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

Consolidated financial statements
for the year ended 31 March 2020

CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)
Consolidated balance sheet as at 31 March 2020
(All amount in INR millions, unless otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
I ASSETS				
1 Financial assets				
Cash and cash equivalents	4	435.04	328.06	371.26
Bank balance other than above	5	2,004.10	1,130.30	2,137.39
Receivables				
(i) Trade receivables	6	35.47	23.28	27.95
Loans	7	6,697.12	9,617.81	6,876.95
Other financial assets	8	26.61	33.30	83.75
2 Non-financial assets				
Current tax assets (net)		307.56	123.36	52.61
Deferred tax assets (net)	30	-	-	-
Property, plant and equipment	9	84.12	117.39	117.30
Right-of-use assets	10	117.00	91.96	136.36
Intangible assets under development		7.98	11.63	-
Goodwill	11	1,071.14	1,071.14	-
Other Intangible assets	11	123.44	90.49	10.08
Other non-financial assets	12	149.30	80.25	19.34
Total assets		**11,058.88**	**12,718.97**	**9,832.99**
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	13	82.44	144.38	82.22
Debt securities	14	1,596.64	1,885.29	783.77
Borrowings (other than debt securities)	15	4,427.26	5,063.23	4,672.42
Other financial liabilities	16	477.17	527.31	274.12
2 Non-financial liabilities				
Provisions	17	127.77	168.91	118.52
Other non-financial liabilities	18	61.57	271.91	232.70
Total liabilities		**6,772.85**	**8,061.03**	**6,163.75**
Equity				
Equity share capital	19	433.41	415.24	338.17
Other equity	20	4,197.06	4,375.88	3,331.07
Equity attributable to equity holders of parent		**4,630.47**	**4,791.12**	**3,669.24**
Non Controlling Interest		(344.44)	(133.18)	-
Total equity		4,286.03	4,657.94	3,669.24
Total liabilities and equity		**11,058.88**	**12,718.97**	**9,832.99**

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

JITENDRA HIRACHAND RANAWAT
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Date: 2020.12.02 14:50:21 +05'30'

per Jitendra H Ranawat
Partner
Membership No. 103380
Place: Mumbai
Date: 2 December 2020

For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)

Gaurav Dinesh Hinduja
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Gaurav Dinesh Hinduja
Director
DIN : 01264801

Sashank R Rishyasringa
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Sashank R Rishyashringa
Director
DIN : 06466985

BISWAL MANORANJAN
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Manoranjan Biswal
Company secretary
(M. No.: A31303)
Place: Bangalore
Date: 2 December 2020

CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)
Consolidated statement of profit and loss for the year ended 31 March 2020
(All amount in INR millions, unless otherwise stated)

		Particulars	Notes	Year ended 31 March 2020	Year ended 31 March 2019
		Revenue from operations			
	(i)	Interest income	21	1,834.75	1,689.18
	(ii)	Revenue from contracts with customers	22	188.95	199.47
	(iii)	Net gain on fair value changes	23	58.43	13.69
(I)		**Total revenue from operations**		**2,082.13**	**1,902.34**
(II)		Other income	24	373.74	377.95
(III)		**Total income (I + II)**		**2,455.87**	**2,280.29**
		Expenses			
	(i)	Finance cost	25	1,070.36	799.69
	(ii)	Impairment on financial instruments	26	1,078.06	1,057.16
	(iii)	Employee benefit expenses	28	1,077.86	1,038.21
	(iv)	Depreciation, amortization and impairment	9,10 and 11	122.94	106.22
	(v)	Loss on modification		9.40	5.61
	(vi)	Other expenses	29	944.34	873.31
(IV)		**Total expenses (IV)**		**4,302.96**	**3,880.20**
(V)		**Profit/(loss) for the period (III-IV)**		**(1,847.09)**	**(1,599.91)**
		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)		**(1,847.09)**	**(1,599.91)**
(VII)		**Other comprehensive income**			
		Items that will not be reclassified to profit or loss			
		Remeasurement gain/(loss) on defined benefit plan		11.18	3.11
		Income tax impact			
		Total		**11.18**	**3.11**
		Other comprehensive income		**11.18**	**3.11**
(VIII)		**Total comprehensive income for the year**		**(1,835.91)**	**(1,596.80)**
		Profit for the year attributable to			
		Equity holders of the parent		(1,635.59)	(1,436.68)
		Non controlling interest		(211.50)	(163.23)
		Total comprehensive income for the year attributable to			
		Equity holders of the parent		(1,624.65)	(1,433.55)
		Non controlling interest		(211.26)	(163.25)
(IX)		**Earnings per equity share**			
		Equity share of face value of INR 10 each			
		Basic (INR)	31	(982.11)	(862.67)
		Diluted (INR)		(982.11)	(862.67)
		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

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per Jitendra H Ranawat
Partner
Membership No. 103380
Place: Mumbai
Date: 2 December 2020

For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)

Gaurav Dinesh Hinduja
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Gaurav Dinesh Hinduja
Director
DIN : 01264801

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Sashank R Rishyashringa
Director
DIN : 06466985

BISWAL MANORANJAN
Digitally signed by BISWAL MANORANJAN
Date: 2020.12.02

Manoranjan Biswal
Company secretary
(M. No.: A31303)
Place: Bangalore
Date: 2 December 2020

CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)
Consolidated Cash Flow statement for the period ended 31 March 2020
(All amount in INR millions, unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Operating activities		
Profit / (Loss) before tax	**(1,847.09)**	**(1,599.91)**
Adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation & amortisation	122.94	106.22
Impairment on financial instruments	927.75	923.82
Share based payment to employees	365.71	329.54
Loss on sale/write off of fixed assets	0.07	0.59
Interest on Lease liabilities	14.65	12.07
EIR on Borrowings	22.48	10.16
Finance cost on debentures and term loan debt	960.30	725.51
Payment of Finance cost	(976.27)	(721.14)
Non cash adjustment made for creation and forclosure of Lease Assets	(3.11)	3.58
Operating Profit Before Working Capital Changes	**(412.57)**	**(209.56)**
Working capital changes		
(Decrease)/ Increase in trade payables	(61.94)	39.49
(Decrease)/ Increase in financial liabilities	(87.15)	289.28
(Decrease)/ Increase in other liabilities	(210.34)	38.52
(Decrease)/ Increase in provisions	(14.63)	51.16
Decrease / (Increase) in loans	1,975.42	(3,717.69)
Decrease in financial assets	9.90	84.23
Increase in other assets	(69.05)	(15.59)
(Increase)/ Decrease in trade receivables	(14.25)	9.47
(Increase)/ Decrease in Bank Balances	(873.80)	1,021.48
Income tax paid	(184.20)	(70.06)
Net cash flows from/(used in) operating activities	**57.39**	**(2,479.27)**
Investing activities		
Purchase of property, plant & equipment ('PPE') including intangible assets	(58.70)	(128.58)
Sale proceeds from PPE	1.38	0.58
Acquisition of subsidiary	-	(100.55)
Net cash flows used in investing activities	**(57.32)**	**(228.55)**
Financing activities		
Share application money received	370.85	-
Proceeds from issue of Preference Share Capital	18.18	50.45
Proceeds from Securities Premium on issue of Share Capital	708.58	1,192.79
Loan repaid by Capital Float Employee Welfare Trust	1.03	0.50
Payment of securities issue expenses	(8.89)	(23.42)
Repayment of lease liabilities	(37.11)	(45.60)
Proceeds from debt securities	510.00	1,220.00
Repayment of debt securities	(705.00)	(481.25)
Proceeds from borrowings other than debt securities	5,224.16	3,985.42
Repayment of borrowings other than debt securities	(5,960.24)	(3,246.37)
Interest on Lease liabilities	(14.65)	(12.07)
Net cash flows from financing activities	**106.91**	**2,640.45**
Net increase / (decrease) in cash and cash equivalents	**106.98**	**(67.37)**
Cash and cash equivalents at 1 April	328.06	371.26
Add: Cash and Cash Equivalents taken over pursuant to business acquisition		24.17
Cash and cash equivalents at 31 March	**435.04**	**328.06**

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	966.87	708.26
Interest received	1,419.46	1,158.89
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

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Date: 2020.12.02 14:53:00 +05'30'

per Jitendra H Ranawat
Partner
Membership No. 103380
Place: Mumbai
Date: 2 December 2020

For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited
(Formerly Zen Lefin Private Limited)

Gaurav Dinesh Hinduja
Digitally signed by Gaurav Dinesh Hinduja
Date: 2020.12.02 12:34:41 +05'30'

Gaurav Dinesh Hinduja
Director
DIN : 01264801

Sashank R Rishyasringa
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Date: 2020.12.02 12:59:36 +05'30'

Shashank R Rishyashringa
Director
DIN : 06466985

BISWAL MANORANJAN
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Date: 2020.12.02 13:04:51 +05'30'

Manoranjan Biswal
Company secretary
(M. No.: A31303)
Place: Bangalore
Date: 2 December 2020

CapFloat Financial Services Private Limited
Consolidated statement of changes in equity for the year ended 31 March 2020
(All amount in INR millions, unless otherwise stated)

1. Equity Share capital

Particular	Equity Share capital	Preference Share Capital	Total
Balance as at 1 April 2018	15.49	322.68	338.17
Issued during the year	0.29	76.78	77.07
Reductions during the year			
Balance as at 31 March 2019	**15.78**	**399.46**	**415.24**
Issued during the year	-	18.17	18.17
Reductions during the year			
Balance as at 31 March 2020	**15.78**	**417.63**	**433.41**

