

INDEPENDENT AUDITOR'S REPORT

To the Members of CapFloat Financial Services Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of CapFloat Financial Services Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 standalone financial statements.

Emphasis of Matter

We draw attention to Note 40 to the standalone financial statements, which describes the economic and social disruption, continued to be caused by COVID-19 pandemic, of the Company's business and financial metrics including the Company's estimates of impairment of loans to customers and investments, and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Director's report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the standalone 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 control 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 whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ 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 Company'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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;
 - (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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 37 to the standalone financial statements;



S.R. BATLIBOI & Co. LLP

Chartered Accountants

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- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Rutushtra Patell**

Partner

Membership Number: 123596

UDIN: 21123596AAAAEU6622

Mumbai

June 29, 2021



Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: CapFloat Financial Services Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
 - (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted loan to one company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan are not prejudicial to the Company's interest.
 - (b) The Company has granted loan to a company covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loan granted and the repayment/receipts are regular.
 - (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. As informed, the provisions of employees' state insurance, duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, the provisions of employees' state insurance, duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.



- (c) According to the records of the Company, the dues of income-tax, goods and service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	3,947,664	AY 2014-15	Commissioner of Income Tax (Appeals)	The Company has paid an amount of Rs.696,647 under protest for the matter under dispute.
Income Tax Act, 1961	Income Tax	130,410	AY 2019-20	Commissioner of Income Tax (Appeals)	

- (viii) In our opinion and according to the information and explanations given by the management, the Company delayed in repayment of dues to debenture holders during the year to the extent of Rs.19,920,865 (delay in such repayments being for less than three days in each individual case). The Company has not defaulted in repayment of loans or borrowing to a financial institution or bank or government.
- (ix) According to the information and explanations given by the Management, the Company has not raised any money by way of initial public offer or further public offer.
- Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Act in respect of the private placement of preference shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

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- (xvi) According to the information and explanations given to us, we report that the Company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005


per **Rutushtra Patell**
Partner
Membership Number: 123596
UDIN: 21123596AAAAEU6622

Mumbai
June 29, 2021



Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

We have audited the internal financial controls with reference to standalone financial statements of CapFloat Financial Services Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements 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 controls with reference to standalone financial statements 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 with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Rutushtra Patell**

Partner

Membership Number: 123596

UDIN: 21123596AAAAEU6622

Mumbai

June 29, 2021



CapFloat Financial Services Private Limited
Balance Sheet as at March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I ASSETS			
1 Financial assets			
Cash and cash equivalents	4	131.12	434.64
Bank balance other than above	5	2,000.88	1,991.50
Receivables			
(i) Trade receivables	6	36.74	35.47
Loans	7	4,791.75	7,043.41
Investments	8	1,145.94	1,145.94
Other financial assets	9	810.87	599.84
2 Non-financial assets			
Current tax assets (net)		178.85	299.44
Property, plant and equipment	10	59.35	81.35
Right-of-use assets	11	38.39	115.78
Intangible assets under development		39.56	7.98
Other intangible assets	12	114.09	123.42
Other non-financial assets	13	94.93	88.29
Total assets		9,442.47	11,967.06
II LIABILITIES AND EQUITY			
Liabilities			
1 Financial liabilities			
Payables			
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14	60.83	74.06
Debt securities	15	2,310.83	1,596.64
Borrowings (other than debt securities)	16	2,261.25	4,427.26
Other financial liabilities	17	350.20	473.69
2 Non-financial liabilities			
Provisions	18	99.11	95.53
Other non-financial liabilities	19	74.39	59.71
Total liabilities		5,156.61	6,726.89
Equity			
Equity share capital	20	442.68	433.41
Other equity	21	3,843.18	4,806.76
Total equity		4,285.86	5,240.17
Total liabilities and equity		9,442.47	11,967.06
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 S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rutushtra Patell
Partner
Membership No. 123596

Place : Mumbai
Date: June 29, 2021



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



Gaurav Dinesh Hinduja
Director
DIN : 0126480

Sashank R Rishyashringa
Director
DIN : 06466985

Akshay Sarma
Chief Financial Officer
Place: Bangalore
Date: June 29, 2021

Impana H P
Company secretary
Membership No. A59531
Place: Bangalore
Date: June 29, 2021

CapFloat Financial Services Private Limited
Statement of Profit and Loss for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Particulars	Notes	March 31, 2021	March 31, 2020
Revenue from operations			
(i) Interest income	22	1,100.39	1,847.69
(ii) Revenue from contracts with customers	23	126.52	188.93
(iii) Net gain on fair value changes	24	25.96	58.43
(I) Total revenue from operations		1,252.87	2,095.05
(II) Other income	25	19.72	0.49
(III) Total income (I + II)		1,272.59	2,095.54
Expenses			
(i) Finance cost	26	748.90	1,070.10
(ii) Impairment on financial instruments	27	790.93	1,081.30
(iii) Employee benefit expenses	28	536.23	645.85
(iv) Depreciation, amortization and impairment	10,11 & 12	89.86	119.49
(v) Loss on modification		0.04	9.40
(vi) Other expenses	29	363.18	473.63
(IV) Total expenses (IV)		2,529.14	3,399.77
(V) Profit/(loss) for the period (III-IV)		(1,256.55)	(1,304.23)
Tax Expense:			
(a) Current tax		-	-
(b) Deferred tax (credit)		-	-
(c) Income tax for earlier year		-	-
(VI) Total Tax expense		-	-
Profit/(loss) for the year (V - VI)		(1,256.55)	(1,304.23)
(VII) Other comprehensive income			
A Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(1.37)	10.58
Income tax impact		-	-
Total (A)		(1.37)	10.58
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)		(1.37)	10.58
(VIII) Total comprehensive income for the year		(1,257.92)	(1,293.65)
(IX) Earnings per share(Nominal value per share Rs.10)			
Basic (Rs.)	31	(754.51)	(783.14)
Diluted (Rs.)		(754.51)	(783.14)
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 S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005


per Rutushtra Patel
Partner
Membership No. 123596

Place: Mumbai
Date: June 29, 2021

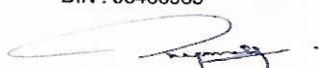


For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited


Gaurav Dinesh Hinduja
Director
DIN : 01264801


Akshay Sarma
Chief Financial Officer
Place: Bangalore
Date: June 29, 2021


Sashank R Rishyashringa
Director
DIN : 06466985


Impana H P
Company secretary
Membership No. A59531
Place: Bangalore
Date: June 29, 2021

CapFloat Financial Services Private Limited
Cash Flow statement for the year ended March 31, 2021

Particulars	March 31, 2021	March 31, 2020
Operating activities		
Profit/(Loss) before tax	(1,256.55)	(1,304.23)
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation & amortisation	89.86	119.49
Impairment on financial instruments	616.74	930.98
Share based payment to employees	100.87	32.49
Loss on sale/write off of fixed assets	7.10	0.07
Interest on Lease liabilities	10.56	14.39
Impact of Effective Interest rate on Borrowings	4.50	22.48
Finance cost on debentures and term loan debt	712.03	1,047.54
Payment of Finance cost	(708.32)	(1,063.51)
Non cash adjustment made for creation and foreclosure of Lease Assets	7.79	(3.12)
Operating Loss Before Working Capital Changes	(415.42)	(203.42)
Working capital changes		
Decrease in trade payables	(13.23)	(57.15)
Decrease in financial liabilities	(49.70)	(85.26)
Increase/(Decrease) in other liabilities	14.68	(206.23)
Decrease in provisions	(2.70)	(18.33)
Decrease in loans and advances	1,639.29	1,749.25
(Increase)/Decrease in financial assets	(20.90)	8.04
Increase in other assets	(6.64)	(56.06)
Increase in trade receivables	(0.88)	(15.64)
Increase Decrease in Bank Balances	(9.38)	(873.16)
Income tax received/(paid)	120.59	(177.58)
Net cash flows from operating activities	1,255.71	64.46
Investing activities		
Purchase of property, plant & equipment ("PPE") including intangible assets	(56.10)	(57.40)
Sale proceeds from PPE	1.69	1.38
Net cash flows used in investing activities	(54.41)	(56.02)
Financing activities		
Share application money received	-	370.85
Proceeds from issue of Preference Share Capital	-	18.18
Proceeds from Securities Premium on issue of Share Capital	-	708.58
Loan repaid by Capital Float Employee Welfare Trust	(0.02)	1.03
Payment of securities issue expenses	(2.38)	(8.89)
Principal repayment of lease liabilities	(31.83)	(35.48)
Interest on Lease liabilities	(10.56)	(14.39)
Proceeds from debt securities	1,793.20	510.00
Repayment of debt securities	(1,087.09)	(705.00)
Proceeds from borrowings other than debt securities	2,416.60	5,224.16
Repayment of borrowings other than debt securities	(4,582.74)	(5,960.24)
Net cash flows (used in)/from financing activities	(1,504.82)	108.80
Net (decrease)/increase in cash and cash equivalents	(303.52)	117.24
Cash and cash equivalents at April 1	434.64	317.40
Cash and cash equivalents at March 31	131.12	434.64

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian accounting standard (Ind AS) - 7 - 'Cash Flow Statements' notified under Section 133 of the Companies Act, 2013, read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

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

3. Operational cash flows from interest and dividends

Interest paid	708.32	966.87
Interest received	1,053.86	1,543.99
Dividend received	Nil	Nil

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rutushtra Patell
Partner
Membership No. 123596

Place : Mumbai
Date: June 29, 2021



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

Gaurav Dinesh Hinduja
Director
DIN : 01264801

Akshay Sarma
Chief Financial Officer
Place: Bangalore
Date: June 29, 2021

Sashank R Rishyashringa
Director
DIN : 06466985

Impana H P
Company secretary
Membership No. A59531
Place: Bangalore
Date: June 29, 2021

CapFloat Financial Services Private Limited
Statement of changes in Equity for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

1. Equity Share capital

Particulars	Equity Share capital	Preference Share Capital	Total
Balance as at March 31, 2019	15.79	399.46	415.25
Issued during the year	-	18.17	18.17
Reductions during the year	-	-	-
Balance as at March 31, 2020	15.79	417.63	433.42
Issued during the year	-	9.27	9.27
Reductions during the year	-	-	-
Balance as at March 31, 2021	15.79	426.90	442.69

2. Other Equity

Particulars	Share application money pending allotment	Reserves and Surplus				Total
		Statutory Reserve	Share Premium Account	Share Option Outstanding	Retained Earnings	
Balance as at March 31, 2019	-	0.08	7,500.83	451.12	(3,297.46)	4,654.58
Add: Loss for the year	-	-	-	-	(1,304.23)	
Add: Other comprehensive income	-	-	-	-	10.58	
Total Comprehensive Income for the year	-	-	-	-	(1,293.66)	(1,293.66)
Add : Received during the year in cash	370.85	-	708.58	-	-	1,079.43
Add : Transferred from Employee Stock Option reserve for shares exercised by employees (non-cash)	-	-	1.75	-	-	1.75
Less : Securities issue expenses	-	-	(8.89)	-	-	(8.89)
Add : Transferred from Statement of Profit and Loss	-	-	-	32.49	-	32.49
Add : Capitalized during the year	-	-	-	9.58	-	9.58
Add : On issuance of stock options to employees of subsidiary	-	-	-	333.24	-	333.24
Less: Options exercised during the year	-	-	-	(1.75)	-	(1.75)
Transfer to/from retained earnings	-	-	-	(0.38)	0.38	-
Balance as at March 31, 2020	370.85	0.08	8,202.27	824.29	(4,590.73)	4,806.76
Add: Loss for the year	-	-	-	-	(1,256.55)	
Add: Other comprehensive income	-	-	-	-	(1.37)	
Total Comprehensive Income for the year	-	-	-	-	(1,257.92)	(1,257.92)
Add : Received during the year in cash	-	-	361.58	-	-	361.58
Less : Securities issue expenses	-	-	(2.38)	-	-	(2.38)
Add : Transferred from Statement of Profit and Loss	-	-	-	100.87	-	100.87
Add : Capitalized during the year	-	-	-	15.03	-	15.03
Add : On issuance of stock options to employees of subsidiary	-	-	-	190.11	-	190.11
Less: Options exercised during the year	-	-	-	(0.27)	-	(0.27)
Less: Transferred to Share Capital on issue of shares	(9.27)	-	-	-	-	(9.27)
Less: Transfer to securities premium on issue of preference share	(361.58)	-	-	-	-	(361.58)
Balance as at March 31, 2021	-	0.08	8,561.71	1,130.04	(5,848.65)	3,843.18

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rutushtra Patel
Partner
Membership No. 123596

Place : Mumbai
Date: June 29, 2021



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

Gaurav Dinesh Hinduja
Director
DIN : 01264801

Akshay Sarma
Chief Financial Officer
Place: Bangalore
Date: June 29, 2021

Sashank R Rishiyashringa
Director
DIN : 06466985

Impana H P
Company secretary
Membership No. A59531
Place: Bangalore
Date: June 29, 2021

CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

Note 1: Corporate Information

CapFloat Financial Services Private Limited ('the Company') is a Non-Banking Financial Institution ('NBFC') incorporated on October 6, 1993. The 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 Company is engaged in providing loans to small and medium enterprises and individuals. The 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 Company's registered office is at No. 3, Gokaldas Platinum, Upper Palace Orchards, Bellary Road, Sadashivnagar, Bangalore – 560080.

The Company acquired on September 6, 2018, a majority stake in Thumbworks Technologies Private Limited ('Walnut') 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 Company.

The financial statements for the year ended March 31, 2021 were authorised for issue in accordance with a resolution of the directors on June 29, 2021.

Note 2: Basis of preparation and presentation**a. Basis of preparation**

The financial statements for the year ended March 31, 2021 have been prepared by the Company 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. Basis of measurement

The 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.

c. Functional and presentation currency

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

d. Presentation of financial statements

The financial statements of the Company 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 35 - 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 Company and/or its counterparties

e. Statement of Compliance

These standalone financial statements of the Company 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**3.1. Use of estimates, judgments and assumptions**

The preparation of 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 Company are discussed in Note 3.18 - Significant accounting judgements, estimates and assumptions.

