,771.45)	(1,087.11)
Proceeds from borrowings other than debt securities	3,598.47	2,116.60
Repayment of borrowings other than debt securities	(3,000.56)	(4,382.74)
Net cash flows (used in)/from financing activities	3,312.74	(1,505.62)
Net (decrease)/increase in cash and cash equivalents	446.92	(108.29)
Cash and cash equivalents at April 1	134.86	435.04
Cash and cash equivalents at March 31	580.78	134.86

*Represents amounts less than Rs.10,000/-

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian accounting standard (Ind AS) - 7 - 'Statement of Cash Flows' notified under Section 133 of the Companies Act, 2013.

2. Component of cash and cash equivalents disclosed in Note 4: Cash and cash equivalent

3. Operational cash flows from interest and dividends

	March 31, 2022	March 31, 2021
Finance costs paid	556.15	708.32
Interest received	880.46	989.70
Dividend received	Nil	Nil

As per our report of even date

For Batliboi & Purohit
Chartered Accountants
ICAI Firm Registration No. 101048W

per Janak Mehta
Partner
Membership No. 116976
Place: Mumbai
Date: September 6, 2022

For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited

Gaurav Dinesh Hinduja
Director
DIN: 01264501

Sashank Rishyasringa
Director
DIN: 06466585

Anirudh Garga
Chief Financial Officer
Place: Bengaluru
Date: September 6, 2022

Pinank H P
Company Secretary
Membership No. A59501
Place: Bengaluru
Date: September 6, 2022

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited
Bangalore

CapFloat Financial Services Private Limited
Consolidated Statement of changes in Equity for the year ended March 31, 2022
(All amount in Rs. millions unless otherwise stated)

A. Equity Share capital

1. Current Reporting Period

Particulars	Balance as at the April 01, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at the April 01, 2021	Changes in equity share capital during the current year	Balance as at March 31, 2022
Equity Share capital	15.78	-	15.78	-	15.78
Total	15.78	-	15.78	-	15.78

2. Previous Reporting Period

Particulars	Balance as at April 01, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2020	Changes in equity share capital during the previous year	Balance as at March 31, 2021
Equity Share capital	15.78	-	15.78	-	15.78
Total	15.78	-	15.78	-	15.78

B. Instruments entirely equity in nature

1. Current Reporting Period

Particulars	Balance as at the April 01, 2021	Changes due to prior period errors	Restated balance as at the April 01, 2021	Changes in Capital during the current year	Balance as at March 31, 2022
Compulsorily Convertible Preference Shares	426.90	-	426.90	221.66	648.56
Total	426.90	-	426.90	221.66	648.56

2. Previous Reporting Period

Particulars	Balance as at April 01, 2020	Changes due to prior period errors	Restated balance as at April 01, 2020	Changes in Capital during the current year	Balance as at March 31, 2021
Compulsorily Convertible Preference Shares	417.63	-	417.63	9.27	426.90
Total	417.63	-	417.63	9.27	426.90

Batliboi & Purohit * Chartered Accountants * Mumbai

CapFloat Financial Services Private Limited * Bangalore

CapFloat Financial Services Private Limited
Consolidated Statement of changes in equity for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

b. Other Equity

1. Current reporting period

Particulars	Share application money pending allotment	Reserves and Surplus				Total Other equity	Non Controlling Interest	Total
		Securities Premium	Statutory Reserve	Share Option outstanding	Retained Earnings			
Balance as at April 01, 2021	-	8,550.91	0.08	1,130.04	(6,768.26)	2,911.77	(623.07)	2,288.70
Add: Loss for the year					(1,121.41)	(1,121.41)	(159.69)	(1,281.10)
Add: Other comprehensive income					(7.73)	(7.73)	(3.09)	(10.82)
Total Comprehensive Income for the current year	-	-	-	-	(1,129.14)	(1,129.14)	(162.78)	(1,291.92)
Add : Received during the year in cash	-	3,728.34	-	-		3,728.34	-	3,728.34
Add : Transferred from Employee Stock Option reserve for shares exercised by employees (non-cash)				-	-	-	-	-
Less : Securities issue expenses	-	(31.10)	-	-	-	(31.10)	-	(31.10)
Add: Acquisition of Non-Controlling Interest	-	-	-	-	-	-	(2.80)	(2.80)
Add : Transfer of non-controlling interests	-	-	-	-	(833.46)	(833.46)	833.46	-
Add : Created by debiting the Statement of Profit and Loss				34.45		34.45		
Add : Capitalised during the year	-	-	-	27.14	-	27.14	-	27.14
Add : On issuance of stock options to employees of subsidiary	-	-	-	-	-	-	-	-
Less: Options cancelled during the year	-	-	-	-	-	-	-	-
Less: Transferred to Share Capital on issue of shares	-	-	-	-	-	-	-	-
Less: Transfer to securities premium on issue of preference share	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	-	12,248.15	0.08	1,191.63	(8,730.86)	4,709.04	-	4,709.04

2. Previous reporting period

Particulars	Share application money pending allotment	Reserves and Surplus				Total Other equity	Non Controlling Interest	Total
		Securities Premium	Statutory Reserve	Share Option Outstanding	Retained Earnings			
Balance as at March 31, 2020	370.85	8,002.47	0.08	828.23	(5,195.65)	4,107.06	(454.46)	3,652.62
Add: Loss for the year					(1,566.80)	(1,566.80)	(176.52)	(1,743.32)
Add: Other comprehensive income					(5.80)	(5.80)	(2.91)	(8.71)
Total Comprehensive Income for the current year	-	-		-	(1,572.60)	(1,572.60)	(179.43)	(1,752.03)
Add : Received during the year in cash	-	361.58		-	-	361.58	-	361.58
Add : Transferred from Employee Stock Option reserve for shares exercised by employees (non-cash)	-	0.24	-	-	-	0.24	-	0.24
Less : Securities issue expenses	-	(2.39)	-	-	-	(2.39)		(2.39)
Add : Created by debiting the Statement of Profit and Loss	-	-	-	290.98	-	290.98	-	290.98
Add : Capitalised during the year	-	-	-	16.09	-	16.09	-	16.09
Add : On issuance of stock options to employees of subsidiary	-	-	-	-		-		-
Less: Options cancelled during the year	-	-	-	(0.27)	-	(0.27)	-	(0.27)
Less: Transferred to Share Capital on issue of shares	(9.27)	-	-		-	(9.27)	-	(9.27)
Less: Transfer to securities premium on issue of preference share	(361.58)	-	-	-	-	(361.58)	-	(361.58)
Balance as at March 31, 2021	-	8,364.91	0.08	1,130.04	(6,768.25)	2,916.75	(623.87)	2,284.88

As per our report of even date
For Batliboi & Purohit
Chartered Accountants
ICAI Firm Registration No. 101048W

per Janak Mehta
Partner
Membership no. 116976
Place: Mumbai
Date: September 6, 2022

For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited

Gaurav Dinesh Hinduja
Director
DIN : 07764...

Akshay Mehrotra
Chief Financial Officer
Place: Bengaluru
Date: September 6, 2022

Sasikanth Vallabhaneni
Director
DIN : 06466065

Inpena H P
Company Secretary
Membership No. A58531
Place: Bengaluru
Date: September 6, 2022

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited Bangalore

Note 1: Corporate Information

CapFloat Financial Services Private Limited ('the Holding Company' or 'The Parent') is a Non-Banking Financial Institution ('NBFC') incorporated on October 6, 1990.The Holding Company has received a Certificate of Registration from the Reserve Bank of India ('RBI') on January 16, 2001 to commence / carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The Holding Company is engaged in providing loans to small and medium enterprises and individuals. The Holding Company was formerly known as "Zen Lefin Private Limited" and its name has been changed to "CapFloat Financial Services Private Limited" with effect from June 12, 2018 pursuant to RBI confirmation on name change. The Holding Company's registered office is at No. 3, Gokaldas Platinum, Upper Palace Orchards, Bellary Road, Sadashivnagar, Bangalore – 560080.

The Holding Company acquired on September 6, 2018, a majority stake in Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited) ('Walnut' or 'Subsidiary') which is in the business of providing personal finance and transaction management services to customers through web and mobile-based platforms. Walnut has since then become a subsidiary of the Group. The Holding Company and its Subsidiary are hereinafter referred to as "The Group".

The Consolidated financial statements for the year ended March 31, 2022 were authorised for issue in accordance with a resolution of the directors on September 6, 2022

Note 2: Basis of preparation and presentation

a. Basis of preparation

The Consolidated financial statements for the year ended March 31, 2022 have been prepared by the Group in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time. In this regard, Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

b. Principles of consolidation

The consolidated financial statement are prepared in accordance with Ind AS 110, Consolidated financial statements issued by The Institute of Chartered Accountant of India (ICAI). The consolidated financial statements of the Group companies are prepared according to uniform accounting policies.

Subsidiary company is an entity over which the Parent has control. The Parent controls an entity when the parent is exposed to, or has rights to, variable returns from its involvement in an entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary company are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations except under common control are accounted for using the acquisition method.

The Group combines the Financial Statements of the parent and its Subsidiary company line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting Policies of Subsidiary company have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the profit and loss and equity of Subsidiary company are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of changes in equity and Balance Sheet respectively.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

c. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

d. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (INR), which is the Group's functional and presentation currency. All amounts have been denominated in millions and rounded off to the nearest two decimals, except when otherwise indicated.

e. Presentation of financial statements

The consolidated financial statements of the Group are presented as per Division III of the Schedule III to the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 36 - Maturity analysis of assets and liabilities. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

f. Statement of Compliance

These standalone financial statements of the Group have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

Note 3: Significant accounting policies

Batliboi & Purohit Mumbai Chartered Accountants

CapFloat Financial Services Private Limited Bangalore

3.1. Use of estimates, judgments and assumptions

The preparation of consolidated financial statements in conformity with the Ind AS requires the management to make judgements, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses 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. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 3.18.1 - Critical judgements in applying accounting policies.

3.2. **Revenue from operations**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable.

Revenue includes the following:

a) Interest income

Interest income is recorded using effective interest rate (EIR) method for all financial assets measured at amortised cost and at fair value through other comprehensive (FVOCI) income.

EIR is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset except for credit impaired asset.

The calculation of the effective interest rate includes transaction costs and fees (loan processing fees, commission paid to direct selling agents and other premiums or discounts) that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

b) Fees and Commission Income:

Fees and commissions are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

c) Other Income

All other charges such as cheque return charges, overdue charges, penal interest, etc. are recognised on realization basis. These charges are treated to accrue on realization, due to the uncertainty of their realization.

3.3. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

3.3.1 Initial recognition

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

3.3.2 Initial measurement

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

A financial asset and a financial liability are offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

3.3.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

3.3.4 Classification and Subsequent measurement of financial instruments

1. Financial assets

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited
Bangalore

Business Model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
d) The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Contractual Cash Flow Test (i.e. SPPI test)

As a second step of its classification process the Group assesses the contractual terms of financial to identify whether they meet the Solely for Payment of Principal and Interest (SPPI) test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

i) Financial assets measured at amortised cost
These financial assets comprise bank balances, loans, trade receivables, and other financial assets.

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subvention income on loans is included in the EIR and recognised as interest income over the tenor of the loan.

ii) Financial assets measured at fair value through other comprehensive income
Financial assets are measured at fair value through other comprehensive income where they have:
a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
b) Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

iii) Financial assets measured at fair value through profit and loss
Financial assets that do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss.

Items at fair value through profit or loss comprise:
a) Investments (including equity shares) and stock in trade held for trading;
b) Items specifically designated as fair value through profit or loss on initial recognition; and
c) Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

2. Financial Liabilities and Equity Instruments
Financial instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. Financial Liabilities

i) Debt securities and other borrowed funds
After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the EIR.

The Group has issued financial instruments with equity conversion rights. When establishing the accounting treatment for these non-derivative instruments, the Group first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Disclosures for the Group's issued debt are set out in Note 15. Debt securities.

ii) Loan commitments:

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited
Bangalore

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements. The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

c. Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of directly attributable transaction costs.

3.3.5 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2021-22.

3.3.6 Derecognition of financial assets and financial liabilities

1. Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:
i) The Group has transferred its contractual rights to receive cash flows from the financial asset, or
ii) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
i) The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
ii) The Group cannot sell or pledge the original asset other than as security to the eventual recipients
iii) The Group has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
i) The Group has transferred substantially all the risks and rewards of the asset, or
ii) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Modification of loans
The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms.
If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition.
If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

2. Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.3.7 Impairment of financial assets

Overview of the ECL principles

The Group recognises loss allowances for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs and debt instruments at fair value through other comprehensive income account.

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:
I. debt instruments measured at amortised cost and fair value through other comprehensive income;
II. loan commitments; and
III. financial guarantee contracts.
Equity instruments are not subject to impairment under Ind AS 109

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited Bangalore

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is applicable for all the facilities of that borrower.

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below by comparing the credit risk of the financial instrument as of the reporting date, with its credit risk as at the date of initial recognition.

Stage 1: 12-months ECL
All exposures that are not credit impaired and where there has not been a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group has assessed that all standard advances which are in the 0 DPD bucket as at the end of reporting period are put under the classification. However, there are some loan products from the older portfolio which continues to be classified as Stage 1 up to 30 Days Past Due bucket as at the end of reporting period.
For these assets, 12-month ECL is recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – not credit impaired
Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. For the ongoing portfolio, DPD buckets more than 0 Days Past Due is considered as having a significantly increased credit risk and 30 Days Past Due for the older portfolio is considered as significant increase in credit risk and classified under this category. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3: Lifetime ECL – credit impaired
All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. More than or equal to 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. Restructured assets, excluding one time restructure due to Covid-19, in the ordinary course of business are also classified in this stage.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
a) Significant financial difficulty of the borrower or issuer;
b) A breach of contract such as a default or past due event;
c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) The disappearance of an active market for a security because of financial difficulties.

Loan commitments
When estimating lifetime ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The ECLs related to loan commitments are recognised within "Provisions".

Financial Guarantee Contracts
The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The ECLs related to financial guarantee contracts are recognised within "Provisions".

Trade Receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates based on management judgement. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 46: Risk Management.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The concept of EAD is further explained in Note 46: Risk Management.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 46: Risk Management.

Forward Looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Collateral valuation
Significant portion of the Group's portfolio is unsecured. However, to mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The value of collateral affects the calculation of ECLs. However, considering the nature of such collateral the Group has not derived the fair values as at the reporting date and the estimates of ECL are based on management judgement of the expected recoveries.

Collateral repossessed
In its normal course of business whenever default occurs, the Group may take possession of collateral in its loan portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

Presentation of allowance for ECL in the balance sheet
Loss allowances for ECL are presented in the balance sheet as follows:
a) Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
b) Loan commitments and financial guarantee contracts: generally, as a provision;
c) Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
d) Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

3.4. Determination of Fair Value
On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in note 45) at fair value on each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
i) In the principal market for the asset or liability, or
ii) In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:
Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

3.5 Expenses

3.5.1 Retirement and other employee benefits

Short term employee benefit

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Capfloat Financial Services Private Limited
Bangalore

All employee benefits including short term compensated absences and statutory bonus/ performance bonus/incentives payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are charged to the Statement of Profit and Loss of the year.

Post-employment employee benefits

a) Defined contribution schemes

Retirement Employee benefits in the form of Provident Fund is considered as defined contribution plan. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Group's contributions to the above Plan are charged to the Statement of Profit and Loss.

b) Defined Benefit schemes

Gratuity

Re-measurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurement are not reclassified to profit or loss in subsequent periods.

Leave encashment

The employees of the Group are entitled to compensated absence and deferred compensation as per the policy of the Group, the liability in respect of which is provided, based on an actuarial valuation carried out by an independent actuary as at the year end. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method.