2. Other Equity

Particular	Share application money pending allotment	Reserves and Surplus				Non Controlling Interest	Total
		Statutory Reserve	Share Premium Account	Share Option Outstanding	Retained Earnings		
Balance as at 1 April 2018	-	0.08	5,255.36	195.33	(2,119.70)	-	3,331.07
Add: Non controlling interest of subsidiary acquired during the year	-	-	-	-	-	19.57	19.57
Add: Adjustment for post acquisition investment	-	-	-	-	(24.57)	13.70	(10.87)
Add: Loss for the year	-	-	-	-	(1,436.68)	(163.23)	(1,599.91)
Add: Other comprehensive income	-	-	-	-	3.13	(0.02)	3.11
Total Comprehensive Income for the year	-	-	-	-	(1,433.55)	(163.25)	(1,596.80)
Add: Change in share premium post acquisition	-	-	(8.00)	-	-	-	(8.00)
Less Share of non controlling interest in change in share premium post acquisition	-	-	3.20	-	-	(3.20)	-
Add : Received during the year in cash	-	-	1,192.79	-	-	-	1,192.79
Add : Received during the year for shares issued for investment in subsidiary (non-cash)	-	-	983.59	-	-	-	983.59
Add : Capitalized during the year	-	-	-	16.89	-	-	16.89
Add : On issuance of stock options to employees of subsidiary	-	-	-	243.92	-	-	243.92
Add : Transferred from Employee Stock Option reserve for shares exercised by employees (non-cash)	-	-	84.18	(84.18)	-	-	-
Add : Receivable from Employee welfare trust*	-	-	0.33	-	-	-	0.33
Less : Securities issue expenses	-	-	(15.42)	-	-	-	(15.42)
Add : Transferred from Statement of Profit and Loss	-	-	-	85.63	-	-	85.63
Transfer to/from retained earnings	-	-	-	(6.46)	6.46	-	-
Balance as at 31 March 2019	**-**	**0.08**	**7,496.03**	**451.13**	**(3,571.36)**	**(133.18)**	**4,242.70**
Add: Loss for the year	-	-	-	-	(1,635.59)	(211.50)	(1,847.09)
Add: Other comprehensive income	-	-	-	-	10.94	0.24	11.18
Total Comprehensive Income for the year	-	-	-	-	(1,624.65)	(211.26)	(1,835.91)
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	-	-	-	333.23	-	-	333.23
Less: Options exercised during the year	-	-	-	(1.76)	-	-	(1.76)
Transfer to/from retained earnings	-	-	-	(0.38)	0.38	-	-
Balance as at 31 March 2020	**370.85**	**0.08**	**8,197.47**	**824.29**	**(5,195.63)**	**(344.44)**	**3,852.62**

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

JITENDRA HIRACHAND RANAWAT Digitally signed by JITENDRA HIRACHAND RANAWAT DN: cn=JITENDRA HIRACHAND RANAWAT, c=IN, o=Personal, email=jitendra.ranawat@srb.in Date: 2020.12.02 14:53:58 +05'30'

per Jitendra H Ranawat
Partner
Membership No. 103380
Place: Mumbai
Date: 2 December 2020

For and on behalf of the Board of Directors of
CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)

Gaurav Dinesh Hinduja Digitally signed by Gaurav Dinesh Hinduja Date: 2020.12.02 12:35:08 +05'30'

Gaurav Dinesh Hinduja
Director

Sashank R Rishyasringa Digitally signed by Sashank R Rishyasringa Date: 2020.12.02 13:00:01 +05'30'

Shashank R Rishyashringa
Director

BISWAL MANORANJAN Digitally signed by BISWAL MANORANJAN Date: 2020.12.02 13:05:26 +05'30'

Manoranjan Biswal
Company secretary
(M. No.: A31303)
Place: Bangalore
Date: 2 December 2020

Note 1: Corporate Information

CapFloat Financial Services Private Limited ('the parent company') is a Non-Banking Financial Institution ('NBFC') incorporated on 6th October 1993.The parent company has received a Certificate of Registration from the Reserve Bank of India ('RBI') on 16th January 2001 to commence / carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The parent company was formerly known as "Zen Lefin Private Limited" and its name has been changed to "CapFloat Financial Services Private Limited" with effect from 12th June 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 parent company acquired a majority stake in Thumbworks Technologies Private Limited ('Walnut') on September 6, 2018, which is in the business of providing personal finance and transaction management services to customers through web and mobile-based platforms. The Parent company and its subsidiary are referred to as the Group here under. The Group is engaged in providing loans to small and medium enterprises and individuals.

The Consolidated financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 02 December 2020.

Note 2: Basis of preparation and presentation

a. Basis of preparation

The Consolidated financial statements for the year ended 31 March 2020 have been prepared by the Group in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable. The financial statement of the Group companies are prepared according to uniform accounting policies.

The Consolidated financial statements for the year ended 31 March 2020 are the first the Group has prepared under Ind AS. For all periods upto and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with generally accepted accounting principles in India ("Indian GAAP"), in compliance with all material aspects of the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the provisions of the RBI as applicable to a NBFC-ND and accounting principles generally accepted in India. The financial statements for the year ended 31 March 2019 and the opening Balance Sheet as at 1st April, 2018 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Group's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in Note 48.

b. Principles of consolidation

The consolidated financial statement are prepared In accordance with Ind AS 110: Consolidated Financial statement Issued by The Institute of Chartered accountant of India (ICAI). The consolidated financial statement of the Group companies are prepared according to uniform accounting policies.

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

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

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

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.
For each business combination, the Group elects whether to measure the non-controlling interests in the acquire at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred.

c. Basis of measurement

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

d. Functional and presentation currency

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

e. Presentation of consolidated financial statements

The Consolidated financial statements of the Group are presented as per Division III of the Schedule III to the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 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 Group and/or its counterparties

f. Statement of Compliance

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

Note 3: Significant accounting policies

3.1. Use of estimates, judgments and assumptions

The preparation of consolidated financial statements in conformity with the Ind AS requires the management to make judgements, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 3 - Significant accounting judgements, estimates and assumptions.

3.2. Revenue from operations

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved in writing by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.
Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable.

Revenue includes the following:

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

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

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

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

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

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

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

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

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

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

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

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

3.3.2 Initial measurement

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

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

3.3.3 Day 1 profit or loss

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

3.3.4 Classification and Subsequent measurement of financial instruments

1. Financial assets

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

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

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

Business Model assessment:

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

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

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

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

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

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

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

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

i) Financial assets measured at amortised cost

These financial assets comprise bank balances, loans, trade receivables, and other financial assets.

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

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

ii) Financial assets measured at fair value through other comprehensive income

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

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

iii) Financial assets measured at fair value through profit and loss

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

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

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

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

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

3. Financial Liabilities

i) Debt securities and other borrowed funds

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

The Group has issued financial instruments with equity conversion rights. When establishing the accounting treatment for these non-derivative instruments, the Group first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Disclosures for the Group's issued debt are set out in Note 14: Debt securities.

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

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

3.3.5 Reclassification of financial assets and liabilities
The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2018-19 and 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 Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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

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

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

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

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

Modification of loans

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

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

3.3.7 Impairment of financial assets

Overview of the ECL principles

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

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

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

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

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

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below by comparing the credit risk of the financial instrument as 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 Group has assessed that all standard advances and advances upto 30 days default (SMA 0) would fall under this category.
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. 30 Days Past Due 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 are also classified in this stage.

Credit-impaired financial assets:

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

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

Loan commitments

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

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

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

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

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

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

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

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

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

Collateral repossessed
In its normal course of business whenever default occurs, the Group may take possession of collateral in its 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 Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

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

3.4. Determination of Fair Value
On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in Note 45 at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
i) In the principal market for the asset or liability, or
ii) In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

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

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

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

3.5 Expenses

3.5.1 Retirement and other employee benefits

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

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

b) Defined Benefit schemes
Gratuity

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

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

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

Long Term Incentive Plan
During the financial year ended 31 March 2019, the Group initiated a Long-Term Incentive Plan ('LTIP') to reward and retain the high performing key resources of the organization who don't have ESOPs. The employees selected for LTIP scheme are going to be evaluated over a three-year period. 25% of the payout is made at the end of second year and remaining to be paid at the end of third year. This liability is recognised based on an external actuarial valuation using the projected unit credit method.

3.5.2 Share-based payments

Employees of the Group 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 Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based payments reserve.

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

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

3.5.3 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 Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Group's intention to settle on a net basis.

i) Current Taxes

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

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

ii) Deferred Taxes

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

· Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

· 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

· Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in Subsidiary company, branches and associate company and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

· Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit | (tax loss).

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

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

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

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

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

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

3.6 Cash and cash equivalents

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

3.7 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 Group are segregated.

3.8 Property, plant and equipment (PPE)

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

Depreciation methods, estimated useful lives and residual value:
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
Vehicles	8 years

Changes in the expected useful life are accounted for by changing the depreciation 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.

Transition to Ind AS:
On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2018 measured under IGAAP as the deemed cost of the property, plant and equipment.

3.9 Intangible Assets

(i) Goodwill

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

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

Intangible assets acquired separately are measured on initial recognition at cost. 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.

Amortisation methods, estimated useful lives and residual value:

Intangible assets including internally generated assets are amortised on a straight line basis over their estimated useful economic life of 3-5 years. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Group amortises the intangible asset over the best estimate of its useful life. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Transition to Ind AS:
On transition to Ind AS, the Group has elected to continue with the carrying value of intangible assets recognised as at 1 April 2018 measured under IGAAP as the deemed cost of intangible assets.

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

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

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

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

3.11 Leases

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

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

i) Right-of-use assets

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

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

ii) Lease liabilities

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

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

The Group's lease liabilities are included in Other Financial Liabilities (refer Note 16).

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

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

3.12 Provisions and contingencies

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

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

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

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

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the Group 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 Group creates a reserve fund and transfers therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and loss before any dividend is declared.

3.18 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the grouping 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 polices :

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 Group determines the business model at a level that reflects how Group's financial assets are managed together to achieve a particular business objective. This assessment includes 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 Group 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 Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

3.18.2 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 Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.18.2.1 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:
The Group's EIR methodology, as explained in Note 4.1, 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.

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

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

3.18.2.4 Impairment on financial guarantee contract:
The Group estimates impairment provision on financial guarantee contract based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs.

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

3.18.2.6 Provision and contingent liabilities:

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

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

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

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

3.18.2.8 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.

3.18.2.9 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.