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:



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

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 Company 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 Company reverts to calculating interest income on a gross basis.

b) Fees and Commission Income:

Fees and commissions are recognised when the Company 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 Company 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 Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company 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 Company's balance sheet when the Company 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 Company 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 Company 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 Company's business model for managing financial assets.



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

Business Model assessment:

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

The Company'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 Company'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 Company's original expectations, the Company 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 Company 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 Company 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 Company 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 Company 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.



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

The Company has issued financial instruments with equity conversion rights. When establishing the accounting treatment for these non-derivative instruments, the Company 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 Company's issued debt are set out in Note 15: Debt securities.

ii) Loan commitments:

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company 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.

3. 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 Company is recognised at the proceeds received, net of directly attributable transaction costs.

3.3.5 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2019-20.

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 Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- 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 Company 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:

- The Company 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.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company 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:

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company 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 Company 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 Company's continuing involvement, in which case, the Company 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 Company has retained.

Modification of loans

The company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the company assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the company 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 company 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 company 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 Company 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 Company 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:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments; and
- financial guarantee contracts.



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

Equity instruments are not subject to impairment under Ind AS 109.

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 Company 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 Company 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 Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below by comparing the credit risk of the financial instrument as at 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 company has assessed that all standard advances which are in the 0 DPD bucket as at the end of reporting period are put under this 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 1 Days Past Due is considered as having 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 company 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 company on terms that the company 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 Company 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 Company'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 Company 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 Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company 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 Company 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 44: 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 44: Risk Management.



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

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 Company 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 44: Risk Management.

Forward Looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company 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 Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

Collateral valuation

Significant portion of the Company's portfolio is unsecured. However, to mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The value of collateral affects the calculation of ECLs. However, considering the nature of such collateral the Company 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 Company may take possession of collateral in its taxi 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 company 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 company'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:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the company 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
- 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 Company measures certain categories of financial instruments (as explained in note 43 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:

- In the principal market for the asset or liability, or
- 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 Company.

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 Company 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 Company has access to at the measurement date. The Company 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 Company 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 Company 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

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 Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company's contributions to the above Plan are charged to the Statement of Profit and Loss.

b) Defined Benefit schemes

Gratuity



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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 Company are entitled to compensated absence and deferred compensation as per the policy of the Company, 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.

3.5.2 Share-based payments

Employees of the Company also receives 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 33.

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 company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company 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 Company 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 Company 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 Company's expectation of the options being exercised by employees. Such Trust is considered as an extension of the Company and accordingly assets and liabilities of the Trust are included in the Separate Financial Statements of the Company. Shares of the Company held by the Trust are considered as "Treasury Shares" and accordingly adjusted from the paid up capital of the Company.

3.5.3 Other income and expenses

All Other income and expense are recognized in the period they occur.

3.5.4 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 recognized 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 Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company'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 Company 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
- 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.



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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 Company 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 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, 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 Company are segregated.

3.8 Investment in subsidiary

Investments in subsidiary is measured at cost less accumulated impairment, if any.

3.9 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 Company 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 Company 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 Company, 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	3-5 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

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

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 Company.

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 Company 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 affect that useful life of an intangible asset exceeds ten years, the Company 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.



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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.



3.10 Impairment of non-financial assets

The Company 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.

3.11 Leases

The Company 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.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company 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 Company's lease liabilities are included in Other Financial Liabilities (Refer Note 17).

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

The Company 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.

3.12 Provisions and contingencies

A provision is recognised when the Company 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 Company 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 Company 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 Company does not recognise a contingent liability but discloses its existence in the financial statements.



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3.13 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.

3.14 Earning Per Share

The Company 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 Company 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.

3.15 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.

3.16 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.

3.17 Special Reserve

In accordance with section 45-IC of the RBI Act, 1934, the Company 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.

3.18 Significant accounting judgements, estimates and assumptions

The preparation of the Company'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:

3.18.1 Critical judgements in applying accounting policies :

3.18.1.1 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 Company determines the business model at a level that reflects how Company's financial assets are managed together to achieve a particular business objective. This assessment includes judgment 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 Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the quantum, 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 Company'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.

3.18.2 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 Company 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 Company. Such changes are reflected in the assumptions when they occur.

3.18.2.1 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.

3.18.2.2 Effective Interest Rate (EIR) Method:



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The Company'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 instrument, as well expected changes to India's base rate and other fee income/expenses that are integral part of the instrument.



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3.18.2.3 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 Company'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 Company'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 Company's assessment of impairment allowance on its loans which are subject to a number of management judgement and estimated. While methodologies and assumption applies remain unchanged. Company 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 company exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2021 and accordingly, no amount is required to be transferred to impairment reserve.

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

3.18.2.4 Impairment of non financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company 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.

3.18.2.5 Provision and contingent liabilities:

The Company 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 Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company 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 Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

3.18.2.6 Leases- Estimating the Incremental Borrowing Rate:

The Company 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 Company 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 Company '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 Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

3.18.2.7 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.

3.18.2.8 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.



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Note 4: Cash and cash equivalents

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Cash on hand	0.02	0.02
Balances with bank	131.10	434.62
Total	131.12	434.64

Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The Company has taken bank overdraft, however, the same is not considered as a part of cash and cash equivalent for cash flow statement.

Note 5: Bank balance other than cash and cash equivalents

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Fixed deposit with bank**	2,000.88	1,991.50
Total	2,000.88	1,991.50

Fixed deposit and other balances with banks earns interest at fixed rate

**Includes INR 1251.83 million (March 31, 2020: INR 1330.16 million) Fixed Deposit lien marked to Banks towards guarantee, as security for term loans, loans colent by them and as a cash collateral towards securitization.



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 6: Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured considered good	36.89	35.62
Secured considered good	-	-
Unsecured considered doubtful	-	0.41
Gross Total	36.89	36.03
Less : Impairment loss allowance	0.15	0.56
Total	36.74	35.47

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Trade receivable days past due		0 to 30 days	30 to 60 days	60 to 90 days	90 to 180 days	More than 180 days	More than 360 days past due	Total
ECL rate		0.40%	0.40%	0.40%	0.40%	100%	100%	
31-Mar-21	Estimated total gross carrying amount at default	36.89	0.00	-	0.00	-	-	36.89
	ECL- simplified approach	0.15	0.00	-	0.00	-	-	0.15
	Net carrying amount	36.74	0.00	-	0.00	-	-	36.74
31-Mar-20	Estimated total gross carrying amount at default	25.26	7.69	1.90	0.69	0.50	-	36.03
	ECL- simplified approach	0.11	0.03	0.01	0.01	0.41	-	0.57
	Net carrying amount	25.15	7.66	1.89	0.68	0.09	-	35.46



Note 7: Loans and advances (at amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
At Amortised cost:		
Term loans	4,894.79	7,525.40
Loan to related party	624.36	336.29
Total Gross	5,519.15	7,861.69
Less: Impairment loss allowance	(727.40)	(818.28)
Total Net	4,791.75	7,043.41
Secured by tangible assets (hypothecation of equitable mortgage of immovable property etc.)	12.50	80.76
Covered by bank/government guarantees	2,441.27	3,487.59
Unsecured	3,065.38	4,293.34
Total Gross	5,519.15	7,861.69
Less: Impairment loss allowance	(727.40)	(818.28)
Total Net	4,791.75	7,043.41
Loans in India		
Public sector	-	-
Others	5,519.15	7,861.69
Total Gross	5,519.15	7,861.69
Less: Impairment loss allowance	(727.40)	(818.28)
Total Net	4,791.75	7,043.41

The Company has got itself registered as a member of the guarantee facility for its loan portfolio under the Credit Guarantee Fund Trust for Micro and Small Enterprises, a scheme set up by Government of India and SIDBI. The Company has paid a premium of Rs. 20.57 million for the year ended March 31, 2021 (March 31, 2020 : Rs. 52.79 million) in respect of the total pool of eligible loans amounting to Rs. 2,441.27 million as at March 31, 2020 (March 31, 2020 : Rs. 3,487.59 million) that are covered under such guarantee facility.

Analysis of risk categorisation

As at March 31, 2021				
Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	4,373.89	-	-	4,373.89
Standard grade	112.17	-	-	112.17
Sub-standard grade	-	671.99	-	671.99
Past due but not impaired	-	123.98	-	123.98
Non- performing				
Individually impaired (including restructured assets)	-	-	237.12	237.12
Total	4,486.06	795.97	237.12	5,519.15
As at March 31, 2020				
Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	7,170.28	-	-	7,170.28
Standard grade	138.07	-	-	138.07
Sub-standard grade	-	135.99	-	135.99
Past due but not impaired	-	122.54	-	122.54
Non- performing				
Individually impaired (including restructured assets)	-	-	294.81	294.81
Total	7,308.35	258.53	294.81	7,861.69



Reconciliation of gross carrying amount

As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2020	7,308.35	258.53	294.80	7,861.68
New assets originated or purchased*	2,350.06	349.29	63.78	2,763.12
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	-	-
Transfers to Stage 3	(153.22)	(12.99)	166.22	-
Amounts written off	(471.51)	(209.23)	(264.94)	(945.68)
Interest on interest reversal (Refer note 47)	(12.68)	-	-	(12.68)
Gross carrying amount as at March 31, 2021	4,486.06	795.97	237.12	5,519.15

*includes adjustment on account of EIR

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	9,723.53	444.18	640.99	10,808.70
New assets originated or purchased*	5,177.20	112.09	190.14	5,479.43
Assets derecognised or repaid (excluding write offs)	(6,998.71)	(112.40)	(55.77)	(7,166.89)
Transfers to Stage 1	3.65	(3.37)	(0.27)	(0.00)
Transfers to Stage 2	(119.94)	120.29	(0.35)	0.00
Transfers to Stage 3	(79.01)	(10.33)	89.35	-
Amounts written off	(398.37)	(291.93)	(569.28)	(1,259.57)
Gross carrying amount as at March 31, 2020	7,308.35	258.53	294.80	7,861.69

*includes adjustment on account of EIR

Impairment allowance for loans to customers

As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2020	383.84	171.08	263.36	818.28
Assets derecognised or repaid	(136.60)	(12.11)	(11.94)	(160.64)
New assets originated	48.79	93.34	41.07	183.20
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	-
Impact on year end ECL of Exposures transferred between stages during the year	(3.03)	160.09	112.09	269.16
Changes to models and inputs used for ECL calculations	10.00	0.78	(0.74)	10.05
Amounts written off	(31.80)	(90.65)	(189.43)	(311.88)
ECL on co-lending / managed portfolio#	25.53	47.85	28.75	102.12
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	208.47	319.74	199.18	727.40

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

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2019	286.33	185.17	598.15	1,069.64
Assets derecognised or repaid	(208.31)	(43.73)	(46.87)	(298.91)
New assets originated	180.79	54.47	134.33	369.59
Transfers to Stage 1	1.18	(0.93)	(0.25)	(0.00)
Transfers to Stage 2	(5.00)	5.56	(0.56)	-
Transfers to Stage 3	(4.09)	(4.23)	8.32	(0.00)
Impact on year end ECL of Exposures transferred between stages during the year	(0.82)	44.82	55.71	99.71
Changes to models and inputs used for ECL calculations	154.85	58.39	53.45	266.69
Amounts written off	(21.09)	(128.44)	(538.92)	(688.44)
Impairment allowance for loans to customers as at March 31, 2020	383.84	171.08	263.36	818.28



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)
Note 8: Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Investments (at cost)		
A) In India		
Subsidiary	1,145.94	1,145.94
Total Gross	<u>1,145.94</u>	<u>1,145.94</u>
Less : Allowance for impairment loss	-	-
Total - Net	<u>1,145.94</u>	<u>1,145.94</u>

Investment in subsidiary comprise 1,411 fully paid up Equity shares of Rs. 10/- each amounting Rs. 120.85 million and 11,969 fully paid up Preference shares of Rs. 100/- each amounting Rs. 1,025.10 million that are in the nature of equity instruments.

Note 9: Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	10.60	17.60
Other receivables (includes amounts due from subsidiary)*	803.77	585.89
Less: Impairment allowance	(3.50)	(3.65)
Total	<u>810.87</u>	<u>599.84</u>

* Includes receivable from subsidiary Rs. 767.24 million (March 31, 2020: Rs. 577.13 million) and Associates / Enterprises owned or significantly influenced by key management personnel or their relatives Rs. 0.82 million (March 31, 2020: Rs. 0.82 million).

The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for moratorium period of six month to borrowers in specified loan accounts as per the eligibility criteria specified in the scheme. The Company has implemented the scheme and passed on the ex-gratia benefit amounting to Rs. 19.17 million to the eligible borrowers. This amount is included in other receivables.

The disclosure below is only in respect of other receivables on which impairment allowance is recognised by the management which include receivable from related party. For the balance amount of other receivables to the tune of INR 43.62 million (March 31, 20 INR 25.39 million), which includes Security deposits, Advances recoverable in cash or in kind, servicing assets and Others, where the management does not perceive any credit risk and hence impairment allowance is not recognised on the same.

The table below shows the credit quality and the maximum exposure to credit risk per based on the company's internal credit grading system and year-end stage classification.