3.6.2 Share-based payments

Employees of the Group also receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions)

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of equity instruments at the grant date. Details regarding determination of the fair value of equity settled share based payments transactions are set out in Note 34

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share based payments reserve. Further Group has granted ESOPs to employees of the subsidiary, the related cost has been transferred to subsidiary and recorded as receivable from the subsidiary.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The Group operates its Employee Stock Option Scheme through a trust formed for the purpose. Equity shares are issued to the trust on the basis of the Group's expectation of the options being exercised by employees. Such Trust is considered as an extension of the Group and accordingly assets and liabilities of the Trust are included in the Separate Financial Statements of the Group. Shares of the Group held by the Trust are considered as "Treasury Shares" and accordingly adjusted from the paid up capital of the Group.

3.6.3 Other income and expenses

A) Other income and expenses are recognised in the period they occur.

3.6.4 Taxes

Income tax expense comprises of current and deferred income tax. Current / Deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income in which case the related income tax is also recognised accordingly. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Group's intention to settle on a net basis.

i) **Current Taxes**

Current tax is the amount of income taxes payable/ receivable in respect of taxable profit/ loss for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting date in India where the Group operates and generates taxable income

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) **Deferred Taxes**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Mumbai
Chartered Accountants

CapFloat Financial Services Private Limited
Bangalore

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes are recognised as income tax benefits or expenses in the Statement of profit and loss except for tax related to the fair value re-measurement of financial assets classified through other comprehensive income, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to Other Comprehensive Income (OCI). These exceptions are subsequently reclassified from OCI to the statement of profit and loss together with the respective deferred loss or gain. The Group also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

3.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 Statement of Cash Flows

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

3.8 Property, plant and equipment

Tangible Assets
An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Group recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Group, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management.

The estimated useful lives are, as follows:

Particulars	Useful lives estimated by the Management (Same as specified in Schedule II of the Companies Act, 2013)
Computers & Printers	3 years
Servers	6 years
Electronic Equipment	5 years
Leasehold improvements	Over the lease term
Office equipment	5 years
Electrical installations and fittings	10 years
Furniture and fixtures	10 years
Intangible assets	4.5 - 5 years
Vehicles	8 years

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited * Bangalore

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the Statement of profit and loss in the year in which the asset is derecognised.

Intangible Assets

i) Goodwill:

Goodwill on acquisitions of Subsidiary company is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of Goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the Goodwill arose. The units or Groups of units are identified at the lowest level at which Goodwill is monitored for internal management purposes, which in our case are the operating Segments.

ii) Other intangible assets:

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development". Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. Internally generated intangible asset is amortised over a period of five years. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Group amortises the intangible asset over the best estimate of its useful life. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Derecognition

An item of property, plant and equipment, intangible asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, an estimate of the recoverable amount of the asset / cash generating unit (CGU) is made. Recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU).

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting years may no longer exist or may have decreased.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

3.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

The right-of-use assets are also subject to impairment. (Refer to the accounting policies on Impairment of non-financial assets.)

ii) Lease liabilities

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Other Financial Liabilities (Refer Note 17).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.11 Provisions and contingencies

A provision is recognised when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

A contract is considered as onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract.

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

3.12 Goods and services tax paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the goods and services tax / value added taxes paid, except:
a) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
b) When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.13 Earning Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

3.14 Contingencies and events occurring after the Balance Sheet date

Events occurring after the date of the Balance Sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered up to the date of approval of accounts by the Board of Directors, where material.

3.15 Foreign currency transaction
Foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denoted in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates. Resultant exchange differences, if any, are recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency at the Balance Sheet date are reported using exchange rates at the date of the transaction.

3.16 Special Reserve
In accordance with section 45-IC of the RBI Act, 1934, the Group creates a reserve fund and transfers therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and loss before any dividend is declared.

3.17 Significant accounting judgements, estimates and assumptions

Batliboi & Purohit Mumbai Chartered Accountants

CapFloat Financial Services Private Limited Bangalore

The preparation of the Group's financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. 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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

3.17.1 Critical judgements in applying accounting policies :

3.17.1.1 Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Group determines the business model at a level that reflects how Group's financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

3.17.2 Key source of estimation uncertainty :

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.17.2.1 Fair value of financial instruments:

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3.17.2.2 Effective Interest Rate (EIR) Method:

The Group's EIR methodology, as explained in Note 3.2, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments and penalty interest and charges.

This estimation, by nature requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well expected changes to India's base rate and other fee income/expenses that are integral part of the instrument.

3.17.2.3 Impairment of Financial assets:

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- PD calculation includes historical data, assumptions and expectations of future conditions.
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs and the effect on PDs, EAD and LGD
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- The impact of COVID -19 on the global economy and how government, business and consumer is uncertain. This uncertainty is reflected in the Group's assessment of impairment allowance on its loans which are subject to a number of management judgement and estimates. While methodologies and assumption applied remain unchanged, Group has separately incorporated estimates, assumption and judgements specific to the impact of COVID -19 pandemic.

In terms of the requirements as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD No 109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting standard , Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowance under Ind AS 109 and Income Recognition , Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowance under Ind AS 109 made by the Group exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2022 and accordingly, no amount is required to be transferred to impairment reserve.

It is Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

3.17.2.4 Impairment of non financial assets:

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less cost of disposal and its value in use. Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.17.2.5 Provisions and contingent liabilities

Batliboi & Purohit Mumbai Chartered Accountants

Capfloat Financial Services Private Limited Bangalore

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of its business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

3.17.2.6 Leases- Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

3.17.2.7 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3.17.2.8 Share Based Payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

3.18 Recent pronouncements

On March 23, 2022, Ministry of Corporate Affairs (MCA) amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 01, 2022, as below:

Ind AS 103 – Business Combinations

The amendment clarifies that while applying the acquisition method for recognition, the assets and liabilities taken over, in a business combination, must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. The Group does not expect the amendment to have any impact in its financial statements.

Ind AS 16 – Property, Plant and Equipment

The amendment requires that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

The amendment clarifies in relation to onerous contracts that the cost of fulfilling a contract comprises the costs that relate directly to the contract which consist of incremental costs of fulfilling that contract (examples would be direct labour, materials) and an allocation of other costs that relate directly to fulfilling contracts. The Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 41 – Agriculture

The amendment relates to recognition and measurement of biological assets or agricultural produce. These amendments will not have any impact on the Group's financial statements.

Ind AS 109 – Financial Instruments

The amendment clarifies that while determining the fees paid (net of fees received) when a borrower applies the "10 percent" test of Ind AS 109 in assessing whether to derecognise a financial liability, the borrower to include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group does not expect the amendment to have any significant impact in its financial statements.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Capfloat Financial Services Private Limited
Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 4: Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	0.0?	0.00
Balances with bank	503.54	134.64
Total	[illegible]	134.64

Note 5: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed deposit with bank**	4,033.00	2,014.10
Total	4,033.00	2,014.10

(*) Fixed deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fixed deposits and other balances with banks earn interest at fixed rate.

** Includes INR 3130.33 million (March 31, 2021: INR 1205.35 million) Fixed Deposit lien marked to Banks towards guarantees, [illegible] as cash collateral towards securitization and overdraft facilities.

Note 6: Trade Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Undisputed Trade receivables – considered good	6.17	35.07
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-
(iii) Undisputed Trade Receivables – credit impaired	5.18	-
(iv) Disputed Trade Receivables–considered good	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-
Gross Total	11.35	35.89
Less: Impairment loss allowance	3.21	0.15
Total	8.14	35.74

Particulars	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2022						
(i) Undisputed Trade receivables – considered good	6.17		-	-	-	6.17
(ii) Undisputed Trade Receivables – which have significant increase in credit risk				-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	2.36	-	-	0.82	5.18
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Gross Total	6.17	2.36	-	-	0.83	11.36
Less: Impairment loss allowance	0.03	2.36	-	-	0.82	3.21
Total	8.14	-	-	-	-	8.14
March 31, 2021						
(i) Undisputed Trade receivables – considered good	35.07	-	-	-	0.82	35.89
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Gross Total	35.07	-	-	-	0.82	35.89
Less: Impairment loss allowance	0.14	-	-	-	0.01	0.15
Total	34.93	-	-	-	0.81	35.74

BATLIBOI & PUROHIT CHARTERED ACCOUNTANTS Mumbai

CapFloat Financial Services Private Limited Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 7: Loans (at amortised cost)

Particulars	As at March 31, 2022	As at 31 March 2021
At Amortised cost:		
Term loans	4,550.75	4,889.46
Total Gross	4,550.75	4,889.46
Less: Impairment loss allowance	(396.89)	(724.56)
Total Net	4,153.86	4,164.90
Secured by tangible assets (hypothecation of equitable mortgage of immovable property etc.)	0.14	12.50
Covered by bank/government guarantees	785.79	2,441.27
Unsecured	3,764.82	2,435.69
Total Gross	4,550.75	4,889.46
Less: Impairment loss allowance	(396.89)	(724.56)
Total Net	4,153.86	4,164.90
Loans in India		
Public sector	-	-
Others	4,550.75	4,889.46
Total Gross	4,550.75	4,889.46
Less: Impairment loss allowance	(396.89)	(724.56)
Total Net	4,153.86	4,164.90

The Holding Company has got itself registered as a member of the guarantee facility for its loan portfolio under the Credit Guarantee Fund Trust for Micro, Small and Medium Enterprises, a scheme set up by Government of India and SIDBI. The Holding Company has paid a premium of Rs. 3.55 million for the year ended March 31, 2022 (March 31, 2021 : Rs. 20.07 million) in respect of the total pool of eligible loans amounting to Rs. 785.79 million as at March 31, 2022 (March 31,2021 : Rs. 2,441.27 million) that are covered under such guarantee facility.

Analysis of risk categorisation

As at March 31, 2022

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	3,874.87	-	-	3,874.87
Standard grade	0.14	-	-	0.14
Sub-standard grade (including restructured assets)	-	373.96	-	373.96
Past due but not impaired (including restructured assets)		80.82	-	80.82
Non- performing				
Individually impaired (including restructured assets)	-	-	220.96	220.96
Total	3,875.01	454.78	220.96	4,550.75

As at March 31, 2021

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	3,744.20	-	-	3,744.20
Standard grade	112.15	-	-	112.15
Sub-standard grade	-	671.99	-	671.99
Past due but not impaired	-	123.88	-	123.88
Non- performing				
Individually impaired (including restructured assets)	-	-	237.13	237.13
Total	3,856.35	795.87	237.13	4,889.45

Reconciliation of gross carrying amount

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2021	3,856.35	795.87	237.13	4,889.45
New assets originated or purchased*	3,051.70	170.72	104.32	3,326.74
Assets derecognised or repaid (excluding write offs)	(2,821.76)	(216.01)	(30.22)	(3,068.01)
Transfers to Stage 1	9.09	(9.04)	(0.05)	-
Transfers to Stage 2	(54.86)	55.71	(0.85)	-
Transfers to Stage 3	(28.70)	(74.05)	102.84	-
Amounts written off	(126.74)	(278.48)	(192.21)	(597.43)
Gross carrying amount as at March 31, 2022	3,875.01	454.78	220.96	4,550.75

*Includes adjustment on account of EIR

As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2020	6,960.33	258.53	294.81	7,513.67
New assets originated or purchased*	2,055.37	340.29	65.78	2,461.44
Assets derecognised or repaid (excluding write offs)	(4,105.02)	(22.94)	(19.35)	(4,147.31)
Transfers to Stage 1	5.37	(1.98)	(3.39)	-
Transfers to Stage 2	(435.29)	435.29	-	-

Batliboi & Purohit Mumbai Chartered Accountants

CapFloat Financial Services Private Limited

Transfers to Stage 3	(153.22)	(12.99)	166.21	-
Amounts written off	(471.51)	(200.20)	(264.03)	(945.67)
Interest on interest reversal (Refer note 47)	(12.68)	-	-	(12.68)
Gross carrying amount as at March 31, 2021	3,866.35	796.97	257.13	4,880.45

*Includes adjustment on account of EIR

Impairment allowance for loans to customers

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2021	205.64	319.74	199.17	724.55
Assets derecognised or repaid	(83.56)	(78.55)	(17.48)	(179.59)
New assets originated	55.76	54.08	70.38	180.21
Transfers to Stage 1	4.12	(4.08)	(0.04)	-
Transfers to Stage 2	(2.27)	2.93	(0.66)	-
Transfers to Stage 3	(0.84)	(16.77)	17.61	-
Impact on year end ECL of Exposures transferred between stages during the year	(3.45)	19.76	50.08	76.39
Changes to models and inputs used for ECL calculations	(1.23)	29.71	(0.03)	28.45
Provision reversal due to Amounts moved to written off	(5.10)	(110.42)	(141.78)	(205.29)
Provision reversal due to methodology change	(25.53)	(47.85)	(28.75)	(102.12)
Impact of Management Overlay on ECL	(65.71)	-	-	(65.71)
Impairment allowance for loans to customers as at March 31, 2022	77.83	160.55	188.48	396.88

As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2020	392.12	171.06	253.35	816.53
Assets derecognised or repaid	(104.87)	(42.11)	(11.94)	(158.92)
New assets originated	46.95	93.34	41.07	180.36
Transfers to Stage 1	3.22	(0.80)	(2.42)	-
Transfers to Stage 2	(14.20)	14.20		
Transfers to Stage 3	(7.96)	(5.42)	13.38	0.00
Impact on year end ECL of Exposures transferred between stages during the year	(3.03)	160.09	112.09	269.15
Changes to models and inputs used for ECL calculations	10.00	0.78	(0.74)	10.04
Provision reversal due to amounts moved to written off	(31.80)	(90.66)	(189.43)	(311.89)
ECL on co-lending / managed portfolio#	25.53	47.85	28.75	102.13
Impact of Management Overlay on ECL	(69.32)	(58.62)	(54.94)	(182.88)
Impairment allowance for loans to customers as at March 31, 2021	205.64	319.74	199.17	724.55

#This amount represents ECL against colending/managed portfolio after adjusting the ECL on the Financial Guarantee provided to such colender.

Note 8: Other financial assets

Particulars	As at March 31, 2022	As at 31 March 2021
Security deposits	10.11	10.60
Other receivables*	20.50	37.37
Total	30.61	47.97

* Includes receivable from Associates / Enterprises owned or significantly influenced by key management personnel or their relatives Rs. Nil (March 31, 2021 Rs. 0.82 million).