(All amount in INR millions, unless otherwise stated)

Note 4: Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Cash on hand	0.42	10.67	0.02
Balances with bank	434.62	317.39	371.24
Total	**435.04**	**328.06**	**371.26**

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 Group, and earn interest at the respective short-term deposit rates. The Group 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 31 March 2020	As at 31 March 2019	As at 1 April 2018
Fixed deposit with bank**	2,004.10	1,130.30	2,137.39
Total	**2,004.10**	**1,130.30**	**2,137.39**

Fixed deposit and other balances with banks earns interest at fixed rate
**Includes INR 1342.76 million (31 March 2019: INR 1117.02, 1 April 2018: INR 874.98) Fixed Deposit lien marked to Banks towards guarantee, as security for term loans, loans lent by them and as a cash collateral towards securitization.

(All amount in INR millions, unless otherwise stated)

Note 6: Trade Receivables

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Unsecured considered good	35.62	23.38	27.95
Unsecured considered doubtful	0.41	0.41	4.89
Trade Receivables- Credit Impaired	-	0.34	-
Gross Total	**36.03**	**24.13**	**32.84**
Less : Impairment loss allowance	0.56	0.85	4.89
Total	**35.47**	**23.28**	**27.95**

No trade or other receivable are due from directors or other officers of the group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are only contract balances on each reporting date. There is no contract assets and contract liabilities for revenue recognised from contract with customers.

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

As at	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 (considered good)	More than 180 days (considered doubtful)	Total
	ECL rate	0.40%	0.40%	0.40%	0.40%	0.40%	100%	
31-Mar-20	Estimated total gross carrying amount at default	25.26	7.69	1.90	0.69	0.09	0.41	36.04
	ECL- simplified approach	0.10	0.03	0.01	0.00	0.00	0.41	0.55
	Net carrying amount	**25.16**	**7.66**	**1.89**	**0.68**	**0.09**	**-**	**35.49**
31-Mar-19	Estimated total gross carrying amount at default	9.41	9.12	2.60	2.59	0.01	0.41	24.14
	ECL- simplified approach**	0.04	0.38	0.01	0.01	0.00	0.41	0.85
	Net carrying amount	**9.38**	**8.75**	**2.59**	**2.58**	**0.01**	**-**	**23.29**
01-Apr-18	Estimated total gross carrying amount at default	4.90	3.22	9.91	6.16	3.76	4.89	32.84
	ECL- simplified approach	0.00	0.00	-	-	-	4.89	4.89
	Net carrying amount	**4.90**	**3.22**	**9.91**	**6.16**	**3.76**	**-**	**27.95**

**Impairment allowance includes additional provision on identified receivable based on assessment by management.

Reconciliation of impairment allowance on trade receivables:

Impairment allowance measured as per simplified approach	Amount
Impairment allowance as on 1 April 2018	4.89
Add/ (less): asset originated or acquired / (derecognised)	(4.04)
Impairment allowance as on 1 April 2019	0.85
Add/ (less): asset originated or acquired / (derecognised)	(0.29)
Impairment allowance as on 31 March 2020	0.56

(All amount in INR millions, unless otherwise stated)

Note 7: Loans and advances (at amortised cost)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At Amortised cost:			
Term loans*	7,513.66	10,686.85	7,412.28
Total Gross	7,513.66	10,686.85	7,412.28
Less: Impairment loss allowance	-816.55	-1,069.04	-535.33
Total Net	**6,697.12**	**9,617.81**	**6,876.95**
Secured by tangible assets	80.76	231.89	444.03
(hypothecation of equitable mortgage of immovable property etc.)			
Covered by bank/government guarantees	3,487.59	-	-
Unsecured	3,945.31	10,454.96	6,968.25
Total Gross	7,513.66	10,686.85	7,412.28
Less: Impairment loss allowance	(816.55)	(1,069.04)	(535.33)
Total Net	**6,697.12**	**9,617.81**	**6,876.95**
Loans in India			
Public sector	-	-	-
Others	7,513.66	10,686.85	7,412.28
Total Gross	7,513.66	10,686.85	7,412.28
Less: Impairment loss allowance	(816.55)	(1,069.04)	(535.33)
Total Net	**6,697.12**	**9,617.81**	**6,876.95**

* Includes overcollateralization balance outstanding on securitisation transactions for year ended 31 March 2020 amounting to Nil (31 March 2029 : Nil, 1 April 2018 : INR 45.78)

During the year, the parent 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 parent company has paid a premium of INR 52.79 million (31 March 2019: Nil, 1 April 2018: Nil) in respect of the total pool of eligible loans amounting to INR 3,487.59 million as at 31 March 2020 (31 March 2019 : Nil, 1 April 2018 : Nil) that are covered under such guarantee facility.

Analysis of risk categorisation

As at 31 March 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	6,822.26	-	-	6,822.26
Standard grade (1-30 DPD)	138.06	-	-	138.06
Sub-standard grade (31-60 DPD)	-	135.99	-	135.99
Past due but not impaired (61-89 DPD)	-	122.54	-	122.54
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	294.81	294.81
Total	**6,960.32**	**258.53**	**294.81**	**7,513.66**

As at 31 March 2019

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	9,354.12	-	-	9,354.12
Standard grade (1-30 DPD)	247.55	-	-	247.55
Sub-standard grade (31-60 DPD)	-	205.20	-	205.20
Past due but not impaired (61-89 DPD)	-	238.99	-	238.99
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	640.99	640.99
Total	**9,601.67**	**444.19**	**640.99**	**10,686.85**

As at 1 April 2018

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	6,479.16	-	-	6,479.16
Standard grade (1-30 DPD)	387.65	-	-	387.65
Sub-standard grade (31-60 DPD)	-	141.81	-	141.81

Past due but not impaired (61-89 DPD)	-	132.23	-	132.23
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	271.44	271.44
Total	**6,866.81**	**274.04**	**271.44**	**7,412.28**

Reconciliation of gross carrying amount

As at 31 March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2019	**9,601.67**	**444.18**	**640.99**	**10,686.84**
New assets originated or purchased*	4,951.04	112.09	190.16	5,253.29
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)	-
Transfers to Stage 2	(119.94)	120.29	(0.35)	0.00
Transfers to Stage 3	(79.01)	(10.33)	89.35	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	(398.37)	(291.93)	(569.28)	(1,259.57)
Gross carrying amount as at 31 March 2020	**6,960.32**	**258.53**	**294.81**	**7,513.66**

*includes adjustment on account of EIR

As at 31 March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2018	**6,866.81**	**274.04**	**271.44**	**7,412.28**
New assets originated or purchased*	8,191.62	217.98	372.99	8,782.59
Assets derecognised or repaid (excluding write offs)	(4,850.43)	(91.45)	(103.77)	(5,045.65)
Transfers to Stage 1	10.39	(10.03)	(0.36)	(0.00)
Transfers to Stage 2	(207.97)	208.51	(0.54)	(0.00)
Transfers to Stage 3	(236.23)	(21.49)	257.73	-
Changes to contractual cash flows due to modifications not resulting in derecognition				
Amounts written off	(172.50)	(133.37)	(156.50)	(462.38)
Gross carrying amount as at 31 March 2019	**9,601.67**	**444.18**	**640.99**	**10,686.85**

*includes adjustment on account of EIR

Impairment allowance for loans to customers

As at 31 March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at 1 April 2019	**285.73**	**185.17**	**598.15**	**1,069.04**
Assets derecognised or repaid	(208.30)	(43.73)	(46.87)	(298.90)
New assets originated	179.66	54.47	134.33	368.46
Impact on year end ECL of Exposures transferred between stages during the year	(0.82)	44.82	55.71	99.71
Transfers to Stage 1	1.18	(0.93)	(0.24)	0.00
Transfers to Stage 2	(5.00)	5.56	(0.56)	-
Transfers to Stage 3	(4.09)	(4.23)	8.32	(0.00)
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)	(688.45)
Impairment allowance for loans to customers as at 31 March 2020	**(0.60)**	**171.08**	**263.37**	**816.55**

As at 31 March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at 1 April 2018	**174.59**	**104.65**	**256.09**	**535.33**
Assets derecognised or repaid	(103.70)	(30.00)	(93.99)	(227.69)
New assets originated	226.26	86.61	348.85	661.73
Impact on year end ECL of Exposures transferred between stages during the year	(3.64)	83.49	217.88	297.73
Transfers to Stage 1	4.50	(4.19)	(0.31)	(0.00)
Transfers to Stage 2	(9.28)	9.69	(0.40)	(0.00)
Transfers to Stage 3	(7.79)	(9.65)	17.44	-
Changes to models and inputs used for ECL calculations	14.53	(2.92)	1.71	13.33
Amounts written off	(9.75)	(52.51)	(149.13)	(211.39)
Impairment allowance for loans to customers as at 31 March 2019	**285.72**	**185.17**	**598.14**	**1,069.04**

(All amount in INR millions, unless otherwise stated)

Note 8: Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Security deposits	17.83	20.00	46.64
Interest only strip	-	0.78	11.57
Servicing asset	-	-	0.36
Accrued Income	-	0.60	-
Other receivables	9.47	15.81	55.88
Less: Impairment allowance	(0.69)	(3.89)	(30.70)
Total	**26.61**	**33.30**	**83.75**

* Includes receivable from Associates / Enterprises owned or significantly influenced by key management personnel or their relatives INR 0.82 million (31 March 2019: INR 0.82 million, 1 April 2018: INR 0.82 million)

The disclosure below is only in respect of other receivables on which impairment allowance is recognised by the management which include receivable from co-lender. For the balance amount of other receivables to the tune of INR 26.33 million (31 March 19 INR 30.44 million, 1 April 18 INR 65.34 million), which includes Security deposits, Advances recoverable in cash or in kind, interest only strip, 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 Group's internal credit grading system and year-end stage classification.