As at March 31, 2021

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	767.24	-	-	767.24
Standard grade	-	-	-	-
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired (including restructured assets)	-	-	-	-
Total	<u>767.24</u>	<u>-</u>	<u>-</u>	<u>767.24</u>

As at March 31, 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	575.63	-	-	575.63
Standard grade	-	-	-	-
Sub-standard grade	-	0.38	-	0.38
Past due but not impaired	-	0.08	-	0.08
Non-performing				
Individually impaired (including restructured assets)	-	-	0.52	0.52
Total	<u>575.63</u>	<u>0.46</u>	<u>0.52</u>	<u>576.61</u>

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Other Receivable is, as follows:
Reconciliation of gross carrying amount



As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2020	577.13	0.46	0.52	578.11
New assets originated or purchased	190.11	-	-	190.11
Assets derecognised or repaid (excluding write offs)	-	(0.46)	(0.52)	(0.98)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2021	767.24	-	-	767.24

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	221.88	3.01	2.16	227.05
New assets originated or purchased	356.03	0.03	-	356.06
Assets derecognised or repaid (excluding write offs)	(1.43)	(2.91)	(2.16)	(6.50)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(0.46)	0.46	-	-
Transfers to Stage 3	(0.39)	(0.13)	0.52	-
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2020	575.63	0.46	0.52	576.61

Impairment allowance for loans to customers**As at March 31, 2021**

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2020	2.97	0.24	0.44	3.65
New assets originated	0.53	-	-	0.53
Assets derecognised or repaid	-	(0.24)	(0.44)	(0.68)
Impact on year end ECL of Exposures transferred between stages during the year	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Impairment allowance for loans to customers as at March 31, 2021	3.50	-	-	3.50

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2019	1.45	1.72	1.85	5.02
New assets originated	1.90	0.02	-	1.92
Assets derecognised or repaid	(0.28)	(1.69)	(1.85)	(3.81)
Impact on year end ECL of Exposures transferred between stages during the year	-	0.11	0.31	0.42
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(0.10)	0.10	-	-
Transfers to Stage 3	-	(0.06)	0.06	-
Changes to models and inputs used for ECL calculations	(0.00)	0.04	0.07	0.11
Amounts written off	-	-	-	-
Impairment allowance for loans to customers as at March 31, 2020	2.97	0.24	0.44	3.65



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

Note 10: 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, 2020	28.69	1.47	20.40	19.07	9.98	17.80	53.53	14.76	165.70
Additions	6.18	0.39	0.02	0.04	-	0.43	-	3.97	11.03
Disposals	-	-	-	(2.24)	(0.60)	(1.56)	(7.21)	-	(11.61)
At March 31, 2021	34.86	1.86	20.42	16.87	9.38	16.68	46.32	18.74	165.13
Depreciation and impairment:									
At April 1, 2020	19.27	0.57	8.69	4.19	2.03	8.85	38.22	2.55	84.37
Disposals	-	-	-	(0.88)	(0.19)	(1.03)	(5.72)	-	(7.82)
Depreciation charge for the year	6.57	0.35	4.38	2.04	1.04	4.11	8.84	1.89	29.22
At March 31, 2021	25.84	0.92	13.07	5.35	2.88	11.94	41.35	4.44	105.79
Net book value:									
At April 1, 2020	9.42	0.90	11.71	14.87	7.95	8.95	15.31	12.22	81.35
At March 31, 2021	9.02	0.94	7.36	11.52	6.50	4.74	4.97	14.30	59.35



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

Note 11: Right-of-use assets

Particulars	Right-of-use Building
Gross block	
At April 1, 2020	215.62
Additions	0.63
Disposals	(50.38)
At March 31, 2021	165.87
Depreciation and impairment:	
At April 1, 2020	99.84
Disposals	-
Depreciation charge for the year	27.64
At March 31, 2021	127.48
Net book value:	
At April 1, 2020	115.78
At March 31, 2021	38.39

Note 12: Other intangible assets

Particulars	Computer Software	Internally Generated assets	Total
Gross block			
Cost as at April 1, 2020	32.59	147.11	179.70
Additions	0.91	27.61	28.52
Disposals/Deletions	-	(6.98)	(6.98)
At March 31, 2021	33.50	167.74	201.24
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	33.00
At March 31, 2021	29.72	57.42	87.14
Net book value:			
At April 1, 2020	7.06	116.36	123.42
At March 31, 2021	3.78	110.32	114.09

Note 13: Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Service tax credit/GST (input) receivable	16.60	14.73
Prepaid expenses	74.45	23.38
Others	3.88	50.18
Total	94.93	88.29



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

Note 14: Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	60.83	74.06
Total	60.83	74.06

*** Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2021. The information as required to be disclosed under Micro, Small and Medium Enterprises Development Act 2006 (Act) has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 15: Debt securities

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised cost:		
Redeemable Non-convertible Debentures		
Secured	1,379.10	884.62
Unsecured	931.73	615.00
Commercial Papers	-	97.02
Total	2,310.83	1,596.64
Debt securities in India	2,310.83	1,596.64
Debt securities outside India	-	-
	2,310.83	1,596.64

Particulars of Secured and Unsecured Redeemable Non Convertible Debentures

Particulars	Date of Redemption	As at March 31, 2021	As at March 31, 2020
Secured Redeemable Non Convertible Debentures			
Non Convertible Debentures (100 nos. of Rs 10,00,000 each)	24-Jun-18	-	-
Non Convertible Debentures (150 nos. of Rs 10,00,000 each)	7-Oct-18	-	-
Non Convertible Debentures (150 nos. of Rs 10,00,000 each)	2-Mar-19	-	-
Non Convertible Debentures (20 nos. of Rs 100,00,000 each)	5-Mar-21	-	200.00
Non Convertible Debentures (10 nos. of Rs 10,00,000 each)	27-Apr-21	-	100.00
Non Convertible Debentures (10 nos. of Rs 10,00,000 each)	27-Apr-21	-	100.00
Non Convertible Debentures (150 nos. of Rs 10,00,000 each)	21-Sep-21	-	-
Non Convertible Debentures (170 nos. of Rs 10,00,000 each)	23-Jun-22	-	-
Non Convertible Debentures (480 nos. of Rs 10,00,000 each)	18-Mar-24	480.00	480.00
Non Convertible Debentures (20 nos. of Rs 10,00,000 each)	27-Apr-21	200.00	-
Non Convertible Debentures (26 nos. of Rs 25,00,000 each)	3-Nov-21	48.75	-
Non Convertible Debentures (46 nos. of Rs 25,00,000 each)	27-Nov-21	86.25	-
Non Convertible Debentures (25 nos. of Rs 25,00,000 each)	18-Dec-21	46.88	-
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	61.50	-
Non Convertible Debentures (129 nos. of Rs 5,00,000 each)	10-Aug-22	64.50	-
Non Convertible Debentures (188 nos. of Rs 5,00,000 each)	19-Sep-22	94.00	-
Non Convertible Debentures (43 nos. of Rs 50,00,000 each)	23-Dec-23	215.00	-
		1,376.88	880.00
Unsecured Redeemable Non Convertible Debentures			
Non Convertible Debentures (6 nos. of Rs 100,00,000 each)	1-Dec-18	-	-
Non Convertible Debentures (1600 nos. of Rs 1,00,000 each)	30-Dec-18	-	-
Non Convertible Debentures (5 nos. of Rs 100,00,000 each)	4-Jan-19	-	-
Non Convertible Debentures (3 nos. of Rs 100,00,000 each)	8-Mar-19	-	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	20-Jul-19	-	-
Non Convertible Debentures (5 nos. of Rs 100,00,000 each)	31-Aug-19	-	-
Non Convertible Debentures (14 nos. of Rs 100,00,000 each)	26-Sep-19	-	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	4-Oct-19	-	-
Non Convertible Debentures (9 nos. of Rs 100,00,000 each)	12-Oct-19	-	-
Non Convertible Debentures (6 nos. of Rs 100,00,000 each)	24-Oct-19	-	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	29-Oct-19	-	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	27-Dec-19	-	-



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Notes to financial statements for the year ended March 31, 2021

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

Particulars	Date of Redemption	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures (3 nos. of Rs 100,00,000 each)	9-Jan-20	-	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	9-Jan-20	-	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	1-Feb-20	-	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	20-Feb-20	-	20.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	1-Mar-20	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	1-Mar-20	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	4-Mar-20	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	11-Mar-20	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	28-Mar-20	-	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	28-Mar-20	-	-
Non Convertible Debentures (3 nos. of Rs 100,00,000 each)	30-Mar-20	-	-
Non Convertible Debentures (3 nos. of Rs 100,00,000 each)	30-Apr-20	-	7.50
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	6-May-20	-	10.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	15-May-20	-	20.00
Non Convertible Debentures (1 nos. of Rs 200,00,000 each)	19-Jul-20	-	20.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	5-Aug-20	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	22-Aug-20	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	6-Sep-20	-	10.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	30-Sep-20	-	20.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	8-Oct-20	-	37.50
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	15-Oct-20	-	40.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	19-Oct-20	-	20.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	5-Dec-20	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	7-Jan-21	-	10.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	21-Mar-21	-	10.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	31-Jul-21	10.00	100.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	13-Sep-21	5.00	10.00
Non Convertible Debentures (12 nos. of Rs 100,00,000 each)	3-Oct-21	60.00	120.00
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	16-Jan-22	5.00	10.00
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	27-Jan-22	10.00	20.00
Non Convertible Debentures (12 nos. of Rs 100,00,000 each)	25-Mar-22	40.00	80.00
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	20.00	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	11-Jun-21	20.00	-
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)	7-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 (7 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)	26-Aug-21	10.00	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	9-Sep-21	10.00	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	16-Sep-21	10.00	-
Non Convertible Debentures (6 nos. of Rs 100,00,000 each)	28-Sep-21	30.00	-
Non Convertible Debentures (5 nos. of Rs 100,00,000 each)	1-Oct-21	50.00	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	6-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)	29-Oct-21	30.00	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	5-Nov-21	10.00	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	10-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)	5-Jan-22	20.00	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	8-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)	2-Feb-22	60.00	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	5-Mar-22	10.00	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	22-Mar-22	20.00	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	19-Oct-22	40.00	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	10-Nov-22	10.00	-



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

Particulars	Date of Redemption	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	17-Nov-22	17.50	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	30-Nov-22	18.75	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	25-Jan-23	40.00	-
Commercial Papers			
Northern Arc Money Market Alpha Fund		-	97.02
		921.25	712.02
Grand Total		2,298.13	1,592.02
Ind AS adjustments		12.70	4.62
Total post Ind AS adjustments		2,310.83	1,596.64

As at Balance Sheet date, Interest rates per annum range (for Non Convertible Debentures) between 12.5% to 13.60%

Repayment details of debt securities

Balance Tenure (months)	Rate of Interest	Repayment Details	Total
0-12 months	12.8%-13.5%	Bullet	325.00
0-12 months	12.8%-12.85%	Half yearly	30.00
0-12 months	13.00%	Monthly	-
0-12 months	12.5%-13%	Quarterly	411.88
12-36 months	12.75%	Monthly	80.00
12-36 months	13.5%-13.60%	Bullet	290.00
12-36 months	13.5%-13.60%	Half yearly	295.00
12-36 months	12.5%-13.6%	Quarterly	386.25
36-60 months	12.75%	Bullet	480.00
			2,298.13

Security details for Secured Debt Securities

Debt Securities of Rs. 1,376.88 millions for March 31, 2021, Rs.880 millions for March 31, 2020 is secured by way of hypothecation of underlying assets financed by the Company.



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 16: Borrowings other than debt securities

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised cost:		
Secured		
Term loans		
- from bank	1,690.36	2,692.94
- from others	465.56	878.08
Securitisation Liabilities	105.33	638.77
Cash credit / Overdraft facilities from banks	-	217.47
Total	2,261.25	4,427.26
Borrowings in India	2,261.25	4,427.26
Borrowings outside India	-	-
Total	2,261.25	4,427.26

The higher delinquencies caused due to COVID-19 pandemic have resulted in breach of some of the covenants related to borrowings such as portfolio at risk (PAR) ratios, NPA ratios, etc. The Company has been generally regular in servicing all its borrowings and has sought forbearance/ waiver from the lenders with respect to non-compliance of these covenants, wherever applicable.

In most of the cases, the consequence of covenant breach is either an increase in interest rate or a right to recall of the facility. Based on our discussions with the lenders, sanction of fresh facilities received in most cases and considering the long track record with lenders, the Company is confident of securing the forbearance and has no reason to believe that any adverse action will be invoked by the lenders.

Further, the Company believes that its contingency refinance or funding plan and current capital adequacy status would enable it to tide over any impact of covenant breaches. Accordingly, no adjustments are required in the maturity profile of the borrowings.

Security details for Secured Borrowings

Term loans of Rs.2,146.75 millions for March 31, 2021, Rs.3,561.94 millions for March 31, 2020, is secured by way of hypothecation of underlying assets financed by the Company.

Terms of repayment:

Term loans from Banks and others (NBFC) -Secured & Unsecured

Lender Name	Tenure (months)	Sanction Amount	As at	As at
			March 31, 2021	March 31, 2020
AU Small Finance Bank	18	250.00	-	41.67
Avanse Financial Services Limited	24	100.00	-	-
Axis Bank Limited	24	250.00	-	-
IDFC First Bank Limited	24	1,150.00	-	-
IDFC First Bank Limited	36	500.00	-	100.00
IDFC First Bank Limited	36	3,000.00	1,352.83	2,157.22
Capri Global Capital Ltd	24	150.00	4.17	50.00
Caspian Impact Investments Pvt Ltd	24	150.00	-	-
Clix Capital Services Pvt Ltd	24	250.00	-	-
DCB Bank Limited	24	150.00	-	-
Hinduja Leyland Finance Limited	24	90.00	-	-
Hinduja Leyland Finance Limited	24	200.00	-	105.88
Hinduja Leyland Finance Limited	30	150.00	-	33.17
Hinduja Leyland Finance Limited	29	100.00	-	22.78
IFMR Capital Finance Private Limited	24	1,100.00	13.52	295.24
JM Financial Products Limited	24	250.00	-	59.46
L&T Finance Ltd	24	500.00	-	-
Magma Fincorp Limited	30	200.00	-	29.86
Mahindra & Mahindra Financial Services Ltd	24	200.00	-	-
Mahindra & Mahindra Financial Services Ltd	30	100.00	-	22.06
Manappuram Finance Ltd	24	150.00	-	-
Manappuram Finance Ltd	36	250.00	-	83.33
Muthoot Capital Finance Limited	24	150.00	-	-
Shapoorji Pallonji Finance Private Limited	24	400.00	-	95.24
Shriram City Union Financial Limited	24	200.00	-	-
Sundaram Finance Limited	24	50.00	-	-
Tata Capital Financial Services Limited	24	200.00	-	-
Utkarsh Small Finance Bank	39	100.00	16.67	41.67
Utkarsh Small Finance Bank	39	100.00	8.33	50.00
Caspian Impact Investments Pvt Ltd	12	175.00	-	75.00
HDFC Bank Limited	12	100.00	-	-
Kotak Mahindra Bank Limited	12	200.00	-	-
Kotak Mahindra Bank Limited	6	1,329.57	-	299.35
RBL Bank Ltd	12	215.00	-	-
Reliance Capital Limited	12	350.00	-	-
Yes Bank Ltd	6	75.00	-	-
AU Small Finance Bank	6	45.00	-	-
GROWTH SOURCE FINANCIAL TECHNOLOGIES PVT LTD	12	100.00	51.65	-
IFMR Capital Finance Private Limited	12	100.00	51.68	-
InCred Financial Services Limited	15	150.00	150.00	-
Kotak Mahindra Bank Limited	3	1,370.30	299.90	-
RBL Bank Ltd	6	100.00	-	-
SIDBI	6	200.00	35.00	-
Vivriti Capital Private Limited	12	250.00	90.78	-
Western Capital Advisors Private Limited	18	100.00	72.22	-
Bank Overdraft				
Axis Bank OD		200.00	-	-1.00
Kotak Bank OD		600.00	-	135.04
RBL Bank OD		5.00	-	-0.05
Kotak TL/OD		200.00	-	83.49
Securitisation Liabilities			105.33	638.77
Grand Total (principal outstanding)		16,304.87	2,252.08	4,418.18
Ind AS adjustments			9.17	9.09
Total Borrowings other than debt securities			2,261.25	4,427.26

Refer note below



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
 (All amount in Rs. millions, unless otherwise stated)

Note

The company has entered into various securitisation transaction during the previous year having a contractual tenure upto 6 months - 1 year and the sanction amount for each transaction depend upon the amount of pool transferred.