Batliboi & Purohit
Mumbai
Chartered Accountants

Corporate Financial Services Private Limited
Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amounts in Rs. millions, unless otherwise stated)

Note 9 Property, plant and equipment

Particulars	Computers & Printers	Servers	Office Equipments	Furniture & Fixtures	Electrical installations and Fittings	Electronic Equipment	Leasehold improvements	Vehicles	Total
Gross block									
Cost as at April 1, 2021	40.39	1.86	20.44	16.87	8.36	[illegible]	46.32	16.74	177.65
Additions	15.70	0.79	0.05	-	-	1.83	-	2.61	19.79
Disposals	(12.11)	-	-	-	-	-	-	(5.25)	17.36
At March 31, 2022	43.98	2.65	20.49	16.87	8.38	18.51	46.32	13.90	172.10
Depreciation and impairment									
At April 1, 2021	30.43	0.92	13.09	5.35	2.66	11.94	41.35	2.44	118.41
Disposals	(12.10)	-	-	-	-	-	-	(2.56)	(14.10)
Depreciation charge for the year	8.05	0.39	4.14	1.93	1.22	3.51	1.61	2.01	22.64
At March 31, 2022	26.41	1.31	17.22	7.28	3.88	15.45	42.96	4.39	118.89
Net book value									
At April 1, 2021	9.95	0.94	7.35	11.52	5.50	4.74	4.97	14.29	60.28
At March 31, 2022	11.57	1.34	3.27	9.59	5.45	3.06	3.36	9.52	53.21

Particulars	Computers & Printers	Servers	Office Equipments	Furniture & Fixtures	Electrical installations and Fittings	Electronic Equipment	Leasehold improvements	Vehicles	Total
Gross block									
Cost as at April 1, 2020	33.07	1.47	23.81	19.57	9.09	17.50	53.53	14.80	172.28
Additions	8.00	0.53	0.04	0.04	-	0.43	-	2.59	11.55
Disposals	(1.00)	-	(3.41)	(3.14)	(0.80)	(1.95)	(7.21)	-	(12.92)
At March 31, 2021	40.40	2.00	20.44	16.87	8.38	16.68	46.32	16.75	170.67
Depreciation and impairment									
At April 1, 2020	22.55	0.57	3.39	4.44	2.03	8.95	38.22	2.55	58.11
Disposals	(0.00)	-	(0.24)	(1.13)	(0.15)	(1.03)	(3.72)	-	(5.37)
Depreciation charge for the year	7.89	0.35	4.49	2.10	1.04	4.11	5.54	1.81	52.35
At March 31, 2021	30.48	0.92	13.08	5.35	2.88	11.94	41.35	4.44	110.33
Net book value									
At April 1, 2020	11.31	0.90	11.93	15.52	7.95	8.35	15.31	12.26	84.12
At March 31, 2021	9.95	0.94	7.36	11.52	5.50	4.74	4.97	14.29	60.23

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited * Bangalore *

(All amount in Rs. millions, unless otherwise stated)

Note 10: Right-of-use assets

Particulars	Right-of-use Building
Gross block	
At April 1, 2021	165.16
Additions	87.48
Disposals	(2.46)
At March 31, 2022	250.18
Depreciation and Impairment:	
At April 1, 2021	127.48
Disposals	(1.63)
Depreciation charge for the year	32.87
At March 31, 2022	160.72
Net book value:	
At April 1, 2021	38.39
At March 31, 2022	92.18

Particulars	Right-of-use Building
Gross block	
At April 1, 2020	219.39
Additions	0.63
Disposals	(54.86)
At March 31, 2021	165.16
Depreciation and Impairment:	
At April 1, 2020	102.39
Disposals	(3.80)
Depreciation charge for the year	28.18
At March 31, 2021	126.77
Net book value:	
At April 1, 2020	117.00
At March 31, 2021	38.39

Note 11: Intangible assets under development

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	39.56	7.98
Additions	55.18	36.00
Capitalised	(19.26)	(4.42)
Written off	(15.86)	-
Balance at the end of the year	59.62	39.56

Note 11.1: Intangible assets under development ageing

Particulars	Amount in WIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Projects in progress	55.18	4.24	0.20	-	59.62
Projects temporarily suspended	-	-	-	-	-

Particulars	Amount in WIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Projects in progress	-	36.00	3.56	-	39.56
Projects temporarily suspended	-	-	-	-	-

The group did not have any project which were overdue or exceeded its cost compared to it's original plan.

Note 12: Other intangible assets

Batliboi & Purohit Mumbai Chartered Accountants

CapFloat Financial Services Private Limited Bengaluru

(All amount in Rs. Millions, unless otherwise stated)

Particulars	Computer Software	Internally Generated assets	Goodwill on consolidation	Total
Gross block				
Cost as at April 1, 2021	33.50	167.74	1,071.14	1,272.38
Additions	0.74	38.59	-	39.33
Disposals/Deletions	-	(6.71)	-	(6.71)
At March 31, 2022	34.24	199.62	1,071.14	1,306.00
Accumulative amortisation and impairment				
At April 1, 2021	29.72	57.42	-	87.14
Disposals/Deletions	-	(1.58)	-	(1.58)
Amortisation for the year	2.65	33.85	-	36.50
At March 31, 2022	32.37	89.69	-	122.06
Net book value:				
At April 1, 2021	3.79	110.32	1,071.14	1,185.24
At March 31, 2022	1.87	109.93	1,071.14	1,182.94

Particulars	Computer Software	Internally Generated assets	Goodwill on consolidation	Total
Gross block				
Cost as at April 1, 2020	32.60	147.11	1,071.14	1,250.85
Additions	0.91	27.61	-	28.52
Disposals/Deletions	-	(6.98)	-	(6.98)
At March 31, 2021	33.51	167.74	1,071.14	1,272.39
Accumulative amortisation and impairment:				
At April 1, 2020	25.53	30.74		56.27
Disposals/Deletions	-	(2.12)	-	(2.12)
Amortisation for the year	4.19	28.80	-	32.99
At March 31, 2021	29.72	57.42	-	87.14
Net book value:				
At April 1, 2020	7.07	116.37	1,071.14	1,194.58
At March 31, 2021	3.79	110.32	1,071.14	1,185.25

Note 18: Other non-financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Service tax credit/GST (input) receivable	136.34	97.43
Less: Provision for unclaimed credit	(1.51)	(1.51)
Prepaid expenses	47.34	74.67
Others	17.85	3.98
Total	200.02	174.57

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 14: Trade Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
(i) total outstanding dues of Micro, Small and Medium Enterprises	6.23	6.98
(ii) total outstanding dues of creditors other than Micro, Small and Medium Enterprises	[illegible]	79.37
(iii) total disputed outstanding dues of Micro, Small and Medium Enterprises	-	-
(iv) total disputed outstanding dues of creditors other than Micro, Small and Medium Enterprises	-	-
Total	[illegible]	86.35

Trade Payables ageing schedule

As on March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	6.23	-	-	-	6.23
(ii) Others	98.52	-	-	0.48	99.00
(iii) Disputed dues - MSME			-	-	-
(iv) Disputed dues - Others		-	-	-	-

As on March 31, 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	6.98	-	-	-	6.98
(ii) Others	74.07	2.08	2.63	0.59	79.37
(iii) Disputed dues - MSME			-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

MSME disclosure:

Particulars	As at March 31, 2022	As at March 31, 2021
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
Principal	6.23	6.98
Interest		-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Note 15: Debt securities

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised cost		
Redeemable Non-convertible Debentures		
Secured	1,375.40	1,379.[illegible]
Unsecured	1,089.13	931.71
Total	2,464.53	2,310.83
Debt securities in India	2,464.53	2,310.83
Debt securities outside India	-	-
	2,464.53	2,310.83

Particulars of Secured and Unsecured Redeemable Non-Convertible Debentures

Particulars	Date of Redemption	As at March 31, 2022	As at March 31, 2021
Secured Redeemable Non Convertible Debentures			
Non Convertible Debentures (20 nos. of Rs 10,000,000 each)	27-Apr-21	-	200.00
Non Convertible Debentures (28 nos. of Rs 25,00,000 each)	03-Nov-21	-	45.76
Non Convertible Debentures (48 nos. of Rs 25,00,000 each)	27-Nov-21	-	86.26
Non Convertible Debentures (25 nos. of Rs 25,00,000 each)	18-Dec-21	-	45.88

Bangalore
CapFloat Financial Services Private Limited
Mumbai
CHARTERED ACCOUNTANTS

(All amount in Rs. million, unless otherwise stated)

Non Convertible Debentures (100 nos. of Rs 10,00,000 each)	31-Mar-22	-	80.00
Non Convertible Debentures (123 nos. of Rs 5,00,000 each)	21-Jul-22	20.50	61.50
Non Convertible Debentures (129 nos. of Rs 5,00,000 each)	10-Aug-22	21.50	64.50
Non Convertible Debentures (188 nos. of Rs 5,00,000 each)	19-Sep-22	31.33	94.00
Non Convertible Debentures (196 nos. of Rs 5,00,000 each)	22-Oct-22	35.50	215.00
Non Convertible Debentures (71 nos. of Rs 5,00,000 each)	12-Nov-22	17.75	-
Non Convertible Debentures (155 nos. of Rs 5,00,000 each)	22-Dec-22	38.75	-
Non Convertible Debentures (161 nos. of Rs 5,00,000 each)	23-Jan-23	53.67	-
Non Convertible Debentures (134 nos. of Rs 5,00,000 each)	16-Feb-23	44.67	-
Non Convertible Debentures (16 nos. of Rs 5,00,000 each)	19-Feb-23	8.00	-
Non Convertible Debentures (195 nos. of Rs 5,00,000 each)	23-Mar-23	65.00	-
Non Convertible Debentures (11 nos. of Rs 5,00,000 each)	24-Mar-22	3.93	-
Non Convertible Debentures (147 nos. of Rs 5,00,000 each)	25-Apr-23	61.25	-
Non Convertible Debentures (159 nos. of Rs 5,00,000 each)	29-May-23	79.42	-
Non Convertible Debentures (133 nos. of Rs 5,00,000 each)	28-Jun-23	55.42	-
Non Convertible Debentures (167 nos. of Rs 5,00,000 each)	27-Jul-23	69.58	-
Non Convertible Debentures (125 nos. of Rs 5,00,000 each)	25-Aug-23	62.50	-
Non Convertible Debentures (106 nos. of Rs 5,00,000 each)	30-Sep-23	53.00	-
Non Convertible Debentures (43 nos. of Rs 50,00,000 each)	21-Dec-23	216.00	-
Non Convertible Debentures (480 nos. of Rs 10,00,000 each)	18-Mar-24	480.00	480.00
		1,585.09	1,376.50

Unsecured Redeemable Non-Convertible Debentures

Particulars	Date of Redemption	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	31-Jul-21	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	13-Sep-21	-	5.00
Non Convertible Debentures (12 nos. of Rs 100,00,000 each)	13-Oct-21	-	60.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	16-Jan-22	-	5.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	27-Jan-22	-	10.00
Non Convertible Debentures (12 nos. of Rs 100,00,000 each)	15-Mar-22		40.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	14-May-21	-	20.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	21-May-21	-	40.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	11-Jun-21	-	30.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	11-Jun-21	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	14-Jul-21	-	10.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	19-Jul-21	-	20.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	24-Jul-21	-	20.00
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	26-Jul-21	-	40.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	28-Jul-21	-	5.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	07-Aug-21	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	10-Aug-21		10.00
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	11-Aug-21	-	25.00
Non Convertible Debentures (5 nos. of Rs 100,00,000 each)	17-Aug-21	-	45.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	19-Aug-21	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	20-Aug-21	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	09-Sep-21	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	16-Sep-21	-	10.00
Non Convertible Debentures (5 nos. of Rs 100,00,000 each)	27-Sep-21	-	30.00
Non Convertible Debentures (5 nos. of Rs 100,00,000 each)	01-Oct-21	-	50.00
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	06-Oct-21	-	20.00
Non Convertible Debentures (3 nos. of Rs 100,00,000 each)	13-Oct-21	-	25.00
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	28-Oct-21	-	30.00
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	15-Nov-21	-	40.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	16-Nov-21	-	15.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	17-Nov-21		10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	25-Nov-21	-	10.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	05-Jan-22	-	20.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	06-Jan-22		10.00
Non Convertible Debentures (5 nos. of Rs 100,00,000 each)	20-Jan-22	-	50.00
Non Convertible Debentures (6 nos. of Rs 100,00,000 each)	02-Feb-22	-	60.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	06-Mar-22	-	10.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	22-Mar-22	-	20.00
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	12-Apr-22	10.00	-
Non Convertible Debentures (3 nos. of Rs 1,00,00,000 each)	20-Apr-22	30.00	-
Non Convertible Debentures (4 nos. of Rs 1,00,00,000 each)	22-Apr-22	12.00	-
Non Convertible Debentures (5 nos. of Rs 1,00,00,000 each)	21-May-22	12.50	
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	10-Jun-22	10.00	-
Non Convertible Debentures (3 nos. of Rs 1,00,00,000 each)	21-Jun-22	30.00	-
Non Convertible Debentures (5 nos. of Rs 1,00,00,000 each)	07-Jul-22	50.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	15-Jul-22	5.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	22-Jul-22	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	26-Jul-22	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	12-Aug-22	10.00	-

Particulars	Date of Redemption	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	17-Aug-22	20.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	18-Aug-22	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	25-Aug-22	10.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	27-Aug-22	20.00	
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	19-Sep-22	10.00	-
Non Convertible Debentures (5 nos. of Rs 1,00,00,000 each)	27-Sep-22	10.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	01-Oct-22	20.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	05-Oct-22	30.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	14-Oct-22	15.00	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	19-Oct-22	40.00	40.00
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	21-Oct-22	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	28-Oct-22	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	09-Nov-22	7.50	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	10-Nov-22	10.00	10.00
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	11-Nov-22	10.00	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	17-Nov-22	7.50	7.50
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	23-Nov-22	10.00	-

Batliboi & Purohit Mumbai Chartered Accountants

Capfloat Financial Services Private Limited Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs millions, unless otherwise stated)

Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	25-Nov-22	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	26-Nov-22	10.00	
Non Convertible Debentures (2 nos. of Rs [illegible] each)	30-Nov-22	18.75	18.75
Non Convertible Debentures ([illegible] nos. of Rs 1,00,00,000 each)	08-Dec-22	27.50	-
Non Convertible Debentures ([illegible] nos. of Rs 1,00,00,000 each)	10-Dec-22	30.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	27-Dec-22	7.50	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	29-Dec-22	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	07-Jan-23	10.00	-
Non Convertible Debentures ([illegible] nos. of Rs 1,00,00,000 each)	17-Jan-23	50.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	19-Jan-23	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	20-Jan-23	10.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	21-Jan-23	20.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	24-Jan-23	20.00	
Non Convertible Debentures (4 nos. of Rs 1,00,00,000 each)	25-Jan-23	40.00	40.00
Non Convertible Debentures ([illegible] nos. of Rs 1,00,00,000 each)	31-Jan-23	50.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	02-Feb-23	20.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	03-Feb-23	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	07-Feb-23	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	02-Mar-23	10.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	15-Mar-23	10.00	-
Non Convertible Debentures (6 nos. of Rs 1,00,00,000 each)	22-Mar-23	60.00	-
Non Convertible Debentures (7 nos. of Rs 1,00,00,000 each)	31-Mar-23	70.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	14-Jun-23	20.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	24-Jun-23	20.00	-
Non Convertible Debentures (3 nos. of Rs 1,00,00,000 each)	29-Jul-23	30.00	-
Non Convertible Debentures (1 nos. of Rs 1,00,00,000 each)	10-Aug-23	10.00	-
Non Convertible Debentures (4 nos. of Rs 1,00,00,000 each)	12-Aug-23	40.00	-
Non Convertible Debentures (3 nos. of Rs 1,00,00,000 each)	27-Oct-23	30.00	-
Non Convertible Debentures (2 nos. of Rs 1,00,00,000 each)	27-Jan-24	20.00	-
		1,051.96	921.25
Grand Total		2,446.34	2,298.13
Ind AS adjustments		16.19	12.70
Total post Ind AS adjustments		2,462.53	[illegible]

As at Balance Sheet date, Interest rates per annum range (for Non Convertible Debentures) between 12.10% to 13.60%

Repayment details of debt securities

Balance Tenure (months)	Rate of Interest	Repayment Details	Total
0-12 months	12.00%-13.50%	Quarterly	643.26
0-12 months	11.75%-12.50%	Half yearly	53.00
0-12 months	12.50%-13.50%	Bullet	650.00
12-36 months	13.00%-13.50%	Quarterly	451.08
12-36 months	13.25%-13.60%	Half yearly	290.00
12-36 months	13.50%	Bullet	70.00
12-36 months	12.75%	Bullet	400.00
			2,446.34

Security details for Secured Debt Securities
Debt Securities of Rs. 1,285.00 millions for March 31, 2022 (Rs. 1,376.98 millions for March 31, 2021) is secured by way of hypothecation of underlying assets financed by the Group.