As at 31 March 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	-	-	-	-
Standard grade (1-30 DPD)	-	-	-	-
Sub-standard grade (31-60 DPD)	-	0.38	-	0.38
Past due but not impaired (61-89 DPD)	-	0.08	-	0.08
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	0.52	0.52
Total	**-**	**0.46**	**0.52**	**0.97**

As at 31 March 2019

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	0.12	-	-	0.12
Standard grade (1-30 DPD)	1.47	-	-	1.47
Sub-standard grade (31-60 DPD)	-	1.46	-	1.46
Past due but not impaired (61-89 DPD)	-	1.54	-	1.54
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	2.16	2.16
Total	**1.59**	**3.00**	**2.16**	**6.75**

As at 1 April 2018

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	5.15	-	-	5.15
Standard grade (1-30 DPD)	5.24	-	-	5.24
Sub-standard grade (31-60 DPD)	-	4.34	-	4.34
Past due but not impaired (61-89 DPD)	-	11.35	-	11.35
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	23.03	23.03
Total	**10.39**	**15.69**	**23.03**	**49.11**

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 31 March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2019	**1.59**	**3.01**	**2.16**	**6.76**
New assets originated or purchased	0.69	0.03	-	0.72
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	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount as at 31 March 2020	**-**	**0.46**	**0.52**	**0.97**

As at 31 March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2018	**10.39**	**15.69**	**23.03**	**49.11**
New assets originated or purchased	3.58	-	-	3.58
Assets derecognised or repaid (excluding write offs)	(7.44)	(15.45)	(23.03)	(45.92)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(2.92)	2.92	-	-
Transfers to Stage 3	(2.01)	(0.15)	2.16	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount as at 31 March 2019	**1.59**	**3.01**	**2.16**	**6.76**

Impairment allowance for loans to customers

As at 31 March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at 1 April 2019	**0.31**	**1.74**	**1.84**	**3.89**
New assets originated	0.05	0.02	-	0.07
Assets derecognised or repaid	(0.27)	(1.68)	(1.85)	(3.80)
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 31 March 2020	**-0.01**	**0.27**	**0.43**	**0.69**

As at 31 March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at 1 April 2018	**1.08**	**7.23**	**22.39**	**30.70**
New assets originated	0.29	-	-	0.29
Assets derecognised or repaid	(0.90)	(7.13)	(22.40)	(30.43)
Impact on year end ECL of Exposures transferred between stages during the year	-	1.45	1.60	3.05
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(0.23)	0.23	-	-
Transfers to Stage 3	(0.17)	(0.08)	0.25	-
Changes to models and inputs used for ECL calculations	0.24	0.04	-	0.28
Amounts written off	-	-	-	-
Impairment allowance for loans to customers as at 31 March 2020	**0.31**	**1.74**	**1.84**	**3.89**

CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)
Notes to consolidated financial statements for the year ended 31 March 2020
(All amount in INR millions, unless otherwise stated)
Note 9: Property, plant and equipment

Particulars	Computers & Printers	Servers	Office Equipments	Furniture & Fixtures	Electrical Installations and Fittings	Electronic Equipment	Leasehold Improvements	Vehicles	Total
Gross block									
Deemed cost as at 1 April 2018	13.91	1.08	13.51	17.22	6.09	16.39	45.54	3.56	117.30
Assets acquired on acquisition of subsidary	2.63	-	0.23	0.80	-	-	-	-	3.66
Additions	9.75	0.18	6.68	1.25	3.72	1.53	8.19	9.70	41.00
Disposals	-	-	-	-	-	0.35	0.25	0.52	1.12
At 31 March 2019	**26.29**	**1.26**	**20.42**	**19.28**	**9.81**	**17.56**	**53.49**	**12.73**	**160.84**
Additions	6.89	0.21	0.38	0.66	0.25	0.24	0.04	3.42	12.09
Disposals	-	-	-	(0.02)	(0.07)	-	-	(1.35)	(1.44)
At 31 March 2020	**33.19**	**1.47**	**20.80**	**19.91**	**9.98**	**17.80**	**53.53**	**14.80**	**171.49**
Depreciation and impairment:									
At 1 April 2018	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	0.36	0.09	0.25	0.70
Depreciation charge for the year	11.18	0.28	4.21	2.16	0.98	4.65	19.44	1.25	44.15
At 31 March 2019	**11.18**	**0.28**	**4.21**	**2.16**	**0.98**	**4.29**	**19.35**	**1.00**	**43.45**
Disposals	-	-	-	(0.01)	(0.02)	-	-	(0.13)	(0.16)
Depreciation charge for the year	10.71	0.29	4.66	2.24	1.07	4.57	18.87	1.68	44.09
At 31 March 2020	**21.89**	**0.57**	**8.87**	**4.39**	**2.03**	**8.85**	**38.22**	**2.55**	**87.37**
Net book value:									
At 1 April 2018	**13.91**	**1.08**	**13.51**	**17.22**	**6.09**	**16.39**	**45.54**	**3.56**	**117.30**
At 31 March 2019	**15.11**	**0.98**	**16.21**	**17.11**	**8.82**	**13.28**	**34.14**	**11.74**	**117.39**
At 31 March 2020	**11.30**	**0.90**	**11.93**	**15.52**	**7.95**	**8.95**	**15.31**	**12.26**	**84.12**

The group has not pledged any item of property, plant and equipment as security.

(All amount in INR millions, unless otherwise stated)

Note 10: Right-of-use assets

Particulars	Amount
Gross block	
At 1 April 2018	136.36
Assets acquired on acquisition of subsidary	3.77
Additions	6.37
Disposals	(4.13)
At 31 March 2019	142.37
Additions	79.10
Disposals	(2.08)
At 31 March 2020	219.39
Depreciation and impairment:	
At 1 April 2018	-
Disposals	-
Depreciation charge for the year	50.41
At 31 March 2019	50.41
Disposals	-
Depreciation charge for the year	51.98
At 31 March 2020	102.39
Net book value:	-
At 1 April 2018	136.36
At 31 March 2019	91.96
At 31 March 2020	117.00
	-

Refer Note 44 for detailed disclosure on lease arrangement

Note 11: Intangible assets

Particulars	Computer Software	Internally Generated assets	Goodwill	Total
Gross block				
Deemed cost as at 1 April 2018	27.11	-	-	27.11
Additions	4.55	88.24	1,071.14	1,163.93
Disposals	-	-	-	-
At 31 March 2019	**31.66**	**88.24**	**1,071.14**	**1,191.04**
Additions	0.94	58.87	-	**59.81**
Disposals	-	-	-	-
At 31 March 2020	**32.60**	**147.11**	**1,071.14**	**1,250.85**
Accumulative amortisation and impairment:				
At 1 April 2018	17.03	-	-	**17.03**
Disposals	-	-	-	-
Amortisation for the year	4.19	8.18	-	**12.37**
At 31 March 2019	**21.22**	**8.18**	**-**	**29.40**
Disposals	-	-	-	-
Amortisation for the year	4.31	22.56	-	**26.87**
At 31 March 2020	**25.53**	**30.74**	**-**	**56.27**

Net book value:				
At 1 April 2018	**10.08**	**-**	**-**	**10.08**
At 31 March 2019	**10.43**	**80.06**	**1,071.14**	**1,161.64**
At 31 March 2020	**7.07**	**116.37**	**1,071.14**	**1,194.58**

Refer Note 42 for detailed disclosure on goodwill created on subsidiary acquired during financial year ended 31 March 2019

Note 12: Other non-financial assets

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
Service tax credit/GST (input) receivable	76.66	65.67	0.21
Less: Provision for unclaimed credit	(1.51)	(1.51)	-
Net service tax credit/GST (input) receivable	**75.15**	**64.16**	**0.21**
Capital advances	-	-	2.79
Prepaid expenses	23.82	9.77	8.78
Advances to supplier	0.15	0.15	-
Others	50.18	6.17	7.56
Total	**149.30**	**80.25**	**19.34**

(All amount in INR millions, unless otherwise stated)

Note 13: Payables

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
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	82.44	144.38	82.22
Total	**82.44**	**144.38**	**82.22**

* Disclosure under Micro, Small and Medium Enterprises Development Act, 2006
There are no Micro and Small Enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at 31 March 2020. 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 Group.

Note 14: Debt securities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At Amortised cost:			
Redeemable Non-convertible Debentures	-	-	-
Secured	884.62	1,089.45	644.47
Unsecured	615.00	746.92	139.30
Commercial Papers	97.02	48.92	-
Total	**1,596.64**	**1,885.29**	**783.77**
Debt securities in India	1,596.64	1,885.29	783.77
Debt securities outside India	-	-	-
	1,596.64	**1,885.29**	**783.77**

Particulars of Secured and Unsecured Redeemable Non Convertible Debentures

Particulars	Date of Redemption	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Secured Redeemable Non Convertible Debentures				
Non Convertible Debentures (100 nos. of Rs 10,00,000 each)	24 June 2018	-	-	43.75
Non Convertible Debentures (150 nos. of Rs 10,00,000 each)	7 October 2018	-	-	75.00
Non Convertible Debentures (150 nos. of Rs 10,00,000 each)	2 March 2019	-	-	
Non Convertible Debentures (20 nos. of Rs 100,00,000 each)	5 March 2021	200.00	200.00	12.50
Non Convertible Debentures (10 nos. of Rs 10,00,000 each)	27 April 2021	100.00	-	-
Non Convertible Debentures (10 nos. of Rs 10,00,000 each)	27 April 2021	100.00	-	-
Non Convertible Debentures (150 nos. of Rs 10,00,000 each)	21 September 2021	-	150.00	-
Non Convertible Debentures (170 nos. of Rs 10,00,000 each)	23 June 2022	-	170.00	170.00
Non Convertible Debentures (480 nos. of Rs 10,00,000 each)	18 March 2024	480.00	480.00	480.00
		880.00	**1,000.00**	**781.25**
Unsecured Redeemable Non Convertible Debentures				
Non Convertible Debentures (6 nos. of Rs 100,00,000 each)	1 December 2018	-	-	60.00
Non Convertible Debentures (1600 nos. of Rs 1,00,000 each)	30 December 2018	-	-	160.00
Non Convertible Debentures (5 nos. of Rs 100,00,000 each)	4 January 2019	-	-	50.00
Non Convertible Debentures (3 nos. of Rs 100,00,000 each)	8 March 2019	-	-	30.00
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	20 July 2019	-	40.00	-
Non Convertible Debentures (5 nos. of Rs 100,00,000 each)	31 August 2019	-	50.00	-
Non Convertible Debentures (14 nos. of Rs 100,00,000 each)	26 September 2019	-	140.00	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	4 October 2019	-	40.00	-
Non Convertible Debentures (9 nos. of Rs 100,00,000 each)	12 October 2019	-	67.50	-
Non Convertible Debentures (6 nos. of Rs 100,00,000 each)	24 October 2019	-	45.00	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	29 October 2019	-	20.00	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	27 December 2019	-	20.00	-
Non Convertible Debentures (3 nos. of Rs 100,00,000 each)	9 January 2020	-	30.00	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	9 January 2020	-	40.00	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	1 February 2020	-	20.00	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	20 February 2020	20.00	-	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	1 March 2020	-	20.00	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	1 March 2020	-	10.00	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	4 March 2020	10.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	11 March 2020	10.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	28 March 2020	-	10.00	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	28 March 2020	-	20.00	-
Non Convertible Debentures (3 nos. of Rs 100,00,000 each)	30 March 2020	-	30.00	-
Non Convertible Debentures (3 nos. of Rs 100,00,000 each)	30 April 2020	7.50	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	6 May 2020	10.00	-	-

Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	15 May 2020	20.00	-	-
Non Convertible Debentures (1 nos. of Rs 200,00,000 each)	19 July 2020	20.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	5 August 2020	10.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	22 August 2020	10.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	6 September 2020	10.00	-	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	30 September 2020	20.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000each)	8 October 2020	37.50	87.50	-
Non Convertible Debentures (4 nos. of Rs 100,00,000 each)	15 October 2020	40.00	-	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	19 October 2020	20.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	5 December 2020	10.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	7 January 2021	10.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	21 March 2021	10.00	10.00	-
Non Convertible Debentures (10 nos. of Rs 100,00,000 each)	31 July 2021	100.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	13 September 2021	10.00	-	-
Non Convertible Debentures (12 nos. of Rs 100,00,000 each)	3 October 2021	120.00	-	-
Non Convertible Debentures (1 nos. of Rs 100,00,000 each)	16 January 2022	10.00	-	-
Non Convertible Debentures (2 nos. of Rs 100,00,000 each)	27 January 2022	20.00	-	-
Non Convertible Debentures (12 nos. of Rs 100,00,000 each)	25 March 2022	80.00	120.00	-
Commercial Papers				
Northern Arc Money Market Alpha Fund		97.02	48.92	
		712.02	**868.92**	**300.00**
Total		**1,592.02**	**1,868.92**	**1,081.25**
Ind AS adjustments		4.62	16.37	(297.48)
Total post Ind AS adjustments		**1,596.64**	**1,885.29**	**783.77**

As at Balance Sheet date, Interest rates per annum range (for Non Convertible Debentures) between 12.75% to 14.00%

Repayment details of debt securities

Balance Tenure (months)	Rate of Interest	Repayment Details	Total
0-12 months	12.75%-14.00%	Bullet	512.02
0-12 months	13.60%	Half yearly	40.00
0-12 months	13.00%	Monthly	10.00
0-12 months	13%-13.6%	Quarterly	140.00
12-36 months	12.75%-13.61%	Bullet	235.00
12-36 months	13.60%	Half yearly	40.00
12-36 months	13.60%	Quarterly	135.00
36-60 months	12.75%	Bullet	480.00
			1,592.02

Security details for Secured Debt Securities

Debt Securities of INR 880 millions for 31 March 2020, INR1,000 millions for 31 March 2019 and INR 781.25 millions for 1 April 2018 is secured by way of hypothecation of underlying assets financed by the Group.

(All amount in INR millions, unless otherwise stated)

Note 15: Borrowings other than debt securities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At Amortised cost:			
Secured			
Term loans			
- from bank	2,692.94	1,090.55	2,977.91
- from others	878.08	2,621.19	1,514.51
Securitisation Liabilities	638.77	722.91	-
Cash credit / Overdraft facilities from banks	217.47	628.58	180.00
Total	**4,427.26**	**5,063.23**	**4,672.42**
Borrowings in India	4,427.26	5,063.23	4,672.42
Borrowings outside India	-	-	-
Total	**4,427.26**	**5,063.23**	**4,672.42**

The Group has been regular with repayment of interest and principal on all its borrowings and there is no overdue on the reporting date. During the year, there has been breach of covenants for certain borrowings. However, the lenders have neither reported the same nor invoked the breach to demand accelerated repayments from the Group. Further, such breaches were remediated or renegotiated for certain borrowing before the end of the reporting period.

Security details for Secured Borrowings

Term loans of INR3,561.94 millions for 31 March 2020, INR3,720.86 millions for 31 March 2019 and INR 4,202.24 for 1 April 2018, is secured by way of hypothecation of underlying assets financed by the Group.

Terms of repayment:

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

Lender Name	Tenure (months)	Sanction Amount	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
AU Small Finance Bank	18	250.00	41.67	208.33	-
Avanse Financial Services Limited	24	100.00	-	36.13	85.01
Axis Bank Limited	24	250.00	-	114.35	239.58
IDFC First Bank Limited	24	1,150.00	-	-	470.60
IDFC First Bank Limited	36	500.00	100.00	300.00	500.00
IDFC First Bank Limited	36	3,000.00	2,157.22	-	-
Capri Global Capital Ltd	24	150.00	50.00	125.00	-
Caspian Impact Investments Pvt Ltd	24	150.00	-	56.25	131.25
Clix Capital Services Pvt Ltd	24	250.00	-	132.45	240.73
DCB Bank Limited	24	150.00	-	16.67	85.42
Hinduja Leyland Finance Limited	24	90.00	-	8.32	40.58
Hinduja Leyland Finance Limited	24	200.00	105.88	200.00	-
Hinduja Leyland Finance Limited	30	150.00	33.17	94.59	150.00
Hinduja Leyland Finance Limited	29	100.00	22.78	64.97	-
IFMR Capital Finance Private Limited	24	1,100.00	295.24	579.69	211.16
JM Financial Products Limited	24	250.00	59.47	183.14	-

L&T Finance Ltd	24	500.00	-	250.00	500.00
Magma Fincorp Limited	30	200.00	29.86	113.30	188.27
Mahindra & Mahindra Financial Services Ltd	24	200.00	-	36.79	138.64
Mahindra & Mahindra Financial Services Ltd	30	100.00	22.06	62.69	-
Manappuram Finance Ltd	24	150.00	-	18.75	93.75
Manappuram Finance Ltd	36	250.00	83.33	166.67	250.00
Muthoot Capital Finance Limited	24	150.00	-	-	75.00
Shapoorji Pallonji Finance Private Limited	24	400.00	95.24	323.81	-
Shriram City Union Financial Limited	24	200.00	-	88.97	184.29
Sundaram Finance Limited	24	50.00	-	-	2.36
Tata Capital Financial Services Limited	24	200.00	-	8.33	102.08
Utkarsh Small Finance Bank	39	100.00	41.67	75.00	100.00
Utkarsh Small Finance Bank	39	100.00	50.00	83.33	-
Caspian Impact Investments Pvt Ltd	12	175.00	75.00	75.00	-
HDFC Bank Limited	12	100.00	-	-	90.00
Kotak Mahindra Bank Limited	12	200.00	-	83.33	116.67
Kotak Mahindra Bank Limited	6	1,329.57	299.35	-	-
RBL Bank Ltd	12	215.00	-	215.00	60.00
Reliance Capital Limited	12	350.00	-	-	146.85
Yes Bank Ltd	6	75.00	-	-	-
Bank Overdraft					
Axis Bank OD		200.00	-1.00	189.27	180.00
Kotak Bank OD		600.00	135.04	221.03	-
RBL Bank OD		85.00	-0.05	80.88	-
Kotak TL/OD		200.00	83.49	137.39	-
Securitisation Liabilities	Refer note below		638.77	722.91	-
Grand Total (principal outstanding)		**13,969.57**	**4,418.18**	**5,072.35**	**4,382.24**
Ind AS adjustments			9.08	-9.13	290.18
Total Borrowings other than debt securities		**13,969.57**	**4,427.26**	**5,063.23**	**4,672.42**

Note:

The Group has entered into various securitisation transaction during the year having a contractual tenure ranging from one to three years 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 10.35% to 15%

Repayment details of borrowings

Balance Tenure (months)	Rate of Interest	Repayment Details	Amount
On demand	7.85% to 12.50%	On demand	217.47
0-12 months	10.35% to 15%	Monthly	2,151.67
0-12 months	12.50% to 13.50%	Monthly	638.77
0-12 months	12% to 14.5%	Quarterly	250.00
12-36 months	13.5%-14.00%	Monthly	1,135.27
12-36 months	12%	Quarterly	25.00
			4,418.18

(All amount in INR millions, unless otherwise stated)

Note 16: Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Lease liability	132.45	95.44	131.53
Other liabilities (includes payables for securitisation and payable to business partners)	342.65	428.67	142.59
Employee benefits payable	2.07	3.19	-
Total	**477.17**	**527.31**	**274.12**

Refer Note 44 for detailed disclosure on lease arrangement

Note 17: Provisions

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Employee benefits payable			
- Retention & Performance bonus	11.77	39.30	45.36
Provision for employee benefits	-	-	-
- Gratuity	30.36	28.47	17.17
- Provision for compensated absences	29.35	30.43	20.07
- Long term incentive	15.21	14.31	-
Provision for non-fund based exposure	41.08	56.40	35.92
	127.77	**168.91**	**118.52**

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

Analysis of risk categorisation

As at 31 March 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	293.00	-	-	293.00
Standard grade (1-30 DPD)	6.14	-	-	6.14
Sub-standard grade (31-60 DPD)	-	4.94	-	4.94
Past due but not impaired (61-89 DPD)	-	2.44	-	2.44
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	34.49	34.49
Total	**299.14**	**7.38**	**34.49**	**341.01**

As at 31 March 2019

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	372.79	-	-	372.79
Standard grade (1-30 DPD)	18.16	-	-	18.16
Sub-standard grade (31-60 DPD)	-	9.33	-	9.33
Past due but not impaired (61-89 DPD)	-	9.03	-	9.03
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	38.50	38.50
Total	**390.95**	**18.36**	**38.50**	**447.81**

As at 1 April 2018

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	931.07	-	-	931.07
Standard grade (1-30 DPD)	39.21	-	-	39.21
Sub-standard grade (31-60 DPD)	-	10.42	-	10.42
Past due but not impaired (61-89 DPD)	-	10.87	-	10.87
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	2.25	2.25
Total	**970.28**	**21.29**	**2.25**	**993.82**