As at Balance Sheet date, Interest rates per annum range between 6.85% to 15.75%

Repayment details of borrowings

Balance Tenure (months)	Rate of Interest	Repayment Details	Total Amount
0-12 months	6.85% to 13.25%	Monthly	528.99
0-12 months	12.50% to 13.10%	Monthly	105.38
12-36 months	13.00%-15.75%	Monthly	1,592.70
12-36 months	12%	Quarterly	25.00
			2,252.08



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 17: Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability	57.25	131.04
Other liabilities (includes payables for securitisation and payable to business partners)	292.95	342.65
Total	350.20	473.69

Note 18: Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Employee benefits payable		
- Retention & Performance bonus	8.61	11.77
Provision for employee benefits		
- Gratuity	32.85	25.33
- Provision for compensated absences	35.91	26.40
- Long term incentive	-	15.20
Provision for non-fund based exposure	21.74	16.83
	99.11	95.53

The table below shows the credit quality and the maximum exposure for credit risk based on the company'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, 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	-	3.56	-	3.56
Non- performing				
Individually impaired (including restructured assets)	-	-	7.10	7.10
Total	286.66	20.52	7.10	314.28

As at March 31, 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	293.00	-	-	293.00
Standard grade	6.14	-	-	6.14
Sub-standard grade	-	4.94	-	4.94
Past due but not impaired	-	2.44	-	2.44
Non- performing				
Individually impaired (including restructured assets)	-	-	10.25	10.25
Total	299.14	7.38	10.25	316.77

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, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2020	299.14	7.38	10.25	316.77
New assets originated or purchased	175.75	3.49	0.70	179.94
Assets derecognised or repaid (excluding write offs)	(164.77)	(6.06)	(9.78)	(180.61)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(16.88)	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	286.66	20.52	7.10	314.28



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	390.95	18.36	14.26	423.57
New assets originated or purchased	189.76	1.23	1.22	192.21
Assets derecognised or repaid (excluding write offs)	(272.27)	(15.79)	(10.96)	(299.02)
Transfers to Stage 1	3.33	(1.88)	(1.44)	-
Transfers to Stage 2	(6.09)	6.09	-	-
Transfers to Stage 3	(6.53)	(0.63)	7.17	-
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2020	299.14	7.38	10.25	316.77

Impairment allowance for loans to customers

As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2020	4.39	3.76	8.69	16.84
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)	(1.36)	(2.55)
Impairment allowance for loans to customers as at March 31, 2021	7.25	9.33	5.15	21.74

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2019	9.72	9.60	12.84	32.17
Assets derecognised or repaid	(16.72)	(8.70)	(11.21)	(36.62)
New assets originated	4.26	0.46	0.87	5.59
Impact on year end ECL of Exposures transferred between stages during the year	(0.51)	2.33	4.59	6.41
Transfers to Stage 1	0.58	(0.58)	-	-
Transfers to Stage 2	(0.35)	0.35	-	-
Transfers to Stage 3	(0.24)	(0.29)	0.53	-
Changes to models and inputs used for ECL calculations	7.66	0.59	1.05	9.30
Amounts written off	-	-	-	-
Impairment allowance for loans to customers as at March 31, 2020	4.39	3.76	8.69	16.83

Note 19: Other Non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	17.07	24.43
Income received in advance	36.61	8.59
Advance from customers	20.71	26.69
Total	74.39	59.71



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
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Note 20: Issued Capital and reserves

Authorised	As at 31 March 2021	As at 31 March 2020
20,00,000 (Previous year 20,00,000) Equity Shares of Rs. 10 /-each	20.00	20.00
3,15,695 (Previous year 3,15,695) Series A Compulsorily Convertible Preference Shares of Rs. 10/- each having coupon rate of 0.01%	3.16	3.16
52,000 (Previous year 52,000) Series A1 Compulsorily Convertible Preference Shares of Rs. 13/- each having coupon rate of 0.01%	0.52	0.52
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 8,88,000) 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
2,74,728 (Previous year 2,74,728) Series E 2 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	27.47	27.47
	451.85	451.85

Issued and fully paid up

16,65,376 (Previous year 16,65,376) Equity shares of Rs.10/- each	16.65	16.65
57,396 (Previous year 57,396) Series A Compulsorily Convertible Preference Shares of Rs. 10/- each having coupon rate of 0.01%	0.57	0.57
38,096 (Previous year 38,096) Series A 1 Compulsorily Convertible Preference Shares of Rs. 13/- each having coupon rate of 0.01%	0.50	0.50
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
11,23,518 (Previous year 11,23,518) Series C Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	112.35	112.35
8,73,162 (Previous year 8,73,162) 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 0.01 %	169.15	169.15
2,63,208 (Previous year 2,63,208) Series E1 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	26.32	26.32
2,74,445 (Previous year 1,81,717) Series E2 Compulsorily Convertible Preference Shares of Rs. 100/- each having coupon rate of 0.01%	27.44	18.17
Less: 86,792 (Previous year 86,855) equity shares of Rs 10/- each held in the Trust for employees under ESOP Scheme	(0.87)	(0.87)
	442.68	433.41

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

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Rs. In million	Number of shares	Rs. In million
At the beginning of the reporting year	1,665,376	16.65	1,665,376	16.65
Add: Issued during the year-Preferential allotment	-	-	-	-
Add: Issued during the year- ESOP plan	-	-	-	-
At the close of the reporting year	1,665,376	16.65	1,665,376	16.65

Reconciliation of number of Compulsorily Convertible Preference shares (CCPS) and amount outstanding at the beginning and at the end of the reporting year
Series A Compulsorily Convertible Preference shares

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Rs. In million	Number of shares	Rs. In million
At the beginning of the reporting year	57,396	0.57	57,396	0.57
At the close of the reporting year	57,396	0.57	57,396	0.57

Series A1 Compulsorily Convertible Preference shares

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Rs. In million	Number of shares	Rs. In million
At the beginning of the reporting year	38,096	0.50	38,096	0.50
At the close of the reporting year	38,096	0.50	38,096	0.50

Series B Compulsorily Convertible Preference shares

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Rs. In million	Number of shares	Rs. In million
At the beginning of the reporting year	324,812	3.25	324,812	3.25
At the close of the reporting year	324,812	3.25	324,812	3.25

Series C Compulsorily Convertible Preference shares

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Rs. In million	Number of shares	Rs. In million
At the beginning of the reporting year	1,123,518	112.35	1,123,518	112.35
At the close of the reporting year	1,123,518	112.35	1,123,518	112.35



CapFloat Financial Services Private Limited
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Series D Compulsorily Convertible Preference shares

At the beginning of the reporting year
At the close of the reporting year

As at March 31, 2021		As at March 31, 2020	
Number of shares	Rs. In million	Number of shares	Rs. In million
873,162	87.32	873,162	87.32
873,162	87.32	873,162	87.32

Series E Compulsorily Convertible Preference shares

At the beginning of the reporting year
Add: Issued during the year
At the close of the reporting year

As at March 31, 2021		As at March 31, 2020	
Number of shares	Rs. In million	Number of shares	Rs. In million
1,691,491	169.15	1,691,491	169.15
-	-	-	-
1,691,491	169.15	1,691,491	169.15

Series E1 Compulsorily Convertible Preference shares

At the beginning of the reporting year
Add: Issued during the year
At the close of the reporting year

As at March 31, 2021		As at March 31, 2020	
Number of shares	Rs. In million	Number of shares	Rs. In million
263,208	26.32	263,208	26.32
-	-	-	-
263,208	26.32	263,208	26.32

Series E2 Compulsorily Convertible Preference shares

At the beginning of the reporting year
Add: Issued during the year
At the close of the reporting year

As at March 31, 2021		As at March 31, 2020	
Number of shares	Rs. In million	Number of shares	Rs. In million
181,717	18.17	-	-
92,728	9.27	181,717	18.17
274,445	27.44	181,717	18.17

Terms / Rights attached to equity and preference shares

Equity Shares

The 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 Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Preference Shares

1. Seniority:

Series A, A1, B, C, D, E, E1 and E2 Compulsorily Convertible Preference shares ('CCPS') shall be participating, compulsorily convertible and non-cumulative preference shares and shall rank equal to and senior to all other Securities of the Company.

2. Voting Rights:

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 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 1 (one) equity share
Series C CCPS: convertible into 1 (one) equity share
Series D CCPS: convertible into 1 (one) equity share
Series E CCPS: convertible into 1 (one) equity share
Series E1 CCPS: convertible into 1 (one) equity share
Series E2 CCPS: convertible into 1 (one) equity share

The respective CCPS will be converted upon the following events whichever is earlier:

- on expiry of a period of 10 (Ten) years from the respective dates of issuance of each CCPS series;
- prior to the Qualified IPO;
- at the option of the holder of the respective CCPS;
- on the occurrence of a Liquidation Event.

In addition to above, for Series A and A1 CCPS, conversion may also be attracted 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 Company.

5. In the event of winding up or liquidation:

In the event of winding up or liquidation of the 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 and Series E2 CCPS the holders of the Series A, A1, B, C, D, E, E1 and E2 CCPS shall be entitled to be repaid an amount that is the sum total of (i) the subscription consideration including premium paid towards subscription of such 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.

Shares allotted by way of bonus shares

Shares allotted by way of bonus shares (Equity and CCPS)

As at 31 March 2021	As at 31 March 2020
-	-

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

Equity Shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number in million	% holding in the class	Number in million	% holding in the class
Gaurav Dinesh Hinduja	690,007	41.43%	690,007	41.43%
Sashank R Rishyasinga	690,007	41.43%	690,007	41.43%
Capital Float Employee Welfare Trust	86,792	5.21%	86,855	5.22%



CapFloat Financial Services Private Limited
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(All amount in Rs. millions, unless otherwise stated)

Series A CCPS

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
Dinesh J Hinduja	13,942	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, 2021		As at March 31, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
Dinesh J Hinduja	38,096	100.00%	38,096	100.00%

Series B CCPS

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
Soros Economic Development Fund	216,606	66.69%	216,606	66.69%
SAIF Partners India IV Limited	108,206	33.31%	108,206	33.31%

Series C CCPS

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
Soros Economic Development Fund	172,662	15.37%	172,662	15.37%
SAIF Partners India IV Limited	497,064	44.24%	497,064	44.24%
Sequoia Capital India Investments IV	410,890	36.57%	410,890	36.57%

Series D CCPS

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
Soros Economic Development Fund	92,454	10.59%	92,454	10.59%
SAIF Partners India IV Limited	164,364	18.82%	164,364	18.82%
Sequoia Capital India Investments IV	51,364	5.88%	51,364	5.88%
Creation Investments CF LLC	513,616	58.83%	513,616	58.83%
Dinesh J Hinduja	51,364	5.88%	51,364	5.88%

Series E CCPS

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
SAIF Partners India IV Limited	296,748	17.54%	296,748	17.54%
Sequoia Capital India Investments IV	184,643	10.92%	184,643	10.92%
Creation Investments CF LLC	158,266	9.36%	158,266	9.36%
Ribbit Capital Mauritius IV	547,316	32.36%	547,316	32.36%
Amazon.com NV Investment Holdings LLC	504,518	29.83%	504,518	29.83%

Series E1 CCPS

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
SAIF Partners India V Limited	117,513	44.65%	117,513	44.65%
Sequoia Capital India Investments IV	145,695	55.35%	145,695	55.35%

Series E2 CCPS

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
Dinesh J Hinduja	18,546	6.76%	-	-
SAIF Partners India IV Limited	53,446	19.47%	53,446	29.41%
Sequoia Capital India Investments IV	39,194	14.28%	39,194	21.57%
Ribbit Capital Mauritius IV	89,077	32.46%	89,077	49.02%
Amazon.com NV Investment Holdings LLC	74,182	27.03%	-	-

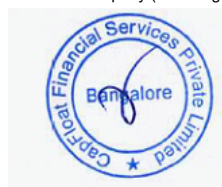
	As at March 31, 2021		As at March 31, 2020	
	No. in million	% holding in the class	No. in million	% holding in the class
Securities (Compulsorily Convertible Preference Shares) convertible into equity shares	4,646,128		4,561,427	
Shares reserved for issue under Employee Stock Option Scheme-Issued, held with Trust	86,792		86,855	
Shares reserved for issue under Employee Stock Option Scheme -Unissued, held with Company	368,465		368,465	
Aggregate number of shares issued for a consideration other than cash during the period of five years immediately preceding the reporting date	2,704,036		2,704,036	

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

a) Note for Shares held under ESOP trust

The 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 Company issues shares to its ESOP trust. The 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 at March 31, 2021 after transferring 63 equity shares to employees of the Company (including subsidiary employees).