Batliboi & Purohit Mumbai Chartered Accountants

Capfloat Financial Services Private Limited Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 16: Borrowings other than debt securities

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised cost:		
Secured		
Term loans		
- from bank	537.24	1,890.08
- from others	357.37	465.56
Securitisation Liabilities	145.02	105.33
Cash credit / Overdraft facilities from banks	939.92	-
Total	1,974.55	2,261.26
Borrowings in India	1,974.55	2,261.26
Borrowings outside India		
Total	1,974.55	2,261.26

Security details for Secured Borrowings

Term loans of Rs.869.61 millions for March 31, 2022(Rs.2,155.02 millions for March 31, 2021) is secured by way of hypothecation of underlying assets financed by the Group.
Securitisation liabilities and Overdraft facilities from banks of Rs.1,084.94 millions for March 31, 2022(Rs.105.33 millions for March 31, 2021) is secured by cash collaterals of the Group.

Terms of repayment:

Term loans from Banks and others (NBFC) -Secured

Lender Name	Tenure (months)	Sanction Amount	As at March 31, 2022	As at March 31, 2021
IDFC First Bank Limited	36	3,000.00	-	1,352.80
Capri Global Capital Ltd	24	150.00	-	4.17
IFMR Capital Finance Private Limited	24	1,100.00	-	13.52
Utkarsh Small Finance Bank	39	100.00	-	13.67
Utkarsh Small Finance Bank	39	100.00	-	6.33
Kotak Mahindra Bank Limited	5.28	90.00	15.00	-
Indus Ind Bank Limited	12	500.00	500.00	-
AU Small Finance Bank	7	250.00	41.67	-
GROWTH SOURCE FINANCIAL TECHONOLOGIES PVT LTD	12	100.00	-	51.85
IFMR Capital Finance Private Limited	12	100.00	-	51.66
IFMR Capital Finance Private Limited	12	200.00	35.44	-
InCred Financial Services Limited	15	150.00	-	100.00
Kotak Mahindra Bank Limited	3	1,370.30	-	289.90
SIDBI	6	200.00	-	35.00
Vivriti Capital Private Limited	12	250.00	-	60.78
Vivriti Capital Private Limited	12	100.00	66.67	-
MAS Financial Services Ltd	6	300.00	300.00	-
Western Capital Advisors Private Limited	18	100.00	-	72.22
Bank Overdraft				
AU SFB Bank OD		1,500.00	503.01	-
Axis Bank OD		200.00	-	-
Kotak Bank OD		600.00	430.90	-
RBL Bank OD		50.00	-	-
Kotak TLOD		200.00	-	-
Securitisation Liabilities	Refer note below		145.02	105.30
Grand Total (principal outstanding)		10,710.30	1,990.71	2,252.88
Ind AS adjustments			(16.16)	8.38
Total Borrowings other than debt securities			1,974.55	2,261.26

Note
The Group has entered into various securitisation transaction during the previous year having a contractual tenure upto 12-36 months and the sanction amount for each transaction depends upon the amount of pool transferred.

As at Balance Sheet date interest rates per annum range between 5% to 12.75%

Repayment details of borrowings

Balance Tenure (months)	Rate of interest	Repayment Details	Total Amount
0-12 months	10.00% to 12.75%	Monthly	408.78
0-12 months	5% to 8.4%	Monthly	930.91
0-12 months	7.50%	Bullet	500.00
12-30 months	10.00% to 12.25%	Monthly	145.02
			1,990.71

(All amount in Rs. millions, unless otherwise stated)

Note 17: Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability	112.20	67.25
Other liabilities (includes payables for securitisation and payable to business partners)	524.83	292.96
Total	637.03	360.21

Note 18: Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Employee benefits payable		
- Retention & Performance bonus	25.02	15.24
- Gratuity	53.84	46.76
- Provision for compensated absences	55.08	48.40
- Sick Leave	1.74	1.00
Provision for non-fund based exposure	85.37	45.09
	224.85	161.45

The table below shows the credit quality and the maximum exposure for credit risk based on the Group's internal credit grading system and year-end stage classification in relation to undrawn commitments and financial guarantee is as follows:

Analysis of risk categorisation

As at March 31, 2022

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	2,301.93	-	-	2,301.93
Standard grade	-	-	-	-
Sub-standard grade	-	102.28	-	102.28
Past due but not impaired	-	21.35	-	21.35
Non- performing				-
Individually impaired (including restructured assets)	-	-	62.19	62.19
Total	2,301.93	123.63	62.19	2,487.75

As at March 31, 2021

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	280.50			280.50
Standard grade	6.16	-	-	6.16
Sub-standard grade	-	16.96	-	16.96
Past due but not impaired	-	3.66	-	3.66
Non- performing				
Individually impaired (including restructured assets)	-	-	31.34	31.34
Total	286.66	20.62	31.34	338.52

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to undrawn commitments and financial guarantee is as follows:

Reconciliation of gross carrying amount

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2021	286.66	20.62	31.34	338.52
Additions to opening balance due to methodology change	1,424.83	246.60	70.14	1,741.65
New assets originated or purchased	2,089.84	59.67	30.54	2,180.15
Assets derecognised or repaid (excluding write offs)	(1,410.64)	(99.91)	(16.61)	(1,527.46)
Transfers to Stage 1	3.37	(3.37)	-	-
Transfers to Stage 2	(24.61)	24.61	-	-
Transfers to Stage 3	(6.34)	(13.15)	19.49	-
Amounts written off	(60.98)	(111.43)	(72.71)	(245.12)
Gross carrying amount as at March 31, 2022	2,301.93	123.63	62.19	2,487.75

As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2020	299.14	7.38	34.49	341.01
New assets originated or purchased	175.75	3.49	0.70	179.94
Assets derecognised or repaid (excluding write offs)	(184.77)	(6.08)	(9.76)	(100.61)

(All amount in Rs. millions, unless otherwise stated)

Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(16.89)	16.88	-	-
Transfers to Stage 3	(6.37)	(0.03)	6.40	-
Amounts written off	(0.20)	(1.14)	(0.47)	(1.82)
Gross carrying amount as at March 31, 2021	286.84	20.52	31.34	338.62

Impairment allowance for loans to customers

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2021	7.26	9.32	29.39	45.98
Additions to opening balance due to methodology change	26.54	47.05	28.75	102.13
Assets derecognised or repaid	(25.91)	(21.95)	(1.90)	(49.76)
New assets originated	10.35	16.95	18.32	45.61
Impact on year end ECL of Exposures transferred between stages during the year	(0.82)	6.49	0.84	6.52
Transfers to Stage 1	1.02	(1.02)	-	-
Transfers to Stage 2	(0.82)	0.82	-	-
Transfers to Stage 3	(0.13)	(3.62)	3.75	-
Changes to models and inputs used for ECL calculations	(1.34)	(3.47)	(0.02)	(4.84)
Amounts written off	(1.68)	(26.63)	(31.96)	(60.27)
Impact of Management Overlay on ECL	-	-	-	-
Impairment allowance for loans to customers as at March 31, 2022	**13.48**	**26.75**	**46.15**	**85.37**

As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2020	4.38	3.78	32.93	41.08
Assets derecognised or repaid	0.51	(2.66)	(6.99)	(9.14)
New assets originated	2.62	1.40	0.37	4.39
Impact on year end ECL of Exposures transferred between stages during the year	-	7.35	4.49	11.84
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(0.51)	0.51		
Transfers to Stage 3	(0.28)	(0.01)	0.29	-
Changes to models and inputs used for ECL calculations	1.13	0.07	0.00	1.20
Amounts written off	(0.00)	(0.50)	(0.34)	(0.84)
Impact of Management Overlay on ECL	(0.61)	(0.59)	(1.35)	(2.55)
Impairment allowance for loans to customers as at March 31, 2021	**7.26**	**9.33**	**29.39**	**45.98**

Note 19: Other Non-financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	48.74	21.42
Income received in advance	47.24	36.61
Advance from customers	31.29	20.71
Total	**127.77**	**78.74**

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited Bangalore

Capfloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 20. Share Capital and Instruments entirely equity in nature

I. Equity Share Capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised:		
22,94,061 (Previous year 20,06,000) Equity Shares of Rs. 10 each	22.94	20.06
	22.94	20.06
Issued and fully paid up:		
22,75,434 (Previous year 16,86,370) Equity Shares of Rs. 10 each	22.75	16.86
Less: 6,05,840 (Previous year 96,792) equity shares of Rs 10/- each held in the Trust for employees under ESOP Scheme	(6.07)	(1.08)
	16.68	15.78

Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	Opening Balance	Fresh issue*	Buy Back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	15,78,504	10	-	-	15,78,514
- Amount (in Rs. Million)	15.78	0.00	-	-	15.78

*Represents amounts less than Rs 10,000/-

Details of shareholders holding more than 5% shares in the Holding Company

Equity Shares

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number in million	% holding in the class	Number in million	% holding in the class
Gaurav Dinesh Hinduja	6,90,007	30.32%	6,90,007	41.43%
Sashank R Rishyasringa	6,90,007	30.32%	6,90,007	41.43%
Capital Float Employee Welfare Trust	6,05,840	26.62%	96,792	5.74%

Shares held by promoters as at March 31, 2022

Particulars	Number of shares	% holding in the class	% changed during the year
Gaurav Dinesh Hinduja	6,90,007	30.32%	-11.11%
Sashank R Rishyasringa	6,90,007	30.32%	-11.11%

Terms/Rights attached to equity shares

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

II. Instruments entirely Equity in nature

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised:		
3,15,600 (Previous year 3,15,600) Series A Compulsorily Convertible Preference Shares of Rs. 10/- each having coupon rate of 0.01%	3.16	3.16
40,000 (Previous year 40,000) Series A1 Compulsorily Convertible Preference Shares of Rs. 10/- each having coupon rate of 0.01%	0.40	0.40
3,30,000 (Previous year 3,30,000) Series B Compulsorily Convertible Preference Shares of Rs. 10/- each having coupon rate of 0.01%	3.30	3.30
11,30,000 (Previous year 11,30,000) Series C Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	113.00	113.00
8,80,000 (Previous year 8,80,000) Series D Compulsorily Convertible Preference Shares of Rs 100/- each having coupon rate of 0.01%	88.00	88.00
17,00,000 (Previous year 17,00,000) Series E Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	170.00	170.00
2,64,000 (Previous year 2,64,000) Series E 1 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	26.40	26.40
2,74,720 (Previous year 2,74,720) Series E 2 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	27.47	27.47
1,00,000 (Previous year NIL) Series F 1 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	40.00	-
25,60,000 (Previous year NIL) Series F 2 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	256.00	-
17,00,000 (Previous year NIL) Series F 3 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	170.00	-
	897.73	431.73
Issued and fully paid up:		
57,286 (Previous year 57,286) Series A Compulsorily Convertible Preference Shares of Rs. 10/- each having coupon rate of 0.01%	0.57	0.57
38,080 (Previous year 38,080) Series A1 Compulsorily Convertible Preference Shares of Rs. 10/- each having coupon rate of 0.01%	0.38	0.38
3,24,812 (Previous year 3,24,812) Series B Compulsorily Convertible Preference Shares of Rs. 10/- each having coupon rate of 0.01%	3.25	3.25
11,23,548 (Previous year 11,23,548) Series C Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	112.35	112.35

Capital Float Financial Services Private Limited Bangalore

8,73,102 (Previous year 8,73,102) Series D Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	87.32	87.32
16,91,491 (Previous year 16,91,491) Series E Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	169.15	169.15
2,63,208 (Previous year 2,63,208) Series E 1 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	26.32	26.32
2,74,445 (Previous year 2,74,445) Series E 2 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	27.44	27.44
1,07,835 (Previous year NIL) Series F 1 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	10.78	-
3,33,492 (Previous year NIL) Series F 2 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	33.35	-
17,75,306 (Previous year NIL) Series F 3 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	177.53	-
	648.56	426.90

Reconciliation of instruments entirely equity in nature and amount outstanding at the beginning and at the end of the year

Series A Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	57,396	-	-	-	57,396
- Amount (in Rs. Million)	0.57	-	-	-	0.57

Series A1 Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	50,096	-	-	-	50,096
- Amount (in Rs. Million)	0.50	-	-	-	0.50

Series B Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	3,24,842	-	-	-	3,24,842
- Amount (in Rs. Million)	3.25	-	-	-	3.25

Series C Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	11,23,518	-	-	-	11,23,518
- Amount (in Rs. Million)	112.35	-	-	-	112.35

Series D Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	8,73,102	-	-	-	8,73,102
- Amount (in Rs. Million)	87.32	-	-	-	87.32

Series E Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	16,91,491	-	-	-	16,91,491
- Amount (in Rs. Million)	169.15	-	-	-	169.15

Series E1 Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	2,63,208	-	-	-	2,63,208
- Amount (in Rs. Million)	26.32	-	-	-	26.32

Series E2 Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	2,74,445	-	-	-	2,74,445
- Amount (in Rs. Million)	27.44	-	-	-	27.44

Series F1 Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	-	1,07,835	-	-	1,07,835
- Amount (in Rs. Million)	-	10.78	-	-	10.78

Series F2 Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	-	3,33,492	-	-	3,33,492
- Amount (in Rs. Million)	-	33.35	-	-	33.35

Series F3 Compulsorily Convertible Preference shares

Particulars	Opening Balance	Fresh Issue	Buy back	Other	Closing Balance
As at March 31, 2022					
- Number of shares	-	17,75,306	-	-	17,75,306
- Amount (in Rs. Million)	-	177.53	-	-	177.53

Details of shareholders holding more than 5% shares in the Company

Series A CCPS

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. in million	% holding in the class	No. in million	% holding in the class
Dinesh J H Ahuja	13,842	24.29%	13,942	24.29%
Amazon.com.NV Investment Holdings LLC	43,454	75.71%	43,454	75.71%

Series A1 CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
[illegible]	[illegible]	100.00%	[illegible]	100.00%

Series B CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
Sequoia Capital India Investments [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SAIF Partners India IV Limited	[illegible]	[illegible]	[illegible]	[illegible]

Series C CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SAIF Partners India IV Limited	[illegible]	[illegible]	4,57,654	[illegible]
Sequoia Capital India Investments IV	[illegible]	[illegible]	[illegible]	[illegible]

Series D CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SAIF Partners India IV Limited	[illegible]	[illegible]	[illegible]	[illegible]
Sequoia Capital India Investments IV	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Series E CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
SAIF Partners India IV Limited	[illegible]	[illegible]	[illegible]	[illegible]
Sequoia Capital India Investments IV	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Series E1 CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
SAIF Partners India IV Limited	[illegible]	[illegible]	[illegible]	[illegible]
Sequoia Capital India Investments IV	[illegible]	[illegible]	[illegible]	[illegible]

Series E2 CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SAIF Partners India IV Limited	[illegible]	[illegible]	[illegible]	[illegible]
Sequoia Capital India Investments IV	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Series F1 CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
[illegible]	[illegible]	100.00%		

Series F2 CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
[illegible]	[illegible]	[illegible]	-	-
Sequoia Capital India Investments IV	[illegible]	[illegible]	-	-
[illegible]	[illegible]	[illegible]	-	-
[illegible]	[illegible]	[illegible]	-	-
[illegible]	[illegible]	[illegible]	-	-

Series F3 CCPS

Particulars	As at March 31, 2022 No. in million	As at March 31, 2022 % holding in the class	As at March 31, 2021 No. in million	As at March 31, 2021 % holding in the class
[illegible]	[illegible]	100.00%	-	-

Terms / Rights attached to instruments entirely equity in nature

Preference Shares

1. Seniority

Series A, A1, B, C, D, E, E1, E2, F1, F2 and F3 Compulsorily Convertible Preference shares (CCPS) shall be [illegible] convertible and non-cumulative [illegible] and shall rank [illegible] all other Securities of the Group.