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 31 March 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2019	**390.95**	**18.36**	**38.50**	**447.81**
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	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount as at 31 March 2020	**299.14**	**7.37**	**34.49**	**341.00**

As at 31 March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2018	**970.28**	**21.29**	**2.24**	**993.81**
New assets originated or purchased	203.38	2.44	3.27	209.09
New assets originated or purchased pursuant to acquisition	-	-	31.63	31.63
Assets derecognised or repaid (excluding write offs)	(757.38)	(20.52)	(8.83)	(786.72)
Transfers to Stage 1	0.86	(0.57)	(0.29)	-
Transfers to Stage 2	(15.80)	15.90	(0.10)	0.00
Transfers to Stage 3	(10.39)	(0.18)	10.57	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount as at 31 March 2019	**390.95**	**18.36**	**38.50**	**447.81**

Impairment allowance on non fund exposure

As at 31 March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance on non fund exposure as at 1 April 2019	**9.72**	**9.60**	**37.08**	**56.40**
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	(0.23)	(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 on non fund exposure as at 31 March 2020	**4.39**	**3.76**	**32.93**	**41.07**

As at 31 March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance on non fund exposure as at 1 April 2018	**23.68**	**10.08**	**2.16**	**35.92**
Assets derecognised or repaid	(21.05)	(9.83)	(1.73)	(32.62)
New assets originated or purchased pursuant to acquisition	**-**	**-**	**31.63**	31.63
New assets originated	4.09	0.98	(4.64)	0.43
Impact on year end ECL of Exposures transferred between stages during the year	(0.16)	8.13	9.34	17.31
Transfers to Stage 1	0.18	(0.18)	-	-
Transfers to Stage 2	(0.48)	0.48	-	-
Transfers to Stage 3	(0.27)	(0.07)	0.34	-
Changes to models and inputs used for ECL calculations	3.72	0.01	-	3.73
Amounts written off	-	-	-	-
Impairment allowance on non fund exposure as at 31 March 2019	**9.71**	**9.60**	**37.10**	**56.40**

Note 18: Other Non-financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Statutory dues payable	26.29	43.95	93.16
Income received in advance	8.59	208.77	116.96
Advance from customers	26.69	19.19	22.58
Total	**61.57**	**271.91**	**232.70**

CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)
Notes to consolidated financial statements for the year ended 31 March 2020
(All amount in INR millions, unless otherwise stated)

Note 19: Equity share capital

The reconciliation of equity shares outstanding at the beginning and at the end of the period

Authorised	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
20,00,000 (Previous year 20,00,000) Equity Shares of INR 10 /-each	20.00	20.00	20.00
3,15,695 (Previous year 3,15,695) Series A Compulsorily Convertible Preference Shares of INR 10/- each having coupon rate of 0.01%	3.16	3.16	3.00
40,000 (Previous year 40,000) Series A1 Compulsorily Convertible Preference Shares of INR 13/- each having coupon rate of 0.01%	0.52	0.52	1.00
3,30,000 (Previous year 3,30,000) Series B Compulsorily Convertible Preference Shares of INR 10/- each having coupon rate of 0.01%	3.30	3.30	3.00
11,30,000 (Previous year 11,30,000) Series C Compulsorily Convertible Preference Shares of INR 100/- each having coupon rate of 0.01%	113.00	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	88.00
17,00,000 (Previous year 17,00,000) Series E Compulsorily Convertible Preference Shares of INR 100/- each having coupon rate of 0.01%	170.00	170.00	170.00
2,64,000 (Previous year Nil) Series E 1 Compulsorily Convertible Preference Shares of INR 100/- each having coupon rate of 0.01%	26.40	26.40	-
2,74,728 (Previous year Nil) Series E 2 Compulsorily Convertible Preference Shares of INR 100/- each having coupon rate of 0.01%	27.47	-	
	451.85	**424.38**	**398.00**

Issued and fully paid up	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
16,65,376 (Previous year 16,65,376) Equity shares of INR10/- each	16.65	16.65	16.65
57,396 (Previous year 57,396) Series A Compulsorily Convertible Preference Shares of INR 10/- each having coupon rate of 0.01%	0.57	0.57	0.57
38,096 (Previous year 38,096) Series A 1 Compulsorily Convertible Preference Shares of INR 13/- each having coupon rate of 0.01%	0.50	0.50	0.50
3,24,812 (Previous year 3,24,812) Series B Compulsorily Convertible Preference Shares of INR 10/- each having coupon rate of 0.01%	3.25	3.25	3.25
11,23,518 (Previous year 11,23,518) Series C Compulsorily Convertible Preference Shares of INR 100/- each having coupon rate of 0.01%	112.35	112.35	112.35
8,73,162 (Previous year 8,73,162) Series D Compulsorily Convertible Preference Shares of INR 100/- each having coupon rate of 0.01%	87.32	87.32	87.32
16,91,491 (Previous year 11,86,973) Series E Compulsorily Convertible Preference Shares of INR 100/- each having coupon Rate 0.01 %	169.15	169.15	118.70
2,63,208 (Previous year NIL) Series E1 Compulsorily Convertible Preference Shares of INR 100/- each having coupon rate of 0.01%	26.32	26.32	-
1,81,717 (Previous year NIL) Series E2 Compulsorily Convertible Preference Shares of INR 100/- each having coupon rate of 0.01%	18.17	-	-
Less: 86,855 (Previous year 87,394) equity shares of Rs 10/- each held in the Trust for employees under ESOP Scheme	(0.87)	(0.87)	(1.17)
	433.41	**415.24**	**338.17**

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

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
At the beginning of the reporting year	16,65,376	1.67	16,65,376	1.67	16,65,376	1.67
Add: Issued during the year-Preferential allotment	-	-	-	-	-	-
Add: Issued during the year- ESOP plan	-	-	-	-	-	-
At the close of the reporting year	**16,65,376**	**1.67**	**16,65,376**	**1.67**	**16,65,376**	**1.67**

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 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
At the beginning of the reporting year	57,396	0.57	57,396	0.57	57,396	0.57
At the close of the reporting year	**57,396**	**0.57**	**57,396**	**0.57**	**57,396**	**0.57**

Series A1 Compulsorily Convertible Preference shares

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
At the beginning of the reporting year	38,096	0.50	38,096	0.50	38,096	0.50
At the close of the reporting year	**38,096**	**0.50**	**38,096**	**0.50**	**38,096**	**0.50**

Series B Compulsorily Convertible Preference shares

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
At the beginning of the reporting year	3,24,812	3.25	3,24,812	3.25	3,24,812	3.25
At the close of the reporting year	**3,24,812**	**3.25**	**3,24,812**	**3.25**	**3,24,812**	**3.25**

Series C Compulsorily Convertible Preference shares

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
At the beginning of the reporting year	11,23,518	112.35	11,23,518	112.35	11,23,518	112.35
At the close of the reporting year	**11,23,518**	**112.35**	**11,23,518**	**112.35**	**11,23,518**	**112.35**

Series D Compulsorily Convertible Preference shares

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
At the beginning of the reporting year	8,73,162	87.32	8,73,162	87.32	8,73,162	87.32
At the close of the reporting year	**8,73,162**	**87.32**	**8,73,162**	**87.32**	**8,73,162**	**87.32**

Series E Compulsorily Convertible Preference shares

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
At the beginning of the reporting year	16,91,491	169.15	11,86,973	118.70	11,86,973	118.70
Add: Issued during the year	-	-	5,04,518	50.45	-	-
At the close of the reporting year	**16,91,491**	**169.15**	**16,91,491**	**169.15**	**11,86,973**	**118.70**

Series E1 Compulsorily Convertible Preference shares

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
At the beginning of the reporting year	2,63,208	26.32	-	-	-	-
Add: Issued during the year	-	-	2,63,208	26.32	-	-
At the close of the reporting year	**2,63,208**	**26.32**	**2,63,208**	**26.32**	**-**	**-**

Series E2 Compulsorily Convertible Preference shares

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
At the beginning of the reporting year	-	-	-	-	-	-
Add: Issued during the year	1,81,717	18.17	-	-	-	-
At the close of the reporting year	**1,81,717**	**18.17**	**-**	**-**	**-**	**-**

Terms / Rights attached to equity and preference shares

Equity Shares

The Group 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 Group, the holders of equity shares will be entitled to receive remaining assets of the Group, 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 Group.

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 Group (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:
a) on expiry of a period of 10 (Ten) years from the respective dates of issuance of each CCPS series;
b) prior to the Qualified IPO;
c) at the option of the holder of the respective CCPS;
d) on the occurrence of a Liquidation Event.
In addition to above, 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 Group.

5. In the event of winding up or liquidation:

In the event of winding up or liquidation of the Group 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

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Shares allotted by way of bonus shares (Equity and CCPS)	-	-	-

Details of shareholders holding more than 5% shares in the Group
Equity Shares

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
Particulars	**Number in million**	**% holding in the class**	**Number in million**	**% holding in the class**	**Number in million**	**% holding in the class**
Gaurav Dinesh Hinduja	6,90,007	41.43%	6,90,007	41.43%	6,90,007	41.43%
Sashank R Rishyasringa	6,90,007	41.43%	6,90,007	41.43%	6,90,007	41.43%
Capital Float Employee Welfare Trust	86,855	5.22%	87,394	5.25%	1,16,235	6.98%

Series A CCPS

	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
Particulars	**No. in million**	**% holding in the class**	**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%	57,396	100.00%
Amazon.com NV Investment Holdings LLC	43,454	75.71%	43,454	75.71%	-	0.00%

Series A1 CCPS

Particulars	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	No. in million	% holding in the class	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%	38,096	100.00%

Series B CCPS

Particulars	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
SOROS Economic Development Fund	2,16,606	66.69%	2,16,606.00	66.69%	2,16,606	66.69%
SAIF Partners India IV Limited	1,08,206	33.31%	1,08,206.00	33.31%	1,08,206	33.31%

Series C CCPS

Particulars	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
SOROS Economic Development Fund	1,72,662	15.37%	1,72,662	15.37%	1,72,662	15.37%
SAIF Partners India IV Limited	4,97,064	44.24%	4,97,064	44.24%	4,97,064	44.24%
Sequoia Capital India Investments IV	4,10,890	36.57%	4,10,890	36.57%	4,10,890	36.57%