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 21: Other Equity

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934	0.08	0.08
Securities Premium	8,561.71	8,202.27
Share Option Outstanding Account	1,130.04	824.29
Surplus in the Statement of Profit and Loss	(5,862.79)	(4,606.24)
Share application money pending allotment	-	370.85
Other Comprehensive Income	14.14	15.51
Total	3,843.18	4,806.76

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

Particulars	As at	As at
	March 31, 2021	March 31, 2020
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	As at
	March 31, 2021	March 31, 2020
Opening Balance	8,202.27	7,500.83
Add: Received during the year	361.58	708.58
Add : Transferred from Employee Stock Option reserve for shares exercised by employees (non-cash)	0.24	1.75
Less : Securities issue expenses	(2.38)	(8.89)
Closing Balance	8,561.71	8,202.27

c) Share Option Outstanding Account

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Opening Balance	824.29	451.12
Add: Transferred from Statement of Profit and Loss	100.87	32.49
Add : Capitalized during the year	15.03	9.58
Add : On issuance of stock options to employees of subsidiary	190.11	333.23
Less: Options exercised during the year	(0.26)	(1.75)
Transfer to/from retained earnings	-	(0.38)
Closing Balance	1,130.04	824.29

d) Surplus in the Statement of Profit and Loss

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Opening Balance	(4,606.24)	(3,302.39)
Less : Loss during the year	(1,256.55)	(1,304.23)
Transfer to/from retained earnings	-	0.38
Closing Balance	(5,862.79)	(4,606.24)

e) Other Comprehensive Income

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Opening Balance	15.51	4.93
Add: Remeasurement gain/(loss) on defined benefit plan	(1.37)	10.58
Closing Balance	14.14	15.51

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 Company to employees under ESOP Schemes 2014. This Reserve is transferred to Securities Premium Account on exercise of vested options.

Statutory reserve

The 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



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)
Note 22: Interest income

Particulars	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost		
Interest on loans	998.22	1,759.52
Interest on deposits with Banks	100.74	86.52
Other interest	1.43	1.65
Total	1,100.39	1,847.69

Note 23: Revenue from contracts with customers

Particulars	March 31, 2021	March 31, 2020
Fee income on Loans	126.52	180.76
Service fee on securitization of loans	-	8.17
Total	126.52	188.93

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	126.52	188.93
Outside India	-	-
Total revenue from contracts with customers	126.52	188.93

Timing of revenue recognition

Services transferred at a point in time	126.52	188.93
Services transferred over time	-	-
Total revenue from contracts with customers	126.52	188.93

Note 24: Net gain on fair value changes

Particulars	March 31, 2021	March 31, 2020
Net gain on instruments at fair value through profit or loss		
Mutual funds at FVTPL	25.96	58.43
Total Net gain/(loss) on fair value changes	25.96	58.43
Fair Value changes:		
-Realised	25.96	58.43
-Unrealised	-	-
Total Net gain/(loss) on fair value changes	25.96	58.43

Note 25: Other income

Particulars	March 31, 2021	March 31, 2020
Other non operating income (includes interest on income tax refund)	19.72	0.49
Total	19.72	0.49



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 26: Finance Cost

Particulars	March 31, 2021	March 31, 2020
On financial liabilities measured at amortised cost		
Interest on lease liability	10.56	14.39
Interest on borrowings	425.51	721.72
Interest on Commercial Paper and Bonds	4.68	6.79
Interest on Debentures	239.91	238.58
Interest on securitised liabilities	41.93	80.45
Other Finance Cost	26.31	8.17
Total	748.90	1,070.10

Note 27: Impairment on financial instruments

Particulars	March 31, 2021	March 31, 2020
On Financial instruments measured at amortised cost		
(i) Loans [#]	612.37	945.37
(ii) Non fund exposure*	179.10	134.98
(iii) Trade receivable	(0.39)	2.33
(iii) Others receivable	(0.15)	(1.38)
Total	790.93	1,081.30

Includes the loss on account of loans written off Rs. 702.99 million (March 31, 2020: Rs. 1196 million) during the year.

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

Note 28: Employee benefit expenses

Particulars	March 31, 2021	March 31, 2020
Salaries and wages	413.33	575.69
Contribution to provident and other funds	10.54	13.59
Share based payment to employees	100.87	32.49
Staff welfare expenses	9.22	10.70
Gratuity expenses	8.83	12.49
Long term incentive plan expense	(6.56)	0.89
Total	536.23	645.85

Note 29: Other expenses

Particulars	March 31, 2021	March 31, 2020
Rent	2.09	5.19
Repairs and others	0.54	0.63
Insurance	6.22	6.18
Rates & Taxes	11.44	6.38
Auditors Remuneration		
- as auditor	2.20	2.20
- tax audit fees	0.20	0.20
- for certification	0.30	0.30
- for reimbursement of expenses	-	-
Marketing expenses	4.01	8.31
Travelling expenses	7.61	26.02
Office maintenance	8.04	8.72
Communication expenses	4.27	7.75
Printing and stationery	0.45	1.54
Recruitment expenses	1.17	1.71
Membership and subscription	0.12	0.08
Customer onboarding charges	104.56	52.11
Collection cost	88.12	152.38
Electricity charges	3.17	5.82
Legal and professional charges	19.86	14.70
Software license fees	0.21	0.65
Other technology expenses	46.81	100.64
Directors sitting fees	2.50	2.90
Service tax/ GST expenses	39.24	64.94
Loss on sale/write off of Property, Plant and Equipment	7.10	0.07
Bank Charges	0.46	1.46
Miscellaneous expenses	2.49	4.11
Total	363.18	473.63



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

Note 30: 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.

Hence, deferred tax assets have been recognized only to the extent of deferred tax liabilities in the books.

Note 31: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company 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 Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) 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.

Particulars	March 31, 2021	March 31, 2020
Following reflects the profit and share data used in EPS computations:		
Basic		
Weighted average number of equity shares for computation of Basic EPS (in million)	1.67	1.67
Net profit for calculation of basic EPS (In millions)	(1,256.55)	(1,304.23)
Basic earning per share (In Rs.)	(754.51)	(783.14)
Diluted		
Weighted average number of equity shares for computation of Diluted EPS (in million)	7.00	6.52
Net profit for calculation of Diluted EPS (in million)	(1,256.55)	(1,304.23)
Diluted earning per share (In Rs.) **	(754.51)	(783.14)
** Since diluted EPS are anti-dilutive hence, the disclosure is restricted to basic EPS		
Reconciliation of profit for calculation of diluted EPS		
Net profit for calculation of basic EPS (Rs. in millions)	(1,256.55)	(1,304.23)
(Add) Interest on optionally convertible debentures (net of provision)	-	-
Net profit for calculation of Diluted EPS (Rs. in millions)	(1,256.55)	(1,304.23)
Reconciliation of Weighted average number of shares outstanding (in millions)		
Weighted average number of equity shares for computation of Basic EPS	1.67	1.67
(Add) Convertible Shares/Debt Securities	5.33	4.85
Weighted average number of equity shares for computation of Diluted EPS	7.00	6.52
Nominal / Face Value of equity shares (In Rs.)	10.00	10.00



Note 32: Retirement benefit plan

i) Defined contribution plan

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

Particulars	March 31, 2021	March 31, 2020
Employers' Contribution to Employee's Provident Fund ¹	10.42	13.34
	10.42	13.34

¹ 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 Company has a defined benefit gratuity plan (unfunded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. 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.

Through its defined benefit plans the Company 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, 2021	As at March 31, 2020
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	25.33	24.47
Interest on defined benefit obligation	1.64	1.88
Current Service cost	7.18	10.60
Liability Transferred In/Acquisition	-	-
(Benefit Paid From the Fund)	(2.67)	(1.05)
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	(0.04)	(2.06)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	9.26	0.59
Actuarial Losses on Obligations - Due to Experience	(7.85)	(9.10)
Liability at the end of the year	32.85	25.33



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
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Amount recognized in the Balance Sheet

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of unfunded defined benefit obligation	32.85	25.33
Amount not recognized due to asset limit	-	-
Net defined benefit liability / (asset) recognized in balance sheet	32.85	25.33
Current	3.41	3.98
Non-current	29.44	21.35

Expenses recognized in the Statement of Profit and Loss

Particulars	March 31, 2021	March 31, 2020
Current service cost	7.18	10.60
Interest on net defined benefit liability / (asset)	1.64	1.89
Total expense charged to profit and loss account	8.83	12.49

Expenses recognized in the Other comprehensive income (OCI)

Particulars	March 31, 2021	March 31, 2020
Opening amount recognized in OCI outside profit and loss account	(15.51)	(4.93)
<u>Remeasurements during the period due to</u>		
Changes in financial assumptions	9.26	0.59
Changes in demographic assumptions	(0.04)	(2.06)
Experience adjustments	(7.85)	(9.10)
Closing amount recognized in OCI outside profit and loss account	(14.14)	(15.51)

The actuarial assumptions used to determine benefit obligations as at March 31, 2021 and March 31, 2020 are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.25%	6.85%
Salary escalation rate	13%	1.00% until year 1 inclusive, then 12.00% until year 2 inclusive, then 7.00%
Rate of Employee Turnover	24%	
Age		
21-30		33%
31-40		28%
41-50		17%
51-57		3%

Balance sheet reconciliation

Particulars	As at March 31, 2021	As at March 31, 2020
Opening net liability	25.33	24.47
Expenses recognized in Statement of Profit and Loss	8.83	12.49
Expenses recognized in OCI	1.37	(10.58)
Benefits paid	(2.67)	(1.05)
Net liability recognized in the Balance Sheet	32.85	25.33



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, 2021	As at March 31, 2020
Expected benefits for year 1	3.41	3.98
Expected benefits for year 2	4.85	5.03
Expected benefits for year 3	5.03	4.59
Expected benefits for year 4	4.96	3.85
Expected benefits for year 5	4.55	3.17
Expected benefits for year 6	3.92	2.65
Expected benefits for year 7	3.34	2.02
Expected benefits for year 8	2.83	1.63
Expected benefits for year 9	2.44	1.55
Expected benefits for year 10 and above	11.01	8.98

Sensitivity analysis

Particulars	As at March 31, 2021	As at March 31, 2020
Projected benefit obligation on current assumptions		
Delta effect of +0.5% change in rate of discounting	32.46	24.73
Delta effect of -0.5% change in rate of discounting	34.08	25.95
Delta effect of +0.5% change in rate of salary increase	33.68	25.90
Delta effect of -0.5% change in rate of salary increase	32.05	24.76

Compensated absences :

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of unfunded obligation	33.07	23.54
Expenses recognised in the Statement of Profit and Loss	(13.89)	(2.96)
Discount Rate	6.25%	6.85%
Salary escalation rate	13%	1.00% until year 1 inclusive, then 12.00% until year 2 inclusive, then 7.00%

Long Term Incentive Scheme Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of unfunded obligation		14.31
Expenses recognised in the Statement of Profit and Loss		14.31
Discount Rate		6.75%
Salary escalation rate	Refer Note below	1.00% until year 1 inclusive, then 12.00% until year 2 inclusive, then 7.00%

During the year, the Company has converted the bonus and LTIP ("Long Term Incentive Plan") payments for the year ended March 31, 2021 of certain employees and hence the LTIP scheme was closed with effect from September 18, 2020 resulting in reversal of LTIP provision of Rs. 6.56 Million



CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)

Notes to financial statements for the period ended 31 March, 2021

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

Note 33: Employee Stock Option Scheme (ESOS)

The company provides share-based payment schemes to its employees. For the year ended March 31, 2021 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 shares reserved for issuance under Scheme 2014 as at 31st March 2021 was 368465. Apart from this, 86,792 shares are owned by Capital Float Employee Welfare Trust and 115,692 shares are held by employees of the company and its subsidiary pursuant to exercise of grants as at 31st March 2021.

(i) Details of all grants in operation during the year ended March 31, 2021 are as given below:

Grant	Granted to Employees of	Date/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	Company	Feb'14 to Mar'15	63,530	63,530	10.00	Equity	3-4 years	512.50
II	Company	Apr'15 to Sep'15	139,106	139,106	10.00	Equity	3-4 years	681.00
III	Company	Oct'15 to Mar'16	8,362	8,362	10.00	Equity	4 years	681.00
IV	Company	Apr'16 to Mar'17	65,250	65,250	10.00	Equity	4 years	1,931.50
V	Company	Apr'17 to Mar'18	4,758	4,758	10.00	Equity	4 years	2,123.00
VI	Company	Apr'17 to Mar'18	52,739	52,739	250.00	Equity	4 years	1,883.00
VII	Company	Apr'18 to Aug'18	36,865	36,865	250.00	Equity	4 years	1,965.00
VIII	Company	Sep'18 to Mar'19	659	659	250.00	Equity	4 years	3,545.71
VIII #	Subsidiary	Sep'18 to Mar'19	199,149	199,149	10.00	Equity	4 years	3,785.71
IX	Subsidiary	Sep'18 to Mar'19	30,719	30,719	250.00	Equity	4 years	3,545.71
X	Company	May'19 to Nov'19	59,248	59,248	800.00	Equity	4 years	3,199.34
X	Subsidiary	May'19 to Nov'19	6,574	6,574	800.00	Equity	4 years	3,199.34
XI	Company	Apr'20 to Feb'21	11,461	11,461	800.00	Equity	1 year	3,299.45
XI	Company	Apr'20 to Feb'21	11,508	11,508	800.00	Equity	4 years	3,351.35
XI	Subsidiary	Apr'20	628	628	800.00	Equity	1 year	3,299.45
XI	Subsidiary	Apr'20	3,235	3,235	800.00	Equity	4 years	3,351.35

Grant letters for this issuance have infinite exercise period. For valuation purposes, the exercise period has been assumed to be 10 years from date of grant.

Vesting conditions:

The Options would vest only if the Option Grantee continues to be in employment of the Company 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.

(ii) The expense recognised for employee services received during the year is shown in the

Particulars	Rs Millions	
	March 31, 2021	March 31, 2020
Expense arising from equity-settled share-based payment transactions*	10.08	32.49
Total	10.08	32.49

* Net of capitalized ESOP expenses

Method used for accounting for shared based payment plan.