2. Voting Rights

(All amount in Rs. millions, unless otherwise stated)

The holders of the CCPS shall be entitled to receive notice of and vote on all matters that are submitted to the vote of the Shareholders of the Holding Company (including the holders of Equity Shares).

3. Terms of Conversion:

Series A CCPS: convertible into 1 (one) equity share
Series A1 CCPS: convertible into 1.2107 (one point two one zero seven) equity shares
Series B CCPS: convertible into 0.65 (point six five) equity share
Series C CCPS: convertible into 0.85 (point eight five) equity share
Series D CCPS: convertible into 0.9 (point nine) equity share
Series E CCPS: convertible into 1.11 (one point one one) equity share
Series E1 CCPS: convertible into 1 (one) equity share
Series E2 CCPS: convertible into 1 (one) equity share
Series F1 CCPS: convertible into 1 (one) equity share
Series F2 CCPS: convertible into 1 (one) equity share
Series F3 CCPS: convertible into 1 (one) equity share

The respective CCPS will be converted upon the following events whichever is earlier:
a) on expiry of a period of 19 (Ten) years from the respective dates of issuance of each CCPS series.
b) prior to the Qualified IPO.
c) at the option of the holder of the respective CCPS
d) on the occurrence of a Liquidation Event.
In addition to above, the Series A and A1 CCPS, conversion may also be effected immediately prior to transfer of such CCPS to any of the Promoters or Relatives of the Promoters, as per respective shareholders' agreement.
However, the holder of CCPS may seek conversion of all or any part of the CCPS held by it at any time at its discretion.

4. Nature:

The equity shares issued and allotted upon conversion of any or all of the CCPS Series shall rank pari-passu with all the other equity shares of the Holding Company.

5. In the event of winding up or liquidation:

In the event of winding up or liquidation of the Holding Company or the occurrence of a Liquidation Event, prior to payments to any class of shareholders including holders of any other preference shares (but pari-passu with the holders of the Series A CCPS, Series A1 CCPS, Series B CCPS, Series C CCPS, Series D CCPS, Series E CCPS, Series E1 CCPS, Series F1 CCPS, Series F2 CCPS and Series F3 CCPS shall be entitled to be paid an amount equal to the sum total of (i) the subscription consideration including premium paid towards subscription of each Series and (ii) all dividend that has accrued in relation to respective CCPS but remains unpaid. Thereafter, all the Shareholders (including the Investors) shall be entitled to their pro rata share in the surplus amounts or profits on the basis of their Shareholding Percentage on a Fully Diluted Basis.

	As at 31 March 2022	As at 31 March 2021
Shares allotted by way of bonus shares		
Shares issued by way of bonus shares	-	-

Particulars	As at March 31, 2022	As at March 31, 2021
Securities (Compulsorily Convertible Preference Shares) convertible into equity shares	55,82,761	45,46,128
Shares reserved for issue under Employee Stock Option Scheme-issued, held with Trust	5,86,840	86,792
Shares reserved for issue under Employee Stock Option Scheme -Unissued, held with Group	-	5,00,405

No bonus shares have been issued during the year (previous year NIL)

Details of shares issued as bonus, shares bought back and share issued for consideration other than cash for a period of five year immediately preceding balance sheet date:

Aggregate number and class of shares allotted as fully paid up by way of bonus shares:

Particulars	2020-21	2019-2020	2018-2019	2017-2018	2016-2017
Number of equity shares of Rs 10/- each fully paid	-	-	-	-	7,52,849
Number of preference shares of Rs. 10/- fully paid	-	-	-	-	1,51,101
Number of preference shares of Rs. 10/- fully paid	-	-			19,048
Number of preference shares of Rs. 100/- fully paid	-	-	-	-	7,41,632
Total	-	-	-	-	17,64,626

a) Note for Shares held under ESOP trust
The Holding Company has created an Employee Stock Option Scheme (ESOS) for share based payment to its employees.

ESOP is the primary arrangement under which shared plan service incentives are provided to certain specified employees of the Company and its subsidiaries in India. For the purpose of the scheme, the Holding Company issues shares to its ESOP trust. The Holding Company considers ESOP trust as its extension and shares held by ESOP trust are treated as treasury shares.

The ESOP Trust held 86,792 shares as on March 31, 2021 and during the year the company has issued 6,00,048 equity shares to ESOP trust and till date ESOP trust has transfer of 1,15,692 shares to employees of the Group

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Capfloat Financial Services Private Limited
Bengaluru

(All amount in Rs millions, unless otherwise stated)

Note 21: Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934	0.08	0.08
Securities Premium	11,800.15	8,556.91
Share Option Outstanding Account	1,181.67	1,130.04
Retained Earnings	(8,567.86)	(6,768.26)
Total	**4,394.04**	**2,918.77**

a) Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	0.08	0.08
Add: Transfer from Surplus in the Statement of Profit and Loss		
Closing Balance	0.08	0.08

b) Securities Premium

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	8,556.91	8,197.47
Add: Received during the year	3,324.34	361.58
Add : Transferred from Employee Stock Option reserve for shares exercised by employees (non-cash)	-	0.24
Less : Securities issue expenses	(81.10)	(2.38)
Closing Balance	**11,800.15**	**8,556.91**

c) Share Option Outstanding Account

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	1,130.04	824.29
Add: Transferred from Statement of Profit and Loss	24.49	290.98
Add : Capitalized during the year	27.14	15.03
Less: Options exercised during the year	-	(0.26)
Closing Balance	1,181.67	1,130.04

d) Surplus in the Statement of Profit and Loss

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	(6,768.26)	(5,195.63)
Less : Loss for the year	(1,121.41)	(1,566.80)
Less : Other comprehensive income	(7.73)	(5.83)
Less : Transfer of Non controlling interests	(690.46)	-
Closing Balance	(8,567.86)	(6,768.26)

Nature and purpose of Reserves

Securities Premium Reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Share Option Outstanding Account
This Reserve relates to stock options granted by the Group to employees under ESOP Schemes 2014. This Reserve is transferred to Securities Premium Account on exercise of vested options

Statutory reserve
The Holding Company created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend

Mumbai

Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 22: Interest Income

Particulars	March 31, 2022	March 31, 2021
On financial assets measured at amortised cost		
Interest on loans	725.75	953.89
Interest on deposits with Banks	74.01	101.47
Other interest	-	1.44
Total	799.76	1,056.80

Note 23: Fee income

Particulars	March 31, 2022	March 31, 2021
Revenue from contracts with customers		
Fee income on Loans	143.58	126.52
Total	**143.58**	**126.52**

Credit compliance and debt advisory fees

The performance obligation in regards of arrangements where fees is charged per transaction executed is recognised at point in time when the amount is realised.

Geographical markets		
India	143.58	126.52
Outside India	-	-
Total revenue from contracts with customers	**143.58**	**126.52**
Timing of revenue recognition		
Services transferred at a point in time	143.58	126.52
Services transferred over time	-	-
Total revenue from contracts with customers	**143.58**	**126.52**

Note 24: Net gain on fair value changes

Particulars	March 31, 2022	March 31, 2021
Net gain on instruments at fair value through profit or loss		
Mutual funds at FVTPL	42.02	25.96
Market Linked Debentures at FVTPL	1.62	-
Total Net gain/(loss) on fair value changes	**43.64**	**25.96**
Fair Value changes:		
-Realised	43.64	25.96
-Unrealised	-	-
Total Net gain/(loss) on fair value changes	**43.64**	**25.96**

Note 25: Other income

Particulars	March 31, 2022	March 31, 2021
Other non operating income (includes interest on Income tax refund)	110.73	20.00
Total	**110.73**	**20.00**

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Capfloat Financial Services Private Limited Bangalore

(All amount in Rs. millions unless otherwise stated)

Note 26: Finance Cost

Particulars	March 31, 2022	March 31, 2021
On financial liabilities measured at amortised cost		
Interest on lease liability	12.18	10.61
Interest on borrowings	195.44	425.51
Interest on Commercial Paper and Bonds	-	4.68
Interest on Debentures	284.88	239.91
Interest on securitised liabilities	22.74	41.93
Other Finance Cost	51.29	28.31
Total	**566.53**	**748.95**

Note 27. Impairment on financial instruments

Particulars	March 31, 2022	March 31, 2021
On Financial instruments measured at amortised cost		
(i) Loans#	19.01	611.26
(ii) Non fund exposure*	206.33	179.10
(iii) Trade receivable^	3.57	(0.39)
(iV) Others receivable	0.00	(0.69)
Total	**228.91**	**789.28**

Consists loss on account of loans written off Rs. 346.68 million (March 31, 2021: Rs. 702.99 million) and reversal of ECL provision Rs. 327.67 million (March 31, 2021 : Rs. 91.73 million) during the year.

* includes payments in respect of guarantees invoked which were issued by the Company for the co-lending arrangement

^Consists the loss on account of trade receivables written off Rs. 0.50 million (March 31, 2021: 0.02 million)

Note 28: Employee benefit expenses

Particulars	March 31, 2022	March 31, 2021
Salaries and wages	822.66	547.38
Contribution to provident and other funds	11.71	11.94
Share based payment to employees	24.49	290.98
Staff welfare expenses	8.12	9.22
Gratuity expenses	13.68	10.33
Long term incentive plan expense	-	(6.56)
Total	**880.66**	**863.29**

Note 29: Depreciation and amortisation

Particulars	March 31, 2022	March 31, 2021

Mumbai
Bangalore

(All amount in Rs. millions, unless otherwise stated)

Depreciation on Property, plant and equipment	22.64	30.65
Depreciation on Intangible assets	36.50	32.99
Depreciation of Right of use assets	32.87	28.18
Total	**92.01**	**91.82**

Note 30: Other expenses

Particulars	March 31, 2022	March 31, 2021
Rent	0.91	2.09
Repairs and others	1.08	0.54
Insurance	8.87	6.22
Rates & Taxes	0.40	11.44
Auditors Remuneration	-	-
- as auditor	3.50	2.90
- tax audit fees	0.20	0.30
- for certification	-	0.30
- for reimbursement of expenses	-	0.01
Marketing expenses	66.97	38.88
Business support expenses	17.18	-
Commission and brokerage	3.86	-
Traveling expenses	8.16	7.63
Office maintenance	7.27	8.04
Communication expenses	5.87	4.27
Printing and stationery	0.47	0.45
Recruitment expenses	6.74	1.17
Membership and subscription	0.07	0.12
Customer onboarding charges	97.02	104.61
Collection cost	107.70	88.12
Electricity charges	3.74	3.17
Legal and professional charges	34.52	29.06
Software license fees	0.74	0.21
Other technology expenses	145.21	116.30
Directors sitting fees	2.10	2.50
Service tax/ GST expenses	62.72	39.10
Loss on sale/write off of Property, Plant and Equipment	22.54	7.86
Bank Charges	0.92	0.46
Loss on modification of Financial liability	-	0.04
Miscellaneous expenses	1.94	3.47
Total	**610.70**	**479.28**

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

CapFloat Financial Services Private Limited * Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 31: Income Tax

As per Ind AS 12, a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. After due evaluation of the above requirement, the management has decided to not create any deferred tax asset.

As per the Income-tax return for AY 2021-22, the Group has Rs. 6208.47 million of accumulated losses and unabsorbed depreciation under Income-tax on which the Group has not created deferred tax assets.

Note 32: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders and compulsory convertible preference share holders of the Parent by the weighted average number of equity shares and compulsory convertible preference shares outstanding during the year.

Since the Group has incurred a loss, the EPS disclosure is restricted upto Basic EPS and no Diluted EPS is calculated.

Particulars	**March 31, 2022**	**March 31, 2021**
Following reflects the profit and share data used in EPS computations		
Basic		
Weighted average number of equity shares and compulsory convertible preference shares for computation of Basic EPS (In million)	7.73	6.91
Net profit for calculation of basic EPS (In millions)	(1,121.41)	(1,566.80)
Basic earning per share (In Rs.)	(145.07)	(226.74)
Diluted		
Weighted average number of equity shares for computation of Diluted EPS (In million)**	7.73	6.91
Profit for the year attributable to Equity holders of the parent(in million)	(1,121.41)	(1,566.80)
Diluted earning per share (In Rs.)	(145.07)	(226.74)
** Parent Company has 612330 ESOPs (March 31, 2021: 440792) outstanding as on March 31, 2022 which are considered anti-dilutive due to the loss during the year. Hence, the disclosure is restricted to basic EPS. Mandatorily convertible instruments being entirely equity in nature have been considered for basic EPS		
Reconciliation of profit for calculation of diluted EPS		
Profit for the year attributable to Equity holders of the parent(in million)	(1,121.41)	(1,566.80)
(Add) Interest on optionally convertible debentures (net of provision)	-	-
Net profit for calculation of Diluted EPS (Rs. in millions)	(1,121.41)	(1,566.80)
Reconciliation of Weighted average number of shares outstanding (In millions)		
Weighted average number of equity shares for computation of Basic EPS	1.98	1.67
(Add) Convertible Shares/Debt Securities	6.16	5.33
(Less) Weighted Average of treasury shares held by the ESOP Trust	0.41	0.09
Weighted average number of shares for computation of Basic EPS	7.73	6.91
Nominal / Face Value of equity shares (In Rs.)	10.00	10.00

Mumbai

Bangalore

(All amount in Rs. millions, unless otherwise stated)

Note 33: Retirement benefit plan

i) Defined contribution plan

During the year, the Group has recognised the following amounts in the Statement of profit and loss:

Particulars	March 31, 2022	March 31, 2021
Employers' Contribution to Employee's Provident Fund*	11.63	11.81
	11.63	11.81

* Provident fund is a defined contribution plan. The contribution towards provident fund has been deposited with Regional Provident Fund Commissioner and is charged to Statement of Profit and Loss

ii) Defined benefit plan

The Group has a defined benefit gratuity plan (unfunded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and last drawn salary upto the ceiling limit of Rs. 2 million.