Series D CCPS

Particulars	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
Dinesh J Hinduja	29,164	3.34%	29,164	3.34%	51,364	5.88%
SOROS Economic Development Fund	92,454	10.59%	92,454	10.60%	92,454	10.60%
SAIF Partners India IV Limited	1,64,364	18.82%	1,64,364	18.82%	1,64,364	18.82%
Sequoia Capital India Investments IV	51,364	5.88%	51,364	5.88%	51,364	5.88%
Creations Investments CF LLC	5,13,616	58.82%	5,13,616	58.82%	5,13,616	58.82%

Series E CCPS

Particulars	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
SAIF Partners India IV Limited	2,96,748	17.54%	2,96,748	17.54%	296748	25.00%
Sequoia Capital India Investments IV	1,84,643	10.92%	1,84,643	10.92%	184643	15.56%
Creations Investments CF LLC	1,58,266	9.36%	1,58,266	9.36%	158266	13.33%
Ribbit Capital Mauritius IV	5,47,316	32.36%	5,47,316	32.36%	547316	46.11%
Amazon.com NV Investment Holdings LLC	5,04,518	29.83%	5,04,518	29.83%	-	0.00%

Series E1 CCPS

Particulars	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
SAIF Partners India V Limited	1,17,513	44.65%	1,17,513	44.65%	-	0.00%
Sequoia Capital India Investments IV	1,45,695	55.35%	1,45,695	55.35%	-	0.00%

Series E2 CCPS

Particulars	As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
SAIF Partners India IV Limited	53,446	29.41%	-	0.00%	-	0.00%
Sequoia Capital India Investments IV	39,194	21.57%	-	0.00%	-	0.00%
Ribbit Capital Mauritius IV	89,077	49.02%	-	0.00%	-	0.00%

Particulars	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Securities (Compulsorily Convertible Preference Shares) convertible into equity shares	45,61,427	43,79,710	36,11,984
Shares reserved for issue under Employee Stock Option Scheme-Issued, held with Trust	86,855	87,394	1,16,235
Shares reserved for issue under Employee Stock Option Scheme -Unissued, held with Group	3,68,455	3,68,465	1,30,054
Aggregate number of shares issued for a consideration other than cash during the period of five years immediately preceding the reporting date	28,85,753	27,04,036	24,40,828

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

a) Note for Shares held under ESOP trust
The Group 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 Group and it's subsidiaries in India. For the purpose of the scheme, the Group issues shares to its ESOP trust. The Group considers ESOP trust as its extension and shares held by ESOP trust are treated as treasury shares.
For the details of shares reserved for issue under the Employee Stock Option Scheme (ESOS) of the Group refer note 33.

The ESOP Trust held 86,855 shares as at 31st March 2020 after transferring 539 equity shares to employees of the Group (including subsidiary employees).

CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)
Notes to consolidated financial statements for the year ended 31 March 2020
(All amount in INR millions, unless otherwise stated)

Note 20: Other Equity

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934	0.08	0.08	0.08
Securities Premium	8,197.47	7,496.03	5,255.36
Share Option Outstanding Account	824.29	451.13	195.33
Retained Earnings	(5,195.63)	(3,571.36)	(2,119.70)
Share application money pending allotment	370.85	-	-
Total	**4,197.06**	**4,375.88**	**3,331.07**

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

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Opening Balance	0.08	0.08	0.08
Closing Balance	0.08	0.08	0.08

b) Securities Premium

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Opening Balance	7,496.03	5,255.36	2,464.60
Add: Received during the year	708.58	1,192.79	2,806.30
Add : Received during the year for shares issued for investment in subsidiary (non-cash)	-	983.59	-
Add : Transferred from Employee Stock Option reserve for shares exercised by employees (non-cash)	1.75	84.18	-
Add: Change in share premium post acquisition	-	(8.00)	-
Less Share of non controlling interest in change in share premium	-	3.20	-
Add : Receivable from Employee welfare trust	-	0.33	-
Less : Securities issue expenses	(8.89)	(15.42)	(15.54)
Closing Balance	8,197.47	7,496.03	5,255.36

c) Share Option Outstanding Account

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Opening Balance	451.12	195.33	102.68
Add: Transferred from Statement of Profit and Loss	32.49	85.62	92.65
Add : Capitalized during the year	9.58	16.89	-
Add : On issuance of stock options to employees of subsidiary	333.23	243.92	-
Less: Options exercised during the year	(1.75)	(84.18)	-
Add: Change in ESOP reserve post acquisition	-	-	-
Less Share of non controlling interest in change in ESOP reserve post acquisition	-	-	-
Transfer to Retained Earnings	(0.38)	(6.46)	-
Closing Balance	824.29	451.12	195.33

d) Retained Earnings

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Opening Balance	(3,571.36)	(2,119.70)	(954.15)
Less : Loss during the year	(1,635.59)	(1,436.68)	(1,165.55)
Add : Other comprehensive income	10.94	3.13	
Add: Adjustment for post acquisition investment	-	(24.57)	
Less: Share of non controlling interest in dividend of cumulative preference share		(0.00)	
Transfer from Share Option Outstanding Account	0.38	6.46	-
Closing Balance	(5,195.63)	(3,571.36)	(2,119.70)

Nature and purpose of Reserves

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

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

Statutory reserve
The parent 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

(All amount in INR millions, unless otherwise stated)

Note 21: Interest income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
On financial assets measured at amortised cost		
Interest on loans	1,745.78	1,589.58
Interest on deposits with Banks	87.30	97.03
Other interest	1.67	2.57
Total	**1,834.75**	**1,689.18**

Note 22: Revenue from contracts with customers

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Fee income on Loans	180.78	186.30
Service fee on securitization of loans	8.17	13.17
Total	**188.95**	**199.47**

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	188.95	199.47
Outside India	-	-
Total revenue from contracts with customers	**188.95**	**199.47**

Timing of revenue recognition		
Services transferred at a point in time	188.95	199.47
Services transferred over time	-	-
Total revenue from contracts with customers	**188.95**	**199.47**

Contract Balances
Trade receivables are only contract balances on each reporting date. There is no contract assets and contract liabilities for revenue recognised from contract with customers.

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

Note 23: Net gain on fair value changes

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net gain on instruments at fair value through profit or loss		
Mutual funds at FVTPL	58.43	13.69
Total Net gain/(loss) on fair value changes	**58.43**	**13.69**
Fair Value changes:		
-Realised	58.43	13.69
-Unrealised	-	-
Total Net gain/(loss) on fair value changes	**58.43**	**13.69**

Note 24: Other income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Other non operating income	373.74	377.95
Total	**373.74**	**377.95**

(All amount in INR millions, unless otherwise stated)

Note 25: Finance cost

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
On financial liabilities measured at amortised cost		
Interest on lease liability	14.65	12.07
Interest on borrowings	721.72	557.25
Interest on Commercial Paper and Bonds	6.79	0.84
Interest on Debentures	238.58	168.26
Interest on securitised liabilities	80.45	53.57
Other Finance Cost	8.17	7.70
Total	**1,070.36**	**799.69**

Note 26: Impairment on financial instruments

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
On Financial instruments measured at amortised cost		
(i) Loans#	944.24	976.96
(ii) Non fund exposure*	134.98	106.59
(iii) Trade receivable**	2.05	0.43
(iii) Others receivable	(3.21)	(26.82)
Total	**1,078.06**	**1,057.16**

Includes the loss on account of loans written off INR 1196 million (31 March 2019: INR 443 million) during the year.

* Includes the actual loss incurred on settlement for the year ended amounting INR 150.31 million (31 March 2019: INR 157.90).

** Reversal of impairment allowances includes write off of INR .07 million during year ended 31 March 2020

Note 27: Depreciation and amortisation

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on Property, plant and equipment	44.09	43.45
Depreciation on Intangible assets	26.87	12.37
Depreciation of Right of use assets	51.98	50.41
	122.94	**106.23**

Note 28: Employee benefit expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	670.35	652.66
Contribution to provident and other funds	14.68	15.19
Share based payment to employees	365.71	329.54
Staff welfare expenses	12.11	14.57
Gratuity expenses	14.12	11.94
Long term incentive plan expense	0.89	14.31
Total	**1,077.86**	**1,038.21**

Note 29: Other expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Rent	5.19	5.95
Insurance	6.18	5.04
Rates & Taxes	6.38	10.18
Auditors Remuneration		
- as auditor	2.90	3.30
- tax audit fees	0.30	0.30
- for certification	0.30	0.30
- for reimbursement of expenses	0.02	0.13
Marketing expenses**	53.78	34.07
Internal business support expenses	373.18	377.73
Travelling expenses	29.05	42.31
Office maintenance	8.72	7.17
Communication expenses	7.75	9.62
Printing and stationery	1.54	1.94
Recruitment expenses	1.71	2.78
Customer onboarding charges*	56.38	44.90
Collection cost	152.38	130.31
Electricity charges	5.82	5.62
Legal and professional charges	16.63	19.90
Other technology expenses*	139.09	103.70
Directors sitting fees	2.90	2.10
Service tax/ GST expenses	64.97	57.49
Loss on sale/write off of Property, Plant and Equipment	0.07	0.59
Bank Charges	1.46	2.27
Miscellaneous expenses*	7.64	5.61
Total	**944.34**	**873.31**

* The above contains amounts pertaining to prior period totalling to INR 0.16 million (31 March 2019: Nil) included in current year comprised of Customer onboarding charges INR 0.02 million (31 March 2019: Nil), communication expenses under head 'Miscellaneous expenses' INR 0.14 million (31 March 2019: Nil) and Other technology expenses Nil (31 March 2019: Nil).