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



CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)

Notes to financial statements for the period ended 31 March, 2021

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

(iii) Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2021

Grant	Granted to Employees of	Options outstanding at April 1, 2020	Adjustments to opening balance	Granted during the year	Forfeited during the year	Exercised during the year	Expired / lapsed during the year	Outstanding at March 31, 2021	Exercisable at March 31, 2021	Weighted average remaining contractual life (in years)	Weighted average share price at the time of exercise	Date/Date range of grant
I	Company	3,444	1,088	-	-	-	-	4,532	4,532	-	-	Feb'14 to Mar'15
II	Company	38,055	13,459	-	-	-	-	51,514	51,514	-	-	Apr'15 to Sep'15
III	Company	902	2,802	-	-	-	-	3,704	3,704	-	-	Oct'15 to Mar'16
IV	Company	32,885	2,002	-	-	-	-	34,887	34,887	-	-	Apr'16 to Mar'17
V	Company	2,719	-1,469	-	1,250	-	-	-	-	-	-	Apr'17 to Mar'18
VI	Company	31,963	-1,240	-	-	-	-	30,723	27,667	0.36	-	Apr'17 to Mar'18
VII	Company	27,759	-4,085	-	1,356	-	-	22,318	17,784	0.51	-	Apr'18 to Aug'18
VIII	Company	659	-	-	-	-	-	659	411	0.87	-	Sep'18 to Mar'19
VIII	Subsidiary	199,149	-	-	-	-	-	199,149	99,473	0.83	-	Sep'18 to Mar'19
IX	Subsidiary	24,350	-4,089	-	45	63	-	20,153	11,637	0.83	3994.05	Sep'18 to Mar'19
X	Company	53,307	-1,145	-	10,026	-	-	42,136	13,086	1.34	-	May'19 to Nov'19
X	Subsidiary	6,246	-	-	-	-	-	6,246	1,955	1.34	-	May'19 to Nov'19
XI	Company	-	-	11,461	230	-	-	11,231	-	0.01	-	Apr'20 to Feb'21
XI	Company	-	-	11,508	1,776	-	-	9,732	156	1.38	-	Apr'20 to Feb'21
XI	Subsidiary	-	-	628	6	-	-	622	-	0.01	-	Apr'20
XI	Subsidiary	-	-	3,235	49	-	-	3,186	-	1.23	-	Apr'20
Total		421,438	7,323	26,832	14,738	63	-	440,792	266,806	-	-	

(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 splits
I	Feb'14 to Mar'15	2-Feb-14	10.00	8.98%	5.5 - 7.01	NIL	NIL	522.50
II	Apr'15 to Sep'15	1-Jun-14	10.00	7.83%	5.5 - 7.01	NIL	NIL	691.00
III	Oct'15 to Mar'16	19-Oct-15	10.00	7.56%	5.5 - 7.01	NIL	NIL	691.00
IV	Apr'16 to Mar'17	10-May-16, 1-Oct-16, 1-Jan-17	10.00	7.43%	5.5 - 7.01	NIL	NIL	1,941.50
V	Apr'17 to Mar'18	21-Aug-17, 1-Sep-17	10.00	6.84%	5.5 - 7.01	NIL	NIL	2,133.00
VI	Apr'17 to Mar'18	9-Nov-17	250.00	6.84%	5.5 - 7.01	NIL	NIL	2,133.00
VII	Apr'18 to Aug'18	1-Apr-18	250.00	7.42%	5.5 - 7.01	NIL	NIL	2,215.00
VIII	Sep'18 to Mar'19	11-Sep-18	10.00	8.23%	5.5 - 7.01	NIL	NIL	3,795.71
IX	Sep'18 to Mar'19	11-Sep-18	250.00	8.23%	5.5 - 7.01	NIL	NIL	3,795.71
X	May'19 to Nov'19	1-Nov-19	800.00	6.37%	5.5 - 7.01	NIL	NIL	3,999.34
XI	Apr'20 to Feb'21	1-Apr-20	800.00	5.85%	4.5	NIL	NIL	3,914.30
XI	Apr'20 to Feb'21	1-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	6.42%	5.13 - 6.63	NIL	NIL	3,914.30



CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)

Notes to financial statements for the period ended 31 March, 2021

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

(v) Shares reserved for issue under Employee Stock Option Plan

Particulars	No. of stock options/equity shares
a. Number of equity shares approved/reserved for issue under Employee Stock Option Plan to employees of the Company	570,949
b. Options granted under the scheme up to 31 March 2021	693,791
c. Options cancelled up to 31 March 2021 and added back to pool for future grants	137,307
d. Balance available under the scheme for future grants (d=a-b+c)	14,465
e. Equity shares allotted to Employee Welfare Trust up to 31 March 2021	202,484
f. Stock Options exercised up to 31 March 2021	115,692
g. Balance stock options available with Employee Welfare Trust on 31 March 2021 (g=e-f)	86,792

Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the trust at the close of the year have been reduced against the share capital as if the trust is administered by the Company itself.

Dividends declared by the Company do not accrete to unexercised options. Accordingly, any dividend received by the ESOP trust is remitted to the Company and adjusted against the source from which dividend has been paid.



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 34: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

Securitisation:

The Company 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 company 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, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	193.25	646.70
Carrying amount of associated liabilities	(105.33)	(638.77)
Fair value of assets	193.25	646.70
Fair value of associated liabilities	(105.33)	(638.77)

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



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
Note 35: Maturity analysis of assets and liabilities

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

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, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	131.12	-	131.12	434.64	-	434.64
Bank Balance other than above	1,995.59	5.29	2,000.88	1,929.24	62.26	1,991.50
Trade Receivables	36.74	-	36.74	35.47	-	35.47
Loans	2,653.20	2,138.55	4,791.75	4,324.21	2,719.21	7,043.41
Investments	-	1,145.94	1,145.94	-	1,145.94	1,145.94
Other financial assets	796.36	14.51	810.87	592.50	7.35	599.84
Non-financial Assets						
Current tax assets (net)	178.85	-	178.85	299.44	-	299.44
Property, plant and equipment	-	59.35	59.35	-	81.35	81.35
Right-of-use assets	-	38.39	38.39	-	115.78	115.78
Intangible assets under development	-	39.56	39.56	-	7.98	7.98
Other intangible assets	-	114.09	114.09	-	123.42	123.42
Other non financial assets	94.93	-	94.93	88.29	-	88.29
Total assets	5,886.79	3,555.68	9,442.47	7,703.79	4,263.29	11,967.06
Liabilities						
Financial Liabilities						
Payables						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	60.83	-	60.83	74.06	-	74.06
Debt Securities	1,433.36	877.47	2,310.83	708.83	887.80	1,596.63
Borrowings (other than debt securities)*	1,895.12	366.13	2,261.25	3,267.44	1,159.82	4,427.26
Other Financial liabilities	310.24	39.96	350.20	385.66	88.03	473.69
Non-financial Liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	-	99.11	99.11	-	95.53	95.53
Other non-financial liabilities	74.39	-	74.39	59.71	-	59.71
Total Liabilities	3,773.95	1,382.66	5,156.61	4,495.70	2,231.18	6,726.88
Net	2,112.84	2,173.02	4,285.86	3,208.08	2,032.11	5,240.18

*Details regarding breach of borrowing covenants are given in Note 16.



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

Note 36: Change in liabilities arising from financing activities

Particulars	As at March 31, 2020	Cash Flows	Other	As at March 31, 2021
Debt Securities	1,596.64	706.11	8.08	2,310.83
Borrowings other than debt securities	4,427.26	(2,166.14)	0.13	2,261.25
Total	6,023.90	(1,460.03)	8.21	4,572.08

Particulars	As at March 31, 2019	Cash Flows	Other	As at March 31, 2020
Debt Securities	1,885.29	(195.00)	(93.65)	1,596.64
Borrowings other than debt securities	5,063.23	(736.08)	100.11	4,427.26
Total	6,948.52	(931.08)	6.46	6,023.90



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

Note 37: Contingent liabilities, commitments**(A) Contingent Liabilities**

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company 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 Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

a. Contingent Liabilities not provided for in respect of:

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax matters - appeals by Company	3.95	3.95
Corporate guarantees given by Company *	42.50	27.84
Total	46.45	31.79

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

The management of the Company has issued a letter of support for financial assistance to its subsidiary Thumbworks Technologies Private Limited in order to meet the shortfall in its fund requirements for ongoing operations of such subsidiary.

(B) Commitments

Particulars	As at March 31, 2021	As at March 31, 2020
Undrawn Loan Commitments	20.18	19.69
Total	20.18	19.69



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021

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

Note 38: Related party disclosures
Relationship

Subsidiary company

Associates / Enterprises owned or significantly influenced by key management personnel or their relatives

Name of the party

Thumbworks Technologies Private Limited

Gaurav Shashank Bangalore financial ventures pvt. Ltd

Name

Gaurav Hinduja

Sashank Rishyasringa

Ina Malhotra (Appointed on May 13, 2020)

Alok Prasad (Resigned on July 1, 2020)

Murali Venkataraman

Designation

Executive Director

Executive Director

Independent Director

Independent Director

Independent Director

Key Management Personnel

Relatives of Key Management Personnel

Dinesh Jhamandas Hinduja

Namitha Hinduja

Nalini Hinduja

Jai Shamsunder Rupani

Related Party transactions during the year:

Particulars	Subsidiary Company		Associates / Enterprises owned or		Key Management Personnel		Relatives of Key Management	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Transactions								
Remuneration to Directors	-	-	-	-	-	4.18	-	-
Remuneration to other KMPs	-	-	-	-	-	12.59	-	-
Sitting Fees	-	-	-	-	2.50	2.90	-	-
Share based Payment	-	-	-	-	-	0.99	-	-
Rent paid	-	-	-	-	-	-	16.46	21.42
Office maintenance paid	-	-	-	-	-	-	0.27	-
Borrowings	-	-	-	-	-	-	166.25	207.50
Interest Expense	-	-	-	-	-	-	31.85	49.58
Interest Income	54.16	26.31	-	-	-	-	-	-
Referral Fees paid	3.42	18.88	-	-	-	-	-	-

Particulars	Subsidiary Company		Associates / Enterprises owned or		Key Management Personnel		Relatives of Key Management	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Balances								
Balance outstanding as at the year end:								
Loans & advances given	624.36	336.29	0.82	0.82	-	-	-	-
Other receivable	767.24	575.63	-	-	-	-	-	-
Investments	1,145.94	1,145.94	-	-	-	-	-	-
Security Deposit	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	(1.08)	(1.12)
Borrowings	-	-	-	-	-	-	(166.25)	(207.50)



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

Compensation of key management personnel

Particulars	March 31, 2021	March 31, 2020
Short-term employee benefits	-	18.73
Post-employment pension (defined contribution)	-	-
Termination benefits	-	0.94
Share-based payments	-	0.99
Total	-	20.66

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 Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

c) The Company 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.



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 39: Capital

The Company 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 Company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company 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 Company 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 Company 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, 2021	As at March 31, 2020
Regulatory capital		
Common Equity Tier1 (CET1) capital	1,859.86	3,314.94
Other Tier 2 capital instruments	5.05	8.22
Total capital	1,864.91	3,323.16
Risk weighted assets		
i) CRAR (%) / CET1 capital ratio	35.84%	43.03%
ii) CRAR - Tier I capital (%)	35.74%	42.92%
iii) CRAR - Tier II Capital (%)	0.10%	0.11%

Regulatory capital consists of CET 1 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 2 Capital Instruments.



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

Note 40: Events after reporting date

The COVID-19 pandemic has continued to affect several countries across the world, including India. The pandemic and consequent lockdowns imposed by the Central and State Governments considerably impacted the Company's business operations during the year ended March 31, 2021. Apart from other adverse effects, the pandemic resulted in a significantly lower business acquisition and constrained recovery of overdues from customer for the large part of the year. In accordance with the Reserve Bank of India ('RBI') guidelines relating to "COVID-19 Regulatory Package" dated March 27, 2020, April 17, 2020 and May 23, 2020, the Company offered moratorium to its customers on payment of installments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020. Further, the Company offered resolution plan to its customers pursuant to the RBI's one-time restructuring (OTR) guideline dated August 6, 2020.

In view of the above events, the estimates and associated assumptions applied in preparing these financial statements, especially for determining the impairment allowance for the Company's financial assets i.e. loans to customers and investment in and receivable from Thumbworks Technologies Private Limited (hereinafter referred as 'exposure in subsidiary company'), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used estimation of potential stress on probability of default (PD) and loss given default (LGD) factors due to COVID-19 situation in developing the estimates and assumptions to assess the overall impairment loss allowance on loans. Accordingly, the Company has recognised an additional impairment on loans of Rs. 65.70 million as management overlay. With respect to exposure in subsidiary company, the Company has used the valuation report obtained from independent valuer and cash flow details to assess the impairment loss allowance on exposure to subsidiary company.

Given the dynamic nature of the pandemic, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. In the event the impacts are more severe or prolonged than currently anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

Note 41: Segment reporting

Since the company 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.



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 42: Leases where the Company is a Lessee

The Company's lease asset class primarily consist of leases for Buildings. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company 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, 2021	As at March 31, 2020
Opening net carrying balance	115.78	89.11
Additions	0.63	79.10
Deletion	(50.38)	(2.08)
Depreciation	(27.64)	(50.35)
Closing net carrying balance	38.39	115.78

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, 2021	As at March 31, 2020
Opening Balance	131.04	92.39
Additions	-	74.13
Deletions	(52.52)	-
Accretion of interest	10.56	14.38
Payments	(31.83)	(49.86)
Closing Balance	57.25	131.04

Future Commitments

Particulars	As at March 31, 2021
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, 2021 on an undiscounted basis:

Particulars	March 31, 2021	March 31, 2020
Up to 1 year	26.90	55.07
Over 1 year to 3 years	27.35	80.85
Over 3 year to 5 years	10.53	12.25
Over 5 years	0.44	11.87
Total undiscounted lease liabilities	65.22	160.04

Amounts recognized in the Statement of Profit and Loss	March 31, 2021	March 31, 2020
Depreciation expense		
Depreciation on right of use assets	(27.64)	(50.35)
Other expenses		
Short-term lease rent expense	2.09	5.19
Finance cost		
Interest expense on lease liability	10.56	14.39

The Company had total cash outflows for leases of Rs.33.92 millions for the year ended March 31, 2021 Rs. 54.03 millions in March 31, 2020.