Through its defined benefit plans the Group is exposed to a number of risks, the most significant of which are detailed below.

a) Change in bond yields -

A decrease in government bond yields will increase plan liabilities.

b) Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

c) Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss, remeasurement gains/losses recognised in OCI and amounts recognised in the balance sheet for the respective plans:

Table showing change in the present value of projected benefit obligation

Particulars	As at March 31, 2022	As at March 31, 2021
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	46.76	30.36
Interest on defined benefit obligation	2.46	1.97
Current Service cost	11.21	8.36
Liability Transferred In/(Out) Slump Sale	-	-
(Benefit Paid From the Fund)	(14.61)	(2.67)
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	(3.45)	(0.26)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	9.28	13.06
Actuarial Losses on Obligations - Due to Experience	4.99	(4.06)
Liability at the end of the year	56.64	46.76

Amount recognized in the Balance Sheet

Particulars	As at March 31, 2022	As at March 31, 2021

Present value of unfunded defined benefit obligation	56.64	46.76
Amount not recognized due to asset limit	-	-
Net defined benefit liability / (asset) recognized in balance sheet	56.64	46.76
Current	8.83	4.70
Non-current	47.81	42.06

Expenses recognized in the Statement of Profit and Loss

Particulars	**March 31, 2022**	**March 31, 2021**
Current service cost	11.21	8.36
Interest on net defined benefit liability / (asset)	2.47	1.97
Total expense charged to profit and loss account	13.68	10.33

Expenses recognized in the Other comprehensive income (OCI)

Particulars	**March 31, 2022**	**March 31, 2021**
Opening amount recognized in OCI outside profit and loss account	(8.58)	(17.32)
Remeasurements during the period due to		
Changes in financial assumptions	9.28	13.06
Changes in demographic assumptions	(3.45)	(0.26)
Experience adjustments	4.99	(4.06)
Closing amount recognized in OCI outside profit and loss account	2.25	(8.58)

The actuarial assumptions used to determine benefit obligations as at March 31, 2022 and March 31, 2021 are as follows:

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Discount Rate	6.40% - 6.35%	6.25%
Salary escalation rate	15% - 20%	12% 13%
Rate of Employee Turnover	17% - 30%	16% - 24%

Balance sheet reconciliation

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Opening net liability	46.76	30.35
Expenses recognized in Statement of Profit and Loss	13.67	10.33
Liability Transferred In/Acquisition	-	-
Expenses recognized in OCI	10.82	8.74
Benefits paid	(14.61)	(2.67)
Net liability recognized in the Balance Sheet	56.64	46.76

Cash Flow Projection

Expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Expected benefits for year 1	8.84	4.70
Expected benefits for year 2	8.61	6.26
Expected benefits for year 3	8.27	6.52

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited Bangalore

(All amount in Rs. millions, unless otherwise stated)

Expected benefits for year 4	7.58	6.55
Expected benefits for year 5	6.62	6.14
Expected benefits for year 6	5.82	5.44
Expected benefits for year 7	5.48	4.76
Expected benefits for year 8	4.22	4.34
Expected benefits for year 9	3.50	3.60
Expected benefits for year 10 and above	19.68	20.59

Sensitivity analysis

Particulars	As at March 31, 2022	**As at March 31, 2021**
Projected benefit obligation on current assumptions		
Delta effect of +0.5% change in rate of discounting	55.25	46.14
Delta effect of -0.5% change in rate of discounting	58.00	48.69
Delta effect of +0.5% change in rate of salary increase	57.97	48.06
Delta effect of -0.5% change in rate of salary increase	55.36	45.51

Compensated absences :

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Present value of unfunded obligation	52.23	45.58
Expenses recognised in the Statement of Profit and Loss	(20.56)	(24.26)
Discount Rate	5.40% - 6.35%	6.25%
Salary escalation rate	15% - 20%	12%- 13%

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amounts in Rs. millions, unless otherwise stated)

Note 34: Employee Stock Option Scheme (ESOS)

The group provides share-based payment schemes to its employees. For the year ended March 31, 2022 following Employee Stock Option Plans (ESOPs) were in existence. The relevant details of the schemes and the grants are as below:

On 1 Feb 2014, the board of directors approved the Equity Settled ESOP Scheme 2014 (Scheme 2014) for issue of stock options. The Group has also granted stock options to its consultants as on February 2, 2014. Apart from this, 5,95,140 shares are owned by Capital Float Employee Welfare Trust and 1,15,892 shares are held by employees of the Group pursuant to exercise of grants as at 31st March 2022.

a) Details of all grants in operation during the year ended March 31, 2022 are as given below:

Grant	Granted to Employees of	Grant Date range of grant	No. of options approved	No. of options granted	Exercise price per option (in Rs.)	Method of settlement	Vesting period	Fair Value per Option on grant date (Rs.)
I	Parent company*	Feb'14 to Mar'15	33,530	33,530	10.00	Equity	3-4 years	512.92
II	Parent company	Apr'14 to Sep'15	1,39,106	1,39,106	10.00	Equity	3-4 years	661.00
III	Parent company	Oct'15 to Mar'16	8,362	8,362	10.00	Equity	4 years	661.00
IV	Parent company	Apr'16 to Mar'17	58,250	58,250	10.00	Equity	4 years	1,921.50
V	Parent company	Apr'17 to Mar'18	3,743	3,743	10.00		4 years	2,173.00
V	Subsidiary company	Apr'17 to Mar'18	1,015	1,015	10.00	Equity	4 years	2,129.00
VI	Parent company	Apr'17 to Mar'18	52,739	52,739	250.00	Equity	4 years	1,563.00
VII	Parent company	Apr'18 to Aug'18	36,540	36,540	250.00	Equity	4 years	1,989.00
VII	Subsidiary company	Apr'18 to Aug'18	325	325	250.00	Equity	4 years	1,865.00
VIII	Parent company	Sep'18 to Mar'19	652	652	250.00	Equity	4 years	3,545.71
VIII *	Subsidiary company	Sep'18 to Mar'19	1,99,149	1,99,149	10.00	Equity	4 years	3,745.71
IX	Subsidiary company	Sep'18 to Mar'19	30,719	30,719	250.00	Equity	4 years	3,545.71
X	Parent company	Mar'19 to Nov'19	57,208	57,208	900.10	Equity	4 years	3,130.54
X	Subsidiary company	Mar'19 to Nov'19	8,554	8,554	900.20	Equity	4 years	3,130.24
XI	Parent company	Apr'20 to Feb'21	10,191	10,191	900.30	Equity	1 year	3,239.65
XI	Parent company	Apr'20 to Feb'21	10,594	10,594	900.30	Equity	4 years	3,351.35
XI	Subsidiary company	Apr'20	1,511	1,511	900.30	Equity	1 year	3,239.65
XI	Subsidiary company	Apr'20	4,575	4,575	900.30	Equity	4 years	3,351.35
XII	Parent company	Apr'21	1,454	1,454	900.30	Equity	1 year	3,229.45
XII	Parent company	May'21	25	25	900.30	Equity	1 years	3,291.35
XII	Parent company	Dec'21	1,30,370	1,30,370	200.00	Equity	4 years	1,175.16
XII	Subsidiary company	Apr'21	811	811	900.30	Equity	1 year	3,229.45
XII	Subsidiary company	Apr'21	751	751	900.30	Equity	4 year	3,291.35
XII	Subsidiary company	Jun'21	250	250	900.30	Equity	4 years	3,291.35
XII	Subsidiary company	Dec'21	35,064	35,064	200.00	Equity	4 years	1,175.16

During the year, certain employees of the Holding Company have been transferred to its subsidiary in a slump sale transaction. Accordingly, ESOP relating to such employees have been moved to the subsidiary (refer table c below).

* Stock options for this issuance have a fixed exercise period. For valuation purposes, the exercise period has been assumed to be 10 years from date of grant.

*This includes 5464 ESOPs granted to its consultants on February 02, 2014.

Vesting conditions:
The Options would vest only if the Option Grantee continues to be in employment of the Group on the date that they are due to vest. No options would vest in case employment is severed and in such case the date of resignation / termination shall be considered for reckoning the period of vesting.

(b) The expense recognised for employee services received during the year is shown in the table:

Particulars	March 31, 2022	March 31, 2021
		Rs Millions
Expense arising from equity-settled share-based payment transactions*	54.45	230.98
Total	54.45	230.98

* Net of capitalised ESOP expenses of Rs. 27.14 Million (Previous Year Rs. 15.03 Millions)

Method used for accounting for shared based payment plan:

The Group uses fair value to account for the compensation cost of stock options to employees of the Group.

(All amount in Rs. millions, unless otherwise stated)

(iii) Movement in the options outstanding under the Employee Stock Option Plan for the year ended 31 March 2022

Grant	Granted to Employees of	Options outstanding at April 1, 2021	Adjustments to opening balance	Adjustments for transferred employees	Granted during the year	Forfeited during the year	Exercised during the year	Expired / lapsed during the year	Outstanding at March 31, 2022	Exercisable at March 31, 2022	Weighted average remaining contractual life (in years)	Weighted average share price at the time of exercise	Date/Date range of grant
I	Parent company	4,532	-	-	-	-	-	-	4,532	4,532	-	-	Feb'14 to Mar'15
II	Parent company	31,214	-	-	-	-		542	30,672	30,963	-	-	Apr'15 to Sep'15
III	Parent company	3,704	-	-	-	-	-	-	3,704	3,704	-	-	Oct'15 to Mar'16
IV	Parent company	34,887	2,572	-	-	-	-	1,586	35,873	35,873	-	-	Apr'16 to Mar'17
V	Parent company			-	-	-	-	-	-	-	-	-	Apr'17 to Mar'18
VI	Parent company	30,723	1,134	(1,615)	-	153	-	730	28,859	28,859	-	-	Apr'17 to Mar'18
VI	Subsidiary company	-	-	1,615	-	-	-	-	1,615	1,615	-	-	Apr'17 to Mar'18
VII	Parent company	22,316	1,273	(329)	-	996	-	712	22,198	21,442	0.04	-	Apr'18 to Aug'18
VII	Subsidiary company	-	-	329	-	-	-	-	329	301	0.04	-	Apr'18 to Aug'18
VIII	Parent company	899	-				-	-	899	875	0.31	-	Sep'18 to Mar'19
VIII	Subsidiary company	1,99,149	-	-	-	28,541	-	-	1,70,608	1,53,391	0.33	-	Sep'18 to Mar'19
IX	Subsidiary company	20,130	1,225	-	-	1,725	-	-	19,630	17,758	0.33	-	Sep'18 to Mar'19
X	Parent company	32,136	1,253	(1,989)	-	1,221	-	-	34,185	23,044	0.83	-	May'19 to Nov'19
X	Subsidiary company	6,235	-	1,989	-	332	-	-	7,264	6,695	0.84	-	May'19 to Nov'19
XI	Parent company	11,201	-	(1,300)	-	-	-	-	9,901	9,901	-	-	Apr'20 to Feb'21
XI	Parent company	9,737	317	(1,115)	-	2,923	-	-	6,065	3,288	1.03	-	Apr'20 to Feb'21
XI	Subsidiary company	622	13	1,270	-	-	-	-	1,905	1,905	-	-	Apr'20
XI	Subsidiary company	2,785	25		-	344	-		2,458	1,195	1.01	-	Apr'20
XI	Subsidiary company	-	-	1,145	-	761	-	-	384	175	1.34	-	Apr'20 to Feb'21
XII	Parent company	-	-	-	1,454	611	-	-	843	-	1.01	-	Apr'21
XII	Parent company	-			25	-	-	-	25	-	1.42	-	Mar'21
XII	Parent company	-	-	-	1,30,370	-	-	-	1,30,370	-	1.97	-	Dec'21
XII	Subsidiary company	-	-	-	611	-	-	-	611		1.01		Apr'21
XII	Subsidiary company	-	-	-	751	-	-	-	751	-	1.23	-	Apr'21
XII	Subsidiary company	-	-	-	250	-	-	-	250	-	1.53	-	Jul'21
XII	Subsidiary company	-	-	-	83,064	5,540	-	-	77,524	-	1.97	-	Oct'21
Total		4,30,792	1,496	-	2,16,522	48,412	-	3,070	5,12,330	3,63,848	-	-	

(iv) Fair Value methodology
The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model for options granted during the financial year:

Grant	Grant Period	Fair Valuation	Exercise price (Rs.) per share	Risk free interest rate	Expected life (years)	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (Rs.) - adjusted for bonus/stock split
I	Sep'14 to Mar'15	2-Feb-14	10.00	8.99%	6.5 - 7.01	NIL	NIL	522.30
II	Apr'15 to Sep'15	1-Jan-15	10.00	7.82%	6.5 - 7.01	NIL	NIL	591.30
III	Oct'15 to Mar'16	19-Dec-15	10.00	7.56%	6.5 - 7.01	NIL	NIL	591.30
IV	Apr'16 to Mar'17	10-May-16	10.00	7.43%	6.5 - 7.01	NIL	NIL	1,540.30
V	Apr'17 to Mar'18	1-Oct-16, 1-Jan-17, 21-Aug-17, 1-Sep-17	10.00	6.64%	6.5 - 7.01	NIL	NIL	2,130.70
VI	Apr'17 to Mar'18	09-Nov-17	250.00	6.94%	6.5 - 7.01	NIL	NIL	2,180.70
VII	Apr'18 to Aug'18	01-Apr-18	250.00	7.42%	6.5 - 7.01	NIL	NIL	2,218.00
VIII	Sep'18 to Mar'19	11-Sep-18	10.00	8.23%	6.5 - 7.01	NIL	NIL	3,795.71
IX	Sep'18 to Mar'19	11-Sep-18	250.00	8.23%	6.5 - 7.01	NIL	NIL	3,795.71
X	May'19 to Nov'19	01-Nov-19	800.00	6.31%	6.5 - 7.01	NIL	NIL	3,914.30
XI	Apr'20 to Feb'21	01-Apr-20	800.00	5.85%	4.5	NIL	NIL	3,914.30
XI	Apr'20 to Feb'21	01-Apr-20	800.00	6.21%	4.5 - 6.00	NIL	NIL	3,914.30
XI	Apr'20 to Feb'21	17-Nov-20	800.00	5.42%	5.13 - 6.00	NIL	NIL	3,914.30
XII	Apr'21 to Jul'21	17-Nov-20	800.00	5.42%	5.13 - 6.53	NIL	NIL	3,914.30
XII	Dec'21	31-Dec-21	200.00	6.41%	5.00 - 9.00	NIL	NIL	12,980.00

CapFloat Financial Services Private Limited

Notes to Consolidated Financial statements for the year ended March 31, 2022

(All amounts in ₹ [illegible] unless otherwise stated)

(x) Shares held with the employee welfare trust for exercise under Employee Stock Option Plan

Particulars	No. of stock options/equity shares
a. Stock options available with the Employee Welfare Trust as at 31 March 2021	[illegible]
b. Equity shares allotted to Employee Welfare Trust during FY 2021-22	[illegible]
c. Stock Options exercised during FY 2021-22	
d. Balance stock options available with Employee Welfare Trust on 31 March 2022 (a+b-c)	[illegible]

The unexercised equity shares held by the trust at the close of the year have been [illegible] the share capital [illegible] by the Group.

(All amount in Rs. millions, unless otherwise stated)

Note 35: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

Securitisation:
The Group uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. However, the group provides credit enhancement in such transactions and hence continues to remain exposed to the credit risk of the loans transferred. Accordingly, securitisation has resulted in the continued recognition of the securitised assets.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities

Loans and advances measured at amortised cost	As at March 31, 2022	As at March 31, 2021
Carrying amount of transferred assets measured at amortised cost	184.94	193.25
Carrying amount of associated liabilities	(145.02)	(105.33)
Fair value of assets	184.94	193.25
Fair value of associated liabilities	(145.02)	(105.33)

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

Batliboi & Purohit Chartered Accountants Mumbai

CapFloat Financial Services Private Limited Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 36: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	693.55	-	693.55	134.66	-	134.66
Bank Balance other than above	4,001.59	32.21	4,033.80	2,008.81	5.29	2,014.10
Trade Receivables	8.14	-	8.14	36.74	-	36.74
Loans	3,335.11	818.75	4,153.86	2,852.70	1,511.71	4,364.50
Investments	-	-	-	-	-	-
Other financial assets	34.60	5.06	39.66	33.46	14.51	47.97
Non-financial Assets						
Current tax assets (net)	146.81	-	146.81	186.89	-	186.89
Property, plant and equipment		63.21	63.21	-	60.28	60.28
Right-of-use assets	-	92.18	92.18	-	38.39	38.39
Intangible assets under development	-	89.62	89.62	-	39.56	39.56
Goodwill		1,071.14	1,071.14	-	1,071.14	1,071.14
Other intangible assets		111.00	111.00	-	114.11	114.11
Other non financial assets	200.02	-	200.02	174.57	-	174.57
Total assets	8,319.75	2,273.98	10,593.74	5,228.43	2,854.98	8,083.41
Liabilities						
Financial Liabilities						
Payables						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	8.23		8.23	6.98	-	6.98
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	98.90	-	98.90	79.37	-	79.37
Debt Securities	1,884.04	600.49	2,484.53	1,433.36	877.47	2,310.83
Borrowings (other than debt securities)	1,974.35	-	1,974.35	1,836.12	425.13	2,261.25
Other financial liabilities	563.97	73.06	637.03	310.25	39.96	350.21
Non-financial Liabilities						
Provisions	46.34	178.51	224.85	59.34	99.11	158.45
Other non-financial liabilities	127.27	-	127.27	78.74	-	78.74
Total Liabilities	4,483.25	1,062.09	5,535.36	3,863.16	1,382.67	5,245.83
Net	3,836.50	1,221.89	5,058.38	1,365.27	1,472.31	2,837.58

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 37: Change in liabilities arising from financing activities

Particulars	As at March 31, 2021	Cash Flows	Other	As at March 31, 2022
Debt Securities	2,310.83	152.05	1.65	2,464.53
Borrowings other than debt securities	2,261.25	(262.19)	(24.51)	1,974.55
Total	4,572.08	(110.14)	(22.86)	4,439.08

Particulars	As at March 31, 2020	Cash Flows	Other	As at March 31, 2021
Debt Securities	1,885.29	706.09	(280.55)	2,310.83
Borrowings other than debt securities	5,063.23	(2,166.14)	(635.84)	2,261.25
Total	**6,948.52**	**(1,460.05)**	**(916.39)**	**4,572.08**

Note 38: Contingent liabilities, commitments

(A) Contingent Liabilities

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.
The Group believes that the outcome of these proceedings will not have a materially adverse effect on the Group's financial position and results of operations.

a. Contingent Liabilities not provided for in respect of:

Particulars	As at March 31, 2022	As at March 31, 2021
Income tax matters - appeals by Group*	106.79	106.79
Corporate guarantees given by Group **	135.13	42.50
Total	**241.92**	**149.29**

*The stay of demand has been raised against preferring CIT(A) for assessment year 2017-18. The Group has paid an amount of Rs. 7.65 million under protest for the matter under dispute.