**Advertisement expenses under the head 'Marketing expense' amounting to INR 13.13 million and INR 27.89 million (31 March 2019: INR 4.92 million and INR 13.19 million) from Facebook and Google respectively have been booked on the basis of rate specified in the Invoices

Note 30: Taxation

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 Group 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 Group (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	**Year ended 31 March 2020**	**Year ended 31 March 2019**
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 (INR in millions)	(1,635.59)	(1,436.68)
Basic earning per share (In INR)	**(982.11)**	**(862.67)**
Diluted		
Weighted average number of equity shares for computation of Diluted EPS (in million)	6.52	6.13
Net profit for calculation of Diluted EPS (INR in millions)	(1,635.59)	(1,436.68)
Diluted earning per share (In INR) **	**(982.11)**	**(862.67)**
** 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 (INR in millions)	(1,635.59)	(1,436.68)
(Add) Interest on optionally convertible debentures (net of provision)	-	-
Net profit for calculation of Diluted EPS (INR in millions)	**(1,635.59)**	**(1,436.68)**
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	4.85	4.46
Weighted average number of equity shares for computation of Diluted EPS	6.52	6.13
Nominal / Face Value of equity shares (In INR)	10.00	10.00

(All amount in INR millions, unless otherwise stated)

Note 32: Employee benefit obligations

i) Defined contribution plan

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Employers' Contribution to Employee's Provident Fund[1]	14.42	14.34
	14.42	**14.34**

[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 Group has a defined benefit gratuity plan (unfunded). The Group'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 Group is exposed to a number of risks, the most significant of which are detailed below:
a) Change in bond yields -
A decrease in government bond yields will increase plan liabilities.

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

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

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status 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 31 March 2020	As at 31 March 2019
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	28.47	17.17
Present value of benefit obligation pursuant to acquisition		3.02
Interest on defined benefit obligation	2.19	1.46
Current Service cost	11.93	10.48
Liability Transferred In/Acquisition	-	-
(Benefit Paid From the Fund)	(1.05)	(0.55)
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	(2.00)	(0.01)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	0.96	1.10
Actuarial Losses on Obligations - Due to Experience	(10.14)	(4.20)
Liability at the end of the year	**30.36**	**28.47**

Table Showing Change in the Fair Value of Plan Assets

Particulars	As at 31 March 2020	As at 31 March 2019
Fair Value of Plan Assets at the Beginning of the Period	-	-
Interest income	-	-
Contributions by the Employer	1.05	0.55
Benefit Paid From the Fund	(1.05)	(0.55)
Return on Plan Assets, Excluding Interest Income	-	-
Fair Value of Plan Assets at the End of the Period	**-**	**-**

Amount recognized in the Balance Sheet

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Present value of unfunded defined benefit obligation	30.36	28.47	17.17
Amount not recognized due to asset limit	-	-	-
Net defined benefit liability / (asset) recognized in balance sheet	**30.36**	**28.47**	**17.17**
Current	4.52	0.43	0.11
Non-current	25.84	28.04	17.06

Expenses recognized in the Statement of Profit and Loss

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	11.93	9.79
Interest on net defined benefit liability / (asset)	2.19	2.15
Total expense charged to profit and loss account	**14.12**	**11.94**

Expenses recognized in the Other comprehensive income (OCI)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening amount recognized in OCI outside profit and loss account	(6.15)	(1.79)
OCI outside profit and loss account pursuant to acquisition		(1.25)
Remeasurements during the period due to		-
Changes in financial assumptions	0.96	1.10
Changes in demographic assumptions	(2.00)	(0.01)
Experience adjustments	(10.14)	(4.20)
Closing amount recognized in OCI outside profit and loss account	**(17.33)**	**(6.15)**

The actuarial assumptions used to determine benefit obligations as at 31 March 2020, 31 March 2019 and 1 April 2018 are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Discount Rate	6.50% to 6.85%	7.75%	7.70% to 7.75%
Salary escalation rate	1.00% until year 1 inclusive, then 12.00% until year 2 inclusive, then 7.00%	12.00% until year 1 inclusive, then 7.00%	12.00% until year 1 inclusive, then 7.00%
Rate of Employee Turnover			
Age			
21-30	0% to 33%	10%	10%
31-40	0% to 28%	5%	5%
21-40	0% to 15%	NA	NA
41-50	10% to 17%	3%	3%
51-57	3% to 5%	2%	2%

Balance sheet reconciliation

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening net liability	28.47	17.17
Present value of benefit obligation pursuant to acquisition	-	3.02
Expenses recognized in Statement of Profit and Loss	14.12	11.94
Expenses recognized in OCI	(11.18)	(3.11)
Employer's Contribution	(1.05)	(0.55)
Net liability recognized in the Balance Sheet	**30.36**	**28.47**

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 31 March 2020**	**As at 31 March 2019**
Expected benefits for year 1	4.52	0.43
Expected benefits for year 2	5.51	1.07
Expected benefits for year 3	5.08	1.53
Expected benefits for year 4	4.39	1.73
Expected benefits for year 5	3.66	1.77
Expected benefits for year 6	3.12	1.72
Expected benefits for year 7	2.45	1.82
Expected benefits for year 8	2.40	1.68
Expected benefits for year 9	1.90	2.02
Expected benefits for year 10 and above	13.53	88.93

Sensitivity analysis

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Projected benefit obligation on current assumptions		
Delta effect of +0.5% change in rate of discounting	24.55	22.63
Delta effect of -0.5% change in rate of discounting	26.15	26.49
Delta effect of +0.5% change in rate of salary increase	26.06	26.24
Delta effect of -0.5% change in rate of salary increase	24.60	22.78

Compensated absences :

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
Present value of unfunded obligation	26.51	27.40	20.07
Expenses recognised in the Statement of Profit and Loss	(0.45)	7.33	5.12
Discount Rate	6.50% to 6.85%	7.75%	7.75%
Salary escalation rate	1.00% until year 1 inclusive, then 12.00% until year 2 inclusive, then 7.00%	12.00% until year 1 inclusive, then 7.00%	12.00% until year 1 inclusive, then 7.00%

Long Term Incentive Scheme Liabilities

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
Present value of unfunded obligation	15.21	14.31	Not Applicable
Expenses recognised in the Statement of Profit and Loss	0.89	14.31	
Discount Rate	6.85%	6.75%	
Salary escalation rate	1.00% until year 1 inclusive, then 12.00% until year 2 inclusive, then 7.00%	12.00% until year 1 inclusive, then 7.00%	

The Group did not have any Long Term Incentive Scheme in the year 2017-2018.

(All amount in INR millions, unless otherwise stated)

Note 33: Employee Stock Option Scheme (ESOS)

I. Capfloat ESOP scheme
The Group provides share-based payment schemes to its employees. For the year ended 31 March 2020 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 31 March 2020 was 368,465. Apart from this, 86,855 shares are owned by Capital Float Employee Welfare Trust and 115,629 shares are held by employees of the company and its subsidiary pursuant to exercise of grants as at 31 March 2020.

(i) Details of all grants in operation during the year ended 31 March 2020 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 INR)	Method of settlement	Vesting period	Fair Value per Option on grant date (Rs.)
I	Parent company	Feb'14 to Mar'15	57,790	57,790	10.00	Equity	3-4 years	512.50
II	Parent company	Apr'15 to Sep'15	1,49,172	1,49,172	10.00	Equity	3-4 years	681.00
III	Parent company	Oct'15 to Mar'16	14,128	14,128	10.00	Equity	4 years	681.00
IV	Parent company	Apr'16 to Mar'17	71,028	71,028	10.00	Equity	4 years	1,931.50
V	Parent company	Apr'17 to Mar'18	3,936	3,936	10.00	Equity	4 years	2,123.00
VI	Parent company	Apr'17 to Mar'18	53,554	53,554	250.00	Equity	4 years	1,883.00
VII	Parent company	Apr'18 to Aug'18	36,865	36,865	250.00	Equity	4 years	1,965.00
VIII	Parent company	Sep'18 to Mar'19	659	659	250.00	Equity	4 years	3,545.71
VIII #	Subsidiary company	Sep'18 to Mar'19	1,99,149	1,99,149	10.00	Equity	4 years	3,785.71
IX	Subsidiary company	Sep'18 to Mar'19	30,719	30,719	250.00	Equity	4 years	3,545.71
X	Parent company	May'19 to Nov'19	59,248	59,248	800.00	Equity	4 years	3,199.34
X	Subsidiary company	May'19 to Nov'19	6,574	6,574	800.00	Equity	4 years	3,199.34

Grant letters for this issuance have infinite exercise period. For valuation purposes, the vesting 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 group on the date that they are due to vest. No options would vest in case employment is severed and in such case the date of resignation / termination shall be considered for reckoning the period of vesting.

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Expense arising from equity-settled share-based payment transactions*	32.49	85.62
Total	**32.49**	**85.62**

** Net of capitalized ESOP expenses*

Method used for accounting for shared based payment plan.

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

(iii) Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2020

Particulars	Granted to Employees of	Options outstanding at 1 April 2019	Granted during the year	Forfeited during the year	Exercised during the year	Expired / lapsed during the year	Outstanding at 31 March 2020	Exercisable at 31 March 2020	Weighted average remaining contractual life (in years)	Weighted average share price at the time of exercise
I	Parent company	3,444	-	-	-	-	3,444	3,444	-	
II	Parent company	38,055	-	-	-	-	38,055	38,055	-	
III	Parent company	902	-	-	-	-	902	902	-	
IV	Parent company	37,506		4,621	-	-	32,885	31,360	0.17	
V	Parent company	3,936	-	1,217	-	-	2,719	2,460	1.40	
VI	Parent company	46,680		14,388	126	203	31,963	22,279	1.59	3995.05
VII	Parent company	36,865		9,106	-	-	27,759	16,755	2.00	
VIII	Parent company	659	-	-	-	-	659	247	2.48	
VIII #	Subsidiary Company	1,99,149	-	-	-	-	1,99,149	54,155	2.45	
IX	Subsidiary Company	30,719	-	5,956	413	-	24,350	10,103	2.45	3995.05
X	Parent company	-	59,248	5,941	-	-	53,307	-	3.59	
X	Subsidiary Company	-	6,574	328	-	-	6,246	-	3.59	
Total		**3,97,915**	**65,822**	**41,557**	**539**	**203**	**4,21,438**	**1,79,761**		

Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2019

Particulars	Granted to Employees of	Options outstanding at 1 April 2018	Granted during the year	Forfeited during the year	Exercised during the year	Expired / lapsed during the year	Outstanding at 31 March 2019	Exercisable at