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

Note 43 : 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 Company'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 Company 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 Company'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, 2021

Particulars	Carrying value	Fair Value			Total
		Level I	Level II	Level III	
Financial assets					
Cash and cash equivalents	131.12	131.12	-	-	131.12
Bank balance other than above	2,000.88	2,000.88	-	-	2,000.88
Receivables	36.74	-	-	36.74	36.74
Loans	4,791.75	-	-	4,791.75	4,791.75
Investments	1,145.94	-	-	1,145.94	1,145.94
Other financial assets	810.87	-	-	810.87	810.87
Total	8,917.30	2,132.00	-	6,785.30	8,917.30
Financial liabilities					
Trade Payables	60.83	-	-	60.83	60.83
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	350.20	-	-	350.20	350.20
Total	4,983.11	-	4,610.55	411.04	5,021.58



CapFloat Financial Services Private Limited**Notes to financial statements for the year ended March 31, 2021**

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

As at March 31, 2020

Particulars	Carrying value	Fair Value			Total
		Level I	Level II	Level III	
Financial assets					
Cash and cash equivalents	434.64	434.64	-	-	434.64
Bank balance other than above	1,991.50	1,991.50	-	-	1,991.50
Trade receivables	35.47	-	-	35.47	35.47
Loans	7,043.41	-	-	7,043.41	7,043.41
Investments	1,145.94	-	-	1,145.94	1,145.94
Other financial assets	599.84	-	-	599.84	599.84
Total	11,250.80	2,426.14	-	8,824.66	11,250.80
Financial liabilities					
Trade Payables	74.06	-	-	74.06	74.06
Debt securities	1,596.64	-	1,638.43	-	1,638.43
Borrowings (other than debt securities)	4,427.26	-	4,470.53	-	4,470.53
Other financial liabilities	473.69	-	-	473.69	473.69
Total	6,571.65	-	6,108.96	547.75	6,656.71

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2021 and March 31, 2020.

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.



Note 44: Risk Management

44.1 Introduction and Risk Profile

CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited) started 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 terms 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 company's vision, and holds very high importance in the board governance. The company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

44.1.1 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 Company, 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 Company. 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 Company'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 Company. The Company's policy is that risk management processes throughout the Company are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Company'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.

44.1.2 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.

44.1.3 Risk measurement and reporting systems

The firm's 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 portfolio 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.

44.1.4 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 company has significant exposure.

(a) Credit Risk

Credit risk management: Four critical components under credit risk management

1. Customer selection criterion- 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 utilized within the various models and scores being applied. Consumer loans run 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.

44.2.1 Impairment assessment

The references below show where the Company'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 Company's definition and assessment of default (Note 44.2.2.1).

-An explanation of the Company's internal grading system (Note 44.2.2.2)

-How the Company defines, calculates and monitors the probability of default, exposure at default and loss given default) (Notes 44.2.2.2 to 44.2.2.4)

-When the Company considers there has been a significant increase in credit risk of an exposure (Note 44.2.2.5)

-The Company's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 44.2.2.7)

-The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets (Note 7)

44.2.2.1 Definition of default

The Company 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 company is considering all restructured loans in Stage 3 except for restructuring cases under one time restructuring framework issued by RBI



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44.2.2.2 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: Company 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.

44.2.2.3 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 Company 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.

44.2.2.4 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 Company would expect to receive.
The LGD estimates are based on the time-discounted recoveries during an estimated recovery window after advances become NPA.

44.2.2.5 Significant increase in credit risk

If contractual payments are more than 30 days past due or bouned repayments not resolved 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 Company of similar assets (as set out in Note 44.2.2.7), the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

44.2.2.6 COVID-19 Impact

There is need for overlaying additional provision on the portfolio due to Covid-19's 2nd wave that struck the country in the month of March, 2021. 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 March 31, 2020 & the new originations during the year ended March 31, 2021. Product level multipliers have been used to estimate the expected deterioration due to the 2nd wave's impact to be felt during the next year. Multiplier derivations have been done basis the leading performance indicators of the portfolio post March 31, 2021 and the empirical deterioration data assessed from the 1st wave of Covid-19 during the year ended March 31, 2021.

44.2.2.7 Grouping financial assets measured on a collective basis

As explained in Note 7 dependant on the factors below, the Company calculates ECLs only on a collective basis
The Company 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 (Walnut DM)
9. BNPL - Online Checkout

44.3 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, 2021 was Rs. 624.36 million (March 31, 2020: Rs. 336.29 million)

Loans	As at March 31, 2021	As at March 31, 2020
Advertising	19.78	51.16
Automobiles (OEM/ dealer/ retailer/ service)	65.01	144.38
Construction materials/ timber/ glass/ electricals	180.54	218.43
Ecommerce	-	-
Educational institutions	414.15	608.12
FMCG/ Retail grocery stores/ foods	415.33	617.66
Healthcare	309.17	531.01
Hotels, Restaurants & restobars	59.07	140.04
Kirana Loans	-	-
Lifestyle - apparels, textiles, footwear, luggage, jewelry, etc.	253.05	329.55
Manufacturing/ machinery/ industrial products	469.47	851.64
Miscellaneous	121.52	273.47
Mobile phones & accessories (distributor/ retailer)	91.48	99.81
Petrol pumps & fuel	82.62	208.06
Plastic & paper products	172.92	253.44
Security services/ facility management	67.22	102.48
Taxi Loans	12.04	80.55
Travel & logistics	40.61	59.56
White goods/ computers/ domestic stationery/ furnitures	256.37	368.21
Service Industry	659.53	336.29
Consumer Loans	1,687.78	2,382.49
Grand Total	5,377.66	7,656.35

* The above disclosure does not include re-classification and Ind AS adjustments amounting to Rs. 141.49 million (March 31, 2020: Rs. 205.34 million)



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Credit quality per segments, industry and asset classes

Credit risk exposure analysis

Consumer Loans	As at March 31, 2021	As at March 31, 2020
Andhra Pradesh or Telangana	274.87	112.31
Assam	2.66	1.74
Bihar	0.02	8.90
Chandigarh	13.07	8.03
Chhattisgarh	2.29	1.62
Delhi	222.18	269.51
Gujarat	86.41	118.03
Haryana	28.34	50.14
Jharkhand	4.02	2.74
Karnataka	322.19	495.43
Kerala	-	15.44
Madhya Pradesh	28.49	35.62
Maharashtra	306.76	455.98
Odisha	7.35	4.57
Pondicherry	4.47	3.90
Punjab	4.38	8.41
Rajasthan	37.15	50.66
Tamil Nadu	212.51	285.21
Telangana	-	270.25
Uttar Pradesh	54.07	93.72
Uttarakhand	1.76	1.09
West Bengal	58.33	65.60
Himachal Pradesh	1.42	0.99
North-east Indian states	2.52	1.20
Uttaranchal	-	1.15
Others	12.51	20.22
Grand Total	1,687.78	2,382.49

SME	As at March 31, 2021	As at March 31, 2020
Andhra Pradesh or Telangana	400.24	108.43
Delhi	554.51	779.58
Gujarat	310.58	496.32
Haryana	-	76.99
Himachal Pradesh	-	9.39
Karnataka	288.63	516.85
Kerala	50.60	82.43
Maharashtra	952.13	973.06
Madhya Pradesh	51.16	73.68
Pondicherry	0.88	8.10
Punjab	-	104.64
Rajasthan	140.58	263.24
Tamil Nadu	676.67	931.49
Telangana	-	457.56
Uttar Pradesh	106.79	221.47
West Bengal	77.35	169.49
Dadra & Nagar Haveli	-	1.14
Chandigarh	79.75	-
Others	-	-
Grand Total	3,689.88	5,273.86

* The above disclosure does not include re-classification and Ind AS adjustments amounting to Rs. 141.49 million (March 31, 2020: Rs. 205.34 million)

44.3 Collateral and other credit enhancements

Fair value of collateral and credit enhancements held

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)	5.35
Total financial assets at amortised cost					
Other commitments					

*Financial asset with collateral are disclosed above

As at March 31, 2020	Maximum exposure to credit risk	Plant and machinery	Total collateral	Net exposure	Associated ECLs
Financial assets*					
Loans (Secured)	80.76	92.65	92.65	(11.89)	30.85
Total financial assets at amortised cost					
Other commitments					

*Financial asset with collateral are disclosed above



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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 in 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.

<u>Type of credit enhancement or collateral</u>		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	6.18	6.41	6.41	(0.23)	4.50
Total financial assets at amortised cost					

<u>Type of credit enhancement or collateral</u>		Fair value of collateral and credit enhancements held under the base case scenario			
As at March 31, 2020	Maximum exposure to credit risk	Plant and machinery	Total collateral	Net exposure	Associated ECLs
Loans	12.50	13.63	13.63	(1.14)	8.93
Total financial assets at amortised cost					



Note 44: Risk Management

(b) Liquidity risk and funding management

(Certain assumptions have been considered by the management which have been relied upon by the auditors)

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its 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, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Company has developed internal control processes and contingency plans for managing liquidity risk.

Liquidity Ratios

Advances to borrowings ratios

Particulars	As at March 31, 2021	As at March 31, 2020
Year-end	120.71%	130.51%
Maximum	134.82%	123.42%
Minimum	118.04%	121.11%
Average	118.31%	127.28%

Borrowings from banks and financial institutions and issue of debentures are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at:

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	131.12	-	-	-	-	-	-	-	-	131.12
Bank balance other than above	-	533.52	11.74	24.72	1,249.33	235.54	5.85	-	-	2,060.70
Receivables	36.89	-	-	-	-	-	-	-	-	36.89
Loans	-	176.47	188.91	181.09	1,464.38	1,348.22	1,545.22	1,566.86	-	6,471.15
Investments	-	-	-	-	-	-	-	-	1,145.94	1,145.94
Other financial assets	799.37	-	-	-	1.40	0.00	9.28	-	6.90	816.95
Total undiscounted financial assets	967.38	709.99	200.65	205.81	2,715.11	1,583.76	1,560.35	1,566.86	1,152.84	10662.75
Financial liabilities										
Trade Payables	60.83	-	-	-	-	-	-	-	-	60.83
Debt securities	328.93	171.13	97.74	508.45	513.91	1,047.39	-	-	-	2,667.55
Borrowings (other than debt securities)*	337.15	281.85	234.87	534.11	661.80	381.05	-	-	-	2,430.83
Other financial liabilities	103.07	184.09	3.72	2.35	2.61	17.23	27.35	10.53	2.22	353.17
Total undiscounted financial liabilities	829.98	637.07	336.33	1,044.91	1,178.32	1,445.67	27.35	10.53	2.22	5,512.38

*Details regarding breach of borrowing covenants are given in Note 16.

As at March 31, 2020

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	434.42	-	-	-	-	-	-	-	-	434.42
Bank balance other than above	-	158.84	455.74	4.12	1,013.06	350.42	69.79	-	-	2,051.97
Receivables	36.03	-	-	-	-	-	-	-	-	36.03
Loans	-	243.95	427.41	491.84	1,663.07	2,411.15	3,280.05	755.95	-	9,273.42
Investments	-	-	-	-	-	-	-	-	1,145.94	1,145.94
Other financial assets	231.41	-	-	0.16	0.82	0.81	14.34	0.22	9.85	257.61
Total undiscounted financial assets	701.86	402.79	883.15	496.12	2,676.95	2,762.38	3,364.18	756.17	1,155.79	13,199.39
Financial liabilities										
Trade Payables	74.06	-	-	-	-	-	-	-	-	74.06
Debt securities	-	136.54	46.21	11.13	153.77	538.24	549.84	542.00	-	1,977.73
Borrowings (other than debt securities)	217.47	444.75	500.14	432.43	1,036.23	1,022.38	1,256.37	3,948.59	-	8,858.36
Other financial liabilities	9.57	246.26	3.64	3.64	13.99	30.15	80.85	12.25	13.66	414.01
Total undiscounted financial liabilities	301.10	827.55	549.99	447.20	1,203.99	1,590.77	1,887.06	4,502.84	13.66	11,324.16

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The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

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, 2021								
Other undrawn commitments to lend	20.18	-	-	-	-	-	-	20.18
Total commitments	20.18	-	-	-	-	-	-	20.18
As at March 31, 2020								
Other undrawn commitments to lend	-	-	19.69	-	-	-	-	19.69
Total commitments	-	-	19.69	-	-	-	-	19.69

The Company expects that not all of the contingent liabilities or 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, 2021			As at March 31, 2020			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Assets							
Cash and cash equivalents	131.12	-	131.12	434.64	-	434.64	Interest rate
Bank balance other than above	2,000.88	-	2,000.88	1,991.50	-	1,991.50	Interest rate
Receivables	36.74	-	36.74	35.47	-	35.47	Interest rate
Loans	4,791.75	-	4,791.75	7,043.41	-	7,043.41	Interest rate
Investments	1,145.94	-	1,145.94	1,145.94	-	1,145.94	Equity Price
Other financial assets	810.87	-	810.87	599.84	-	599.84	Interest rate
Total	8,917.30	-	8,917.30	11,250.80	-	11,250.80	
Liabilities							
Trade Payables	60.83	-	60.83	74.06	-	74.06	Interest rate
Debt securities	2,310.83	-	2,310.83	1,596.64	-	1,596.64	Interest rate
Borrowings (other than debt securities)	2,261.25	-	2,261.25	4,427.26	-	4,427.26	Interest rate
Other financial liabilities	350.20	-	350.20	473.69	-	473.69	Interest rate
Total	4,983.11	-	4,983.11	6,571.65	-	6,571.65	

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 Company's lending, funding and investment activities give rise to interest rate risk.

The immediate impact of variation in interest rate is on the Company's net interest income, while a long term impact is on the Company's net worth since the economic value of the assets, liabilities and off-balance sheet exposures are affected. While assessing interest rate risks, signals given to the market by RBI and government departments from time to time and the financial industry's reaction to them are continuously monitored.