**The liability is subject to the confirmation by co-lenders

(B) Commitments

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Undrawn Loan Commitments	1.30	20.18
Total	**1.30**	**20.18**

Mumbai

Bangalore

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs millions, unless otherwise stated)

Note 39: Related party disclosures

Relationship	**Name of the party**	
Associates / Enterprises owned or significantly influenced by key management	Gaurav Shashank Bangalore Financial Ventures Pvt. Ltd.	
	Name	**Designation**
Key Management Personnel	Gaurav Hinduja	Director
	Sashank Rishyasringa	Director
	Ira Malhotra	Independent Director
	Murali Venkataraman	Independent Director
	Akshay Sarda	Chief Financial Officer
	Manoranjan Biswal	Company Secretary (upto May 31, 2021)
	Impana HP	Company Secretary (with effect from June 23, 2021)
Relatives of Key Management Personnel	Dinesh Dharamdas Hinduja	
	Namrata Hinduja	
	Nalini Hinduja	
	Jai Shamsunder Rupani	

Related Party transactions during the year

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2022	**March 31, 2021**	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Transactions						
Remuneration to Directors	-	-	27.92	-	-	-
Remuneration to other KMPs	-	-	18.07	-	-	-
Sitting Fees	-	-	2.10	7.53	-	-
Share based Payment	-	-	-	-	-	-
Rent paid	-	-	-	-	26.03	19.45
Office maintenance paid	-	-	-	-	0.54	0.27
Borrowings	-	-	-	-	119.07	166.25
Interest Expense	-	-	-	-	22.13	31.85

(All amount in Rs millions, unless otherwise stated)

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Balances						
Balance outstanding as at the year end						
Loans & advances given	0.92	0.92	-	-	-	-
Other receivable	-	-	-		-	-
Investments		-	-	-	-	-
Security Deposit	-	-	-	-	7.50	7.50
Interest Expense	-	-	-	-	(0.46)	(1.08)
Borrowings	-	-	-		(119.67)	(164.25)

Compensation of key management personnel

Particulars	March 31, 2022	March 31, 2021
Short-term employee benefits	48.84	2.50
Post-employment pension (defined contribution)	-	-
Termination benefits	-	-
Share based payments	-	-
Total	**48.84**	**2.50**

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) Provisions for gratuity, compensated absences and other long term service benefits are made for the Group as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

c) The Group enters into transactions, arrangements and agreements involving related parties in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

(All amount in Rs. millions, unless otherwise stated)

Note 40: Capital

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI) of India. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI

Capital Management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Particulars	As at March 31, 2022	As at March 31, 2021
Regulatory capital		
Tier I Capital	4,333.36	1,959.86
Tier II Capital	18.88	5.05
Total capital	4,352.24	1,864.91
i) CRAR (%) (Tier I + Tier II)	98.36%	35.84%
ii) CRAR – Tier I capital (%)	97.93%	35.74%
iii) CRAR - Tier II Capital (%)	0.43%	0.10%

Regulatory capital consists of Tier I capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier II Capital Instruments.

Note 41: Interest in other entities

The Group has a subsidiary Axio Digital Private Limited (formerly Thumbworks Technologies Private Limited) which is engaged in the business of development, customization, implementation, maintenance, testing benchmarking of computer software and solutions for personal finance and transaction management services to customers through web and mobile-based platforms. It's principal place of business as well as the country of incorporation is India. The share capital of the subsidiary consists of Equity shares with voting rights. The proportion of ownership interests (100%) equals the voting rights held by the group.

Non controlling Interest

Set out below is the summarised financial information of the subsidiary. The amounts disclosed are before inter-company eliminations

Summarised balance sheet	As at March 31, 2022	As at March 31, 2021
Financial assets	187.55	17.60

Financial liabilities	146.39	1,417.13
Net Financial assets	**39.16**	**(1,399.53)**
Non financial assets	254.84	88.71
Non financial liabilities	80.41	63.69
Net non financial assets	**174.43**	**25.02**
Net assets	**213.59**	**(1,374.51)**
Non controlling interest	-	**(523.87)**

Summarised statement of profit and loss	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Revenue	118.80	4.44
Profit for the year	(479.59)	(494.81)
Other comprehensive income	(7.81)	(7.37)
Total comprehensive income	(487.40)	(502.18)
Profits allocated to NCI	(159.69)	(176.52)

During the year the Holding Company increased its control through investment of Rs.2679.81 million in rights issue of the Subsidiary and subsequently, also acquired remaining non-controlling interest for a consideration of Rs. 3.80 million, consequently the subsidiary has become a wholly owned subsidiary of the company and the NCI acquisition impact has been transferred to equity of owners of the company.

Note 42: Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

Note 43: Segment reporting

Since the Group has only one reportable segment 'business of financing' as the primary segment and it operates in a single geographical segment within India, no disclosure is required to be given as per Ind AS 108 on 'Segment Reporting' specified under section 133 of the Companies Act 2013.

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Capfloat Financial Services Private Limited Bangalore

(All amount in Rs. millions, unless otherwise stated)

Note 44: Leases where the Company is a Lessee

The Group's lease asset class primarily consist of leases for Premises. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening net carrying balance	38.39	117.00
Additions	87.46	0.63
Deletion	(0.92)	(51.06)
Depreciation	(32.87)	(28.18)
Closing net carrying balance	92.18	38.39

Set out below are the carrying amounts of lease liabilities (included under Other financial liability) and the movements during the year:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	57.25	132.46
Additions	84.79	-
Deletions	-	(53.34)
Accretion of interest	12.18	10.61
Payments	(42.02)	(32.48)
Closing Balance	112.20	57.25

Future Commitments

Particulars	As at March 31, 2022
Future undiscounted lease payments to which leases is not yet commenced	Nil

Maturity analysis of undiscounted lease liability
The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

Particulars	March 31, 2022	March 31, 2021
Up to 1 year	50.17	26.90
Over 1 year to 3 years	70.84	27.35
Over 3 year to 5 years	9.65	10.53
Over 5 years	0.40	0.44
Total undiscounted lease liabilities	131.06	65.22

Amounts recognized in the Statement of Profit and Loss	March 31, 2022	March 31, 2021
Depreciation expense		
Depreciation on right of use assets	32.87	28.18
Other expenses		
Short-term lease rent expense	0.91	2.09
Finance cost		
Interest expense on lease liability	12.18	10.61

The Group had total cash outflows for leases of Rs.42.27 millions for the year ended March 31, 2022; Rs. 34.57 millions in March 31, 2021.

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

CapFloat Financial Services Private Limited ★ Bangalore

(All amount in Rs. millions unless otherwise stated)

Note 45 - Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The Group's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Group including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the CEO.
The IPV team validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameters

The independent price verification team also challenges the model calibration on at least a quarterly basis or when significant events in the relevant markets occur.

The independent price verification team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures are in compliance with Ind AS and will propose adjustments when needed.

When relying on third-party sources (e.g., broker quotes, or other micro or macro-economic inputs), the independent price verification team is also responsible for:
- Verifying and challenging the approved list of providers
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for Ind AS reporting requirements

Valuation methodology

Quoted price in active markets (Level 1):
Assets and Liabilities whose quoted prices are available in the active markets have been classified as Level I

Observable inputs (Level 2):
Fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.
Fair value of debt securities, borrowings other than debt securities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.

Unobservable inputs (Level 3):
Unquoted equity shares are measured at fair value using suitable valuation models.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments other than those with carrying amounts that are approximates of fair value. This table does not include the fair values of non-financial assets and non-financial liabilities.

As at March 31, 2022

Particulars	Carrying value	Fair Value			
		Level I	Level II	Level III	Total
Financial assets					
Cash and cash equivalents	593.55	593.65	-	-	593.65
Bank balance other than above	4,033.80	4,033.80	-	-	4,033.80
Receivables	8.14	-	-	8.14	8.14
Loans	4,153.86	-	-	4,153.86	4,153.86
Other financial assets	39.61	-	-	39.61	39.61
Total	8,828.96	4,627.35	-	4,201.61	8,828.96
Financial liabilities					
Trade Payables	107.14	-	-	107.14	107.14
Debt securities	2,464.53	-	2469.37	-	2,469.37
Borrowings other than debt securities	1,974.55	-	1,985.46	-	1,985.46
Other financial liabilities	637.03	-	-	637.03	637.03
Total	5,183.26	-	4,454.83	744.17	5,199.00

(All amount in Rs. millions, unless otherwise stated)

As at March 31, 2021

Particulars	Carrying value	Fair Value			
		Level I	Level II	Level III	Total
Financial assets					
Cash and cash equivalents	134.66	134.66	-	-	134.66
Bank balance other than above	2,014.10	2,014.10	-	-	2,014.10
Trade receivables	36.74	-	-	36.74	36.74
Loans	4,164.90	-	-	4,164.90	4,164.90
Investments	-	-	-	-	-
Other financial assets	47.97		-	47.97	47.97
Total	6,398.37	2,148.76	-	4,249.61	6,398.37
Financial liabilities					
Trade Payables	86.35	-	-	86.35	86.35
Debt securities	2,310.83	-	2,340.51	-	2,340.51
Borrowings (other than debt securities)	2,261.25	-	2,270.03	-	2,270.03
Other financial liabilities	350.21	-	-	350.21	350.21
Total	5,008.64	-	4,610.54	436.56	5,047.10

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2022 and March 31, 2021

Valuation techniques

The management assessed that cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

Borrowings and Debt securities- The fair value of certain fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of floating rate borrowings are deemed to be equivalent to the carrying value.

Assets and Liabilities other than above - The carrying value of financial assets and liabilities other than debt securities and borrowings represents a reasonable approximation of fair value.

Batliboi & Purohit Mumbai Chartered Accountants

CapFloat Financial Services Private Limited Bangalore

Note 46: Risk Management

46.1 Introduction and Risk Profile

CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited) started off its operations in 2013 with SME term loan segments, the emerging e-commerce industry was the first target segment, which eventually diversified into open market SME term loans and eventually into consumer loans. The risk and credit functions over the period of time have been integrated under a single risk organisation. Customer segment identification, credit policies and risk limits are signed off by the risk functions before the start of the program. They are based on profitability projections, macro economic scenarios and competition.

This process of risk management is critical to Group's vision, and holds very high importance in the board governance. The group is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

46.1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Risk Management Committee which is responsible for monitoring the overall risk process within the Group, which reports to the Audit committee. The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels.

The Chief Risk officer is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Risk Owners within each department will report to the Risk Committee.

The Risk Owners are responsible for monitoring compliance with risk principles, policies and limits across the Group. Each department has its Risk owner who is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks.

The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group. The Group's policy is that risk management processes throughout the Group are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to Risk Management Committee.

46.1.2 Risk mitigation and risk culture

As part of the overall risk management, all lending products are manned by individual risk owners, they are responsible for credit policy, risk tracking and risk management and final non-performing assets (i.e. credit impaired assets) target. Additionally, compliance function and fraud risk functions are structured as overarching processes to prevent and mitigate frauds. There is an independent internal audit process managed by compliance team to ensure risks and process breakdowns are identified and rectified in timely manner.

As a way to ensure robust risk awareness, employees directly involved in business functions (e.g., sales, collections, credit) are measured on risk parameters. Final compensation is a function of credit risk being met as per plan.

46.1.3 Risk measurement and reporting systems

The firms risk measurement framework is fully automated with minimal manual interaction required to transform and view data trends. The dashboards are hosted on power BI and are directly linked to data ware house. Reducing the need to have data stored and managed at individual levels. The credit policy and CRM teams use various statistical models including (CHAID, regression, ML) to arrive at various default models and credit policies.

The firm as a policy to measure and monitor the overall risk capacity based on recent default trends and changing market conditions. As a policy, the risk team presents the overall risk and collection trends monthly to senior management and quarterly to RMC. The RMC reviews the important policy changes and emerging trends over the past quarter and any significant divergences expected.

Credit policy and pricing decisions at CapFloat are made based on cohort data as against calendar numbers. This gives out a stable measure of risk and reduces noise in data due to periodic movement. Stress testing and loss forecasting is used continuously to be able to take corrective actions. This also helps the collections team to improve and plan better.

46.1.4 Excessive risk concentration

Given the diversified products and retail nature of the business, concentration risk is not a material risk for CF. The credit policies in SME include max industry / segment exposures apart from concentration in a given geography. Consumer products do not possess any material risk given the geography spread of distribution channels /platforms, even though the Group has a significant exposure.

(a) Credit Risk

Credit risk management: Four critical components under credit risk management
1. Customer selection (refer on- managing and controlling the type and kind of customers at the on-boarding is the first step towards sound credit risk management. Policies and caps around managing the same form important part of the framework.
2. Line assignment: loan amount assigned in line with cash flows and income and tenure is a centre piece to the risk management
3. Risk mitigation: use of credit manager and their judgement is critical in SME loans and care is taken to ensure the same is utilised within the various models and scores being applied. Consumer loans rely on in depth data and trend tracking given the automated and granular loans.
4. Collections- the last line of defence. Important cog in the wheel. Capacity management and flow rates are tracked and managed to maintain an optimal product of flow.

46.2.1 Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.
-The Group's definition and assessment of default (Note 46.2.2.1).
-An explanation of the Group's internal grading system (Note 46.2.2.2)
-How the Group defines, calculates and monitors the probability of default, exposure at default and loss given default) (Notes 46.2.2.2 to 46.2.2.4)

(All amount in Rs. millions, unless otherwise stated)

-When the Group considers there has been a significant increase in credit risk of an exposure (Note 46.2.2.5)
-The Group's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 46.2.2.7)
-The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets (Note 7)

46.2.2.1 Definition of default
The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 89 days past dues. CapFloat also considers cases which are proven as fraud under default and take pre-emptive provision for the same. Also, the Group is considering all restructured loans in Stage 3 except for restructuring cases under one time restructuring framework issued by RBI

46.2.2.2 PD estimation process
It is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical roll rate data available with CF. While arriving at the PD, the firm also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary.
Stage 1 PD: Group calculates the 12 month PD by taking into account the past 1 year trends of the portfolio and its credit performance, the analysis is based on the probability of movement into NPA ever, over a period of 12 months.
Stage 2 PD : In case of assets where there is a significant increase in credit risk, lifetime PD has been applied which is same as 12 M PD for short term products and remaining lifetime for long term loans.
Stage 3 PD: For credit impaired assets, a PD of 100% has been applied

46.2.2.3 Exposure at Default (EAD)
The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.
To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL.
For Stage 2 and Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

46.2.2.4 Loss Given Default (LGD)
LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive.
The LGD estimates are based on the time-discounted recoveries during an estimated recovery window after advances become NPA

46.2.2.5 Significant increase in credit risk
If contractual payments are more than 30 days past due or bounced repayments not received before the next contractual payment, the credit risk is deemed to have increased significantly since initial recognition. CF has not used the rebuttal pre assumption given limited historic trend and unsecured loan book.
When estimating ECLs on a collective basis for a Group of similar assets (as set out in Note 46.2.2.7), the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

46.2.2.6 COVID-19 Impact
There is need for overlaying additional provision on the portfolio due to Covid-19's 2nd wave that struck the country some time in the month of March, 2020. Additional provisions have been taken for all the product segments in the portfolio. Essentially, the impact has been assessed separately on the portfolio segment which already existed at 31st March '20 & the new originations during FY 20-21. Product level multipliers have been used to estimate the expected deterioration due to the 2nd wave's impact to be felt during FY 21-22. Multiplier derivations have been done basis the leading performance indicators of the portfolio post March '21 and the empirical deterioration data assessed from the 1st wave of Covid-19 during FY 20-21.

46.2.2.7 Grouping financial assets measured on a collective basis
Dependent on the factors below, the Group calculates ECLs only on a collective basis.
The Group segments the exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans as described below.

1. Consumer loans
2. Taxi loans
3. Merchant Cash Advance
4. Unsecured Business Loans 1
5. Unsecured Business Loans 2
6. Unsecured Business Loans 3
7. Personal Loans
8. Personal Line of Credit (Wallet/EMI)
9. BNPL - Online Checkout

46.3 Analysis of risk concentration
(As provided by the management and relied upon by auditors)
The maximum credit to any individual client or counterparty as of March 31, 2022 was Rs. 7.75 million (March 31, 2021: Rs. 7.11 million)

Loans	As at March 31, 2022	As at March 31, 2021
Advertising	3.17	19.78
Automobiles (OEM/ dealer/ retailer/ service)	38.04	65.01
Construction materials/ (cement/ glass/ electrical	77.90	180.54
Ecommerce	-	-
Educational institutions	192.72	414.16
FMCG/ Retail grocery stores/ foods	158.84	415.38

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions unless otherwise stated)

Healthcare	112.36	309.17
Hotels, Restaurants & eateries	25.03	50.07
Kirana Loans	-	-
Lifestyle - apparels, textiles, footwear, luggage, jewelry, etc	114.63	253.05
Manufacturing/ machinery/ industrial products	161.87	469.47
Miscellaneous	40.62	121.52
Mobile phones & accessories (distributor/ retailer)	27.98	91.48
Petrol pumps & fuel	26.03	85.02
Plastic & paper products	67.32	172.82
Security services/ facility management	20.62	67.22
Taxi Loans	11.44	12.04
Travel & logistics	14.74	40.61
White goods/ computers/ domestic stationery/ furnitures	107.96	256.57
Service Industry	21.38	35.17
Consumer Loans	3,119.83	1,887.78
Grand Total	4,027.90	4,763.30

*The above disclosure does not include reclassification and Ind AS adjustments amounting to Rs. 222.85 million (March 31, 2021: Rs. 135.16 million)

Credit quality per segments, industry and asset classes

Credit risk exposure analysis

Consumer Loans	As at March 31, 2022	As at March 31, 2021
Andhra Pradesh or Telangana	1,004.56	274.87
Assam	17.92	2.66
Bihar	0.69	0.02
Chandigarh	50.12	13.07
Chhattisgarh	5.34	2.29
Delhi	410.55	222.78
Gujarat	146.38	86.41
Haryana	56.80	23.34
Jharkhand	14.70	4.05
Karnataka	372.90	822.19
Kerala	54.06	-
Madhya Pradesh	08.46	28.40
Maharashtra	484.71	308.78
Odisha	23.76	7.35
Pondicherry	5.44	4.47
Punjab	7.80	4.38
Rajasthan	80.18	37.15
Tamil Nadu	37.19	212.51
Telangana	-	-
Uttar Pradesh	129.37	54.07
Uttarakhand	5.05	1.75
West Bengal	126.02	58.33
Himachal Pradesh	4.71	1.42
North-eastern Indian states	2.11	2.52
Others	11.05	12.51
Grand Total	3,119.86	1,887.77

SME	As at March 31, 2022	As at March 31, 2021
Andhra Pradesh or Telangana	160.92	430.24
Delhi	213.27	654.51
Gujarat	117.63	510.58
Haryana	-	-
Himachal Pradesh	-	-
Karnataka	114.85	298.63
Kerala	18.06	50.80
Maharashtra	115.11	327.70
Madhya Pradesh	19.28	51.16
Pondicherry	0.20	0.88
Punjab	-	-
Rajasthan	53.67	140.68
Tamil Nadu	290.10	678.87
Telangana	-	-
Uttar Pradesh	37.59	100.78
West Bengal	20.72	77.16
Dadra & Nagar Haveli	-	-
Chandigarh	39.78	78.75
Others	-	-
Grand Total	1,208.27	3,085.63

*The above disclosure does not include reclassification and Ind AS adjustments amounting to Rs. 222.85 million (March 31, 2021: Rs. 135.16 million)

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Financial Services Private Limited Bangalore

(All amount in Rs. millions, unless otherwise stated)

46.3 Collateral and other credit enhancements
Fair value of collateral and credit enhancements held

As at March 31, 2022	Maximum exposure to credit risk	Plant and machinery	Total collateral	Net exposure	Associated ECLs
Financial assets*					
Loans (Secured)	9.14	9.07	9.07	(2.39)	0.06
Total financial assets at amortised cost					
Other commitments					

*Financial asset with collateral are disclosed above

As at March 31, 2021	Maximum exposure to credit risk	Plant and machinery	Total collateral	Net exposure	Associated ECLs
Financial assets*					
Loans (Secured)	12.50	15.25	15.25	(2.75)	5.85
Total financial assets at amortised cost					
Other commitments					

*Financial asset with collateral are disclosed above

Collateral and other credit enhancements
The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even if the future value of collateral is forecast using multiple economic scenarios. However, the Stage 3 ECL can be higher than net exposure show below when the future value of collateral, measured using multiple economic scenarios, is expected to decline.

Type of credit enhancement or collateral		Fair value of collateral and credit enhancements held under the base case scenario			
As at March 31, 2022	Maximum exposure to credit risk	Plant and machinery	Total collateral	Net exposure	Associated ECLs
Loans	0.09	0.09	0.09	(0.04)	0.00
Total financial assets at amortised cost					

Type of credit enhancement or collateral		Fair value of collateral and credit enhancements held under the base case scenario			
As at March 31, 2021	Maximum exposure to credit risk	Plant and machinery	Total collateral	Net exposure	Associated ECLs
Loans	6.19	6.41	6.41	(0.22)	4.50
Total financial assets at amortised cost					

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Capfloat Financial Services Private Limited Bangalore

(All amount in Rs. million, unless otherwise stated)

Note 48 Risk Management

(c) Liquidity risk and funding management

[illegible]

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. [illegible] payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base [illegible] managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. [illegible]

Liquidity Ratios

Advances to borrowings ratios

Particulars	As at March 31, 2022	As at March 31, 2021
Year end	[illegible]	[illegible]
Maximum	[illegible]	[illegible]
Minimum	[illegible]	[illegible]
Average	[illegible]	[illegible]

Borrowings from banks and financial institutions and issue of debentures are considered as important sources of funds to finance lending to customers. [illegible] of secured and unsecured borrowings.

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at
As at March 31, 2022

Particulars	On demand	Upto one Month	One month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	more than 5 years	Total
Financial assets										
Cash and cash equivalents	923.53	-	-	-	-	-	-	-	-	[illegible]
Bank balance other than above	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Receivables	11.55	-	-	-	-	-	-	-	-	[illegible]
Loans	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Other financial assets	27.53	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Total undiscounted financial assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial liabilities										
Trade Payables	[illegible]	-	-	-	-	-	-	-	-	[illegible]
Debt securities	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Borrowings (other than debt securities)	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-	[illegible]
Other financial liabilities	138.23	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total undiscounted financial liabilities	246.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

As at March 31, 2021

Particulars	On demand	Upto one Month	One month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	more than 5 years	Total
Financial assets										
Cash and cash equivalents	[illegible]	-	-	-	-	-	-	-	-	[illegible]
Bank balance other than above	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Receivables	[illegible]	-	-	-	-	-	-	-	-	[illegible]
Loans	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Investments	-	-	-	-	-	-	-	-	1,145.54	[illegible]
Other financial assets	[illegible]	-	-	-	[illegible]	-	[illegible]	-	[illegible]	[illegible]
Total undiscounted financial assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial liabilities										
Trade Payables	[illegible]	-	-	-	-	-	-	-	-	[illegible]
Debt securities	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Borrowings (other than debt securities)	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Other financial liabilities	[illegible]	[illegible]	[illegible]	2.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total undiscounted financial liabilities	[illegible]	[illegible]	465.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(All amount in ₹ in millions unless otherwise stated)

The table below shows the contractual expiry by maturity of the Group's commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Particulars	Upto one month	One month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Total
As at March 31, 2022								
Other undrawn commitments to lend	1.30	-	-	-	-	-	-	1.30
Total commitments	1.30	-	-	-	-	-	-	1.30
As at March 31, 2021								
Other undrawn commitments to lend	20.10	-	-	-	-	-	-	20.10
Total commitments	20.10	-	-	-	-	-	-	20.10

The Group expects that not all of the commitments will be drawn before expiry of the commitments.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices.

Total market risk exposure

Particulars	As at March 31, 2022			As at March 31, 2021			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Assets							
Cash and cash equivalents	590.35		590.35	134.50	-	134.50	Interest rate
Bank balance other than above	4,021.92	-	4,021.92	2,114.30	-	2,114.30	Interest rate
Receivables	9.14	-	9.14	35.24	-	35.24	Interest rate
Loans	4,150.75	-	4,150.75	4,156.90	-	4,156.90	Interest rate
Investments	-	-	-	-	-	-	Equity Price
Other financial assets	35.61	-	35.61	41.57	-	41.57	Interest rate
Total	8,828.96	-	8,828.96	6,598.37	-	6,598.37	
Liabilities							
Trade Payables	107.14		107.14	72.37	-	72.37	Interest rate
Debt securities	2,454.57		2,454.57	2,117.83	-	2,117.83	Interest rate
Borrowings (other than debt securities)	1,974.49		1,974.49	2,251.15	-	2,251.15	Interest rate
Other financial liabilities	617.12	-	617.12	560.31	-	560.31	Interest rate
Total	5,153.28	-	5,153.28	5,001.66	-	5,001.66	

i) Interest rate risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The Group's lending, funding and investment activities give rise to interest rate risk. [illegible]

Interest Rate Risk arises due to:

a) Changes in Regulatory or Market Conditions affecting the interest rates
b) Short term volatility
c) Prepayment risk translating into a reinvestment risk
d) Real interest rate risk

ii) Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the equity indices and value of individual stocks.

iii) Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. [illegible]

[illegible]

iv) Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. [illegible]

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amounts in Rs. millions, unless otherwise stated)

The Group recognises that operational risk [illegible] damage to physical assets [illegible], execution, delivery and process management.

The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, [illegible] procedures, staff education and assessment processes, such as the use of [illegible].

Note 41 - Expenditure in foreign currency

Particulars	March 31, 2022	March 31, 2021
Technology Expenses	[illegible]	[illegible]
Website/Server hosting charges	[illegible]	[illegible]
Professional Fee - Technology	-	[illegible]
Professional Fees - Legal/Rating	[illegible]	[illegible]
Total	[illegible]	[illegible]

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2023
(All amount in Rs. millions, unless otherwise stated)

Note 48 :Statutory disclosure required as per Schedule III Division III of the Companies Act, 2013 :-

a. The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

b. The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

c. The Group has not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956 other than as mentioned below.

Name of Struck off companies	Nature of Transaction with Struck-off Companies	Balance Outstanding	Relationship with the struck off companies, if any
TULSIAN'S KHARIDIYE PRIVATE LIMITED	Receivables	-	None

d. The Group is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

e. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

f. During the year, no scheme of arrangements in relation to the Group has been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, the relevant disclosures are not applicable, since there were no such transaction.

g. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall
i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

h. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall
i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

i. The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

j. The Group has not been declared wilful defaulter by any bank or financial institution or other lender

CapFloat Financial Services Private Limited
Notes to Consolidated financial statements for the year ended March 31, 2022
(All amount in Rs. millions, unless otherwise stated)

Note 49: Consideration of COVID-19 Impact on the Consolidated financial statements

In addition to the consideration of impact on the specific variables and assumptions relating to the calculation of expected credit losses, the Group has also taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenue recognition. The Group has carried out this assessment based on available internal and external sources of information upto the date of approval of these consolidated financial statements and believes that the adverse impact of COVID-19 is not material to these consolidated financial statements for the current year and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature, uncertainty and duration of COVID-19

Note 50: Previous Year's Note

The Previous Year's figures have been regrouped/ rearranged wherever necessary to make them comparable to current year. Further, the previous year's figures have been audited by other auditors

As per our report of even date

For Batliboi & Purohit
Chartered Accountants
ICAI Firm Registration No. 101048W

per Janak Mehta
Partner
Membership No 116976
Place: Mumbai
Date: September 6, 2022

For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited

Gaurav Dinesh Hinduja
Director
DIN : 01264801

Sashank R Rishyashringa
Director
DIN : 06468985

Akshay Sarma
Chief Financial Officer
Place: Bengaluru
Date: September 6, 2022

Impana H R
Company Secretary
Membership No. A59531
Place: Bengaluru
Date: September 6, 2022

Bangalore

Mumbai

CapFloat Financial Services Private Limited

Notes to consolidated financial statements for the year ended March 31, 2022

(All amount in Rs. millions, unless otherwise stated)

Annexure 1: Statutory Group Information

Name of the entity in the Group	Net Assets, i.e., total assets		Share in profit and loss		Share in Other comprehensive Income		Share in total comprehensive Income	
	As % of consolidated net assets	INR million	As % of consolidated profit and loss	INR million	As % of consolidated other comprehensive Income	INR million	As % of consolidated total comprehensive income	INR million
Parent								
CapFloat Financial Services Private Limited								
Balance as at March 31, 2022	93%	4,705.20	56%	(719.66)	-1%	0.08	56%	(719.57)
Balance as at March 31, 2021	118%	3,344.36	64%	(1,122.73)	-18%	1.55	64%	(1,121.16)
Subsidiary								
Axio Digital Private Limited (Formerly Thumbworks Technologies Private Limited)								
Balance as at March 31, 2022	7%	353.18	31%	(401.75)	72%	(7.81)	32%	(409.56)
Balance as at March 31, 2021	1%	17.09	25%	(444.07)	84%	(7.37)	26%	(451.44)
Non controlling interest								
Balance as at March 31, 2022	0%	-	12%	(159.69)	29%	(3.09)	13%	(162.79)
Balance as at March 31, 2021	-18%	(523.87)	10%	(176.52)	33%	(2.92)	10%	(178.44)
Total								
Balance as at March 31, 2022	100%	5,058.38	100%	(1,281.10)	100%	(10.82)	100%	(1,291.92)
Balance as at March 31, 2021	100%	2,837.58	100%	(1,743.32)	100%	(8.74)	100%	(1,752.06)

BATLIBOI & PUROHIT CHARTERED ACCOUNTANTS Mumbai

CapFloat Financial Services Private Limited