Interest Rate Risk arises due to:

- Changes in Regulatory or Market Conditions affecting the interest rates
- Short term volatility
- Prepayment risk translating into a reinvestment risk
- 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 expected future cash flows.

iii) Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

The Company uses regression models to project the impact of varying levels of prepayment on its net interest income. The model makes a distinction between the different reasons for repayment (e.g., relocation, refinancing and renegotiation) and takes into account the effect of any prepayment penalties. The model is back tested against actual outcomes.



iii) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The Company recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Company 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, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Note 45: Expenditure in foreign currency

Particulars	March 31, 2021	March 31, 2020
Travelling	-	0.18
Website/E mail hosting charges	0.71	0.97
Training Expenses	-	-
Professional Fee - Technology	0.91	-
Professional Fees - Fund Raising	0.91	-
Total	2.52	1.15



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Note 46: Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated March 13, 2020 - Implementation of Indian Accounting Standards (IndAS)

A comparison between provision required under IRACP and impairment allowances under Ind AS 109:

As at March 31, 2021

(Amount in Rs. crores)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount As per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	448.61	20.85	427.76	1.79	19.05
	Stage 2	79.60	31.97	47.62	0.32	31.66
Subtotal		528.20	52.82	475.38	2.11	50.71
Non-Performing Assets (NPA)						
Substandard	Stage 3	23.71	19.92	3.79	2.37	17.55
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3					
Subtotal for NPA		23.71	19.92	3.79	2.37	17.55
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total		551.92	72.74	479.18	4.48	68.25
Total	Stage 1	448.61	20.85	427.76	1.79	19.05
	Stage 2	79.60	31.97	47.62	0.32	31.66
	Stage 3	23.71	19.92	3.79	2.37	17.55



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A comparison between provision required under IRACP and impairment allowances under Ind AS 109:

As at March 31, 2020

(Amount in Rs. crores)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount As per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	730.84	38.38	692.45	2.92	35.46
	Stage 2	25.85	17.11	8.75	7.74	9.37
Subtotal		756.69	55.49	701.20	10.66	44.83
Non-Performing Assets (NPA)						
Substandard	Stage 3	29.48	26.34	3.14	2.95	23.39
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		29.48	26.34	3.14	2.95	23.39
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total		786.17	81.83	704.34	13.61	68.22
Total	Stage 1	730.84	38.38	692.45	2.92	35.46
	Stage 2	25.85	17.11	8.75	7.74	9.37
	Stage 3	29.48	26.34	3.14	2.95	23.39



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 47: Disclosure as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 - Covid-19 Regulatory Package - Asset Classification and Provisioning:

(Amount in Rs. crores)

Disclosure:-	Amount
1) Amount in SMA/overdue categories as of February 29, 2020	37.68
2) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular (as of February 29, 2020)	34.66
3) Respective amount where asset classification benefit is extended (outstanding as of February 29, 2020)	21.20
4) Provision made in terms of paragraph 5 of the circular as at the end of moratorium (As per para 4, applicable to NBFC's covered under Ind AS)	4.08
5) Provisions adjusted against slippages in terms of paragraph 6 of the circular	17.12



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

Note 48: As required in terms of Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016.

A. Capital to Risk Assets Ratio (CRAR)

Particulars	Current Year	Previous Year
i) CRAR (%)	35.84%	43.03%
ii) CRAR - Tier I capital (%)	35.74%	42.92%
iii) CRAR - Tier II Capital (%)	0.10%	0.11%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

B. Investments

(Amount in Rs. crores)

Particulars	Current Year	Previous Year
1) Value of Investments		
i) Gross Value of Investments		
(a) In India	114.59	114.59
(a) Outside India	-	-
ii) Provision for Depreciation		
(a) In India	-	-
(a) Outside India	-	-
iii) Net Value of Investments		
(a) In India	114.59	114.59
(a) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
i) Opening balance	-	-
ii) Add: Provisions made during the year	-	-
iii) Less: Write-off/ write-back of excess provisions during the year	-	-
iv) Closing balance	-	-

C. Derivatives

The Company has no transactions/exposure in derivative during the current and previous year.

The Company has no unhedged foreign currency exposure as on March 31, 2021 (Previous Year: Nil)

D. Maturity pattern of certain assets and liabilities**

(Amount in Rs. crores)

Particulars	1 day to 7 days	8 days to 14 days	15 days to 1 month	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 month & up to 6 month	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Advances (gross of provision)	51.82	6.77	2.47	47.71	31.18	88.76	92.92	137.26	93.03	-	551.92
Investments ^a	-	-	-	-	-	-	15.04	-	-	114.59	129.64
Borrowings *	16.39	5.27	42.51	41.02	30.09	92.51	105.06	124.36	-	-	457.21

* The tenor for certain borrowings has been considered only upto call / put option is exercisable by the lender. Details regarding breach of borrowing covenants are given in Note 16.

^a Investments include investments in shares of subsidiary and fixed deposits (of Rs 15.04 crores placed with bank under lien for term loans).

**In the preparation of the above disclosure, certain assumptions have been considered by the management which have been relied upon by the auditors

E. Exposures

i) Exposures to real estate sector, both direct and indirect

The Company has no exposure in real estate during the current and previous year.

ii) Exposure to Capital Market

The Company has no exposure in capital market during the current and previous year.

iii) Details of financing of parent company products

Not Applicable

iv) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC

During the year, the Company has not exceeded SGL & GBL limits as prescribed under NBFC Regulations.

v) Unsecured Advances

During the year, the Company has not given any advance against collateral of rights, licenses, authority, etc.

F. Miscellaneous



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

1. Registration obtained from other financial sector regulators Company Identification no. (CIN) : U65993KA1993PTC074590			
2. Disclosure of Penalties imposed by RBI and other regulators Penalties or fines pursuant to a contractual obligation are not considered as penalties or fines. Expenditure incurred for any purpose which is an offence or which is prohibited by law is restricted to items where the disclosed purpose of such payment is, to the assessee's knowledge, an offence or prohibited by law.			
3. Related Party Transactions: Refer Note 38 for transactions with related party transactions as per IndAS-24			
4. Ratings assigned by credit rating agencies and migration of ratings during the year			
Rating type	Credit Rating Agency	As at March 31, 2021	As at March 31, 2020
Long term Debentures and bank loans	ICRA India Ratings	BBB-(stable) BBB-(stable)	BBB- BBB-
Commercial Paper	India Ratings	A3	A3+
Short term Debentures and bank loans	ICRA India Ratings	A3 BBB-(stable)	A3+ A3+
5. Remuneration of Directors (Non-executive) - Sitting fee (Rs. In crores)		0.25	0.29

G. Additional disclosures

1. Provisions and Contingencies

(Amount in Rs. crores)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	Current Year	Previous Year
Provision towards NPA	12.52	20.41
Provision for Standard Assets	9.58	23.29

2. Draw Down from Reserves

During the year, the Company has not drawn down any amount from Reserves.

3. Concentration of Advances, Exposures and NPAs

I) Concentration of Advances

(Amount in Rs. crores)

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers*	73.42	47.50
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	13.30%	6.04%

*Includes Rs. 62.43 Crore advances to subsidiary company

II) Concentration of Exposures

(Amount in Rs. crores)

Particulars	Current Year	Previous Year
Total Exposures to twenty largest borrowers*	150.14	105.80
Percentage of Exposures to twenty largest borrowers to Total Exposures of the NBFC	23.88%	12.54%

*Includes Rs.139.15 Crore exposure to subsidiary company

III) Concentration of NPAs

(Amount in Rs. crores)

Particulars	Current Year	Previous Year
Total Exposures to top four NPA accounts	1.54	1.99



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

IV) Sector-wise NPAs

Particulars	Current Year	Previous Year
Sector	% of NPAs to Total Advances in that sector	% of NPAs to Total Advances in that sector
1. Agriculture & allied activities	-	-
2. MSME	5.00%	3.09%
3. Corporate borrowers	-	-
4. Services	0.00%	0.00%
5. Unsecured personal loans	4.29%	5.32%
6. Auto loans	50.21%	15.51%
7. Other personal loans	0.00%	0.00%

V) Movement of NPAs

(Amount in Rs. crores)

Particulars	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	0.71%	0.41%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	29.48	64.10
(b) Additions during the year	22.66	27.89
(c) Reductions during the year	(28.43)	(62.51)
(d) Closing balance	23.71	29.48
(iii) Movement of Net NPAs		
(a) Opening balance	3.15	4.28
(b) Additions during the year	8.93	2.80
(c) Reductions during the year	(8.29)	(3.93)
(d) Closing balance	3.79	3.15
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	26.34	59.81
(b) Provisions made during the year	13.72	25.11
(c) Write-off / write-back of excess provisions	(20.14)	(58.58)
(d) Closing balance	19.92	26.34

H. Overseas Assets

Particulars	Current Year	Previous Year
Name of the Subsidiary	-	-
Country	-	-
Total Assets	-	-

I. Off Balance Sheet SPV sponsored

The Company does not have any off balance sheet SPV sponsored.

J. Disclosure of Customer Complaints (As certified by Management and relied by Auditors)

Customer Complaints

Particulars	Current Year	Previous Year
(a) No. of complaints pending at the beginning of the year	19	-
(b) No. of complaints received during the year*	365	849
(c) No. of complaints redressed during the year*	365	830
(d) No. of complaints pending at the end of the year	19	19

* Previous year number reclassified based on current year's methodology of complaint identification



K. DISCLOSURE OF RESTRUCTURED ACCOUNTS

A. DISCLOSURE OF RESTRUCTURED ACCOUNTS													
Sr. no.	Type of restructuring-Others*		Assets classification (Amount in Rs. crores)										
	Financial year		Year ended March 31, 2021					Year ended March 31, 2020					
	Asset classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	
1	Restructured accounts as on April 1	No. of borrowers	-	693	-	-	693	-	38	-	-	38	
		Amount outstanding	-	9.12	-	-	9.12	-	10.20	-	-	10.20	
		Provision thereon**	-	8.87	-	-	8.87	-	8.98	-	-	8.98	
2	Fresh restructuring during the year	No. of borrowers	-	32	-	-	32	-	684	-	-	684	
		Amount outstanding	-	3.61	-	-	3.61	-	9.55	-	-	9.55	
		Provision thereon***	-	2.74	-	-	2.74	-	7.99	-	-	7.99	
3	Upgradation	No. of borrowers	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	
		Provision thereon**	-	-	-	-	-	-	-	-	-	-	
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon**	-	-	-	-	-	-	-	-	-	-	-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon**	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs/recovery of restructured accounts during the year	No. of borrowers	-	297	-	-	297	-	29	-	-	29	
		Amount outstanding	-	8.45	-	-	8.45	-	10.62	-	-	10.62	-
		Provision thereon**	-	8.47	-	-	8.47	-	8.10	-	-	8.10	-
	Dividend income from mutual fund	-	-	-	-	-	-	-	-	-	-	-	
7	Restructured accounts as on March 31	No. of borrowers	-	428	-	-	428	-	693	-	-	693	
		Amount outstanding	-	4.29	-	-	4.29	-	9.12	-	-	9.12	-
		Provision thereon**	-	3.15	-	-	3.15	-	8.87	-	-	8.87	-

The outstanding amount and number of borrowers as at March 31, 2021 and March 31, 2020 is after considering recoveries during the year.

Additional facilities availed by borrowers in existing restructured accounts and partial repayments in existing restructured accounts are disclosed under "Write-offs of restructured accounts", however, for the purpose of arithmetical accuracy the number of existing borrowers availing additional facility or partial repayments have been ignored.

For the purpose of arithmetical accuracy as required by Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, movement in provisions in the existing restructured account as compared to opening balance is disclosed under write-off/sale/recovery (for any change in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

*Since the disclosure of restructured advance account pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.

**Includes movement of Amount Outstanding and Provision thereon of the Existing Restructured Accounts

***Provisions considered as per ECL



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

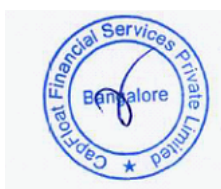
L : Details of securitisation transactions outstanding as at Balance Sheet date.

(Amount in Rs. crores)

S. No.	Particulars	No./ Amount
1	No of SPVs sponsored by the NBFC for securitisation transactions	4
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC*	19.32
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	8.79
	a) Off-balance sheet exposures	-
	- First loss	-
	- Others	-
	b) On-balance sheet exposures	8.79
	- First loss	8.79
	- Others	-
4	Amount of exposures to securitisation transactions other than MRR	3.21
	a) Off-balance sheet exposures	0.67
	i) Exposure to own securitisations	0.67
	- First loss **	0.67
	- Others	-
	ii) Exposure to third party securitisations	-
	- First loss	-
	- Others	-
	b) On-balance sheet exposures	2.54
	i) Exposure to own securitisations	2.54
	- First loss	2.54
	- Others	-
	ii) Exposure to third party securitisations	-
	- First loss	-
	- Others	-

* As per books of accounts of the company

** Unfunded first loss guarantee provided



CapFloat Financial Services Private Limited
Notes to financial statements for the year ended March 31, 2021
(All amount in Rs. millions, unless otherwise stated)

Note 49:

A. Disclosure as per circular DOR.No.BP.BC/3/21.04.048/2020-21 issued by RBI dated August 6, 2020 for Resolution Framework for COVID-19-related Stress

(Amount in Rs. crores)

	A	B	C	D	E
Type of Borrower	Number of Accounts where Resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	351	3.15	-	-	0.14
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	351	3.15	-	-	0.14

B) Disclosure pursuant to RBI Notification -RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 (for restructuring of accounts of Micro, Small and Medium Enterprises (MSME) sector

(Amount in Rs. crores)

	A	B
Type of Borrower	Number of Accounts where Resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	430	45.62

C) Overall provision for expected credit loss (ECL) against exposures mentioned in note no.49(A) and (B) is Rs. 13.93 Crores as of March 31, 2021



CapFloat Financial Services Private Limited

Notes to financial statements for the year ended March 31, 2021

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

Note 50: In accordance with the instructions in the RBI circular dated April 7, 2021, all lending institutions shall refund / adjust 'interest on interest' to all borrowers including those who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the Company has made a provision of 12.68 Million.

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005



per Rutushtra Patell

Partner

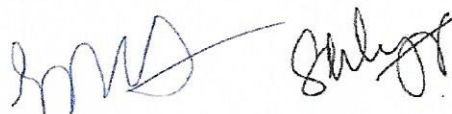
Membership No. 123596

Place : Mumbai

Date: June 29, 2021



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



Gaurav Dinesh Hinduja

Director

DIN : 01264801



Akshay Sarma

Chief Financial Officer

Place: Bangalore

Sashank R Rishyashringa

Director

DIN : 06466985



Impana H P

Company secretary

Membership No. A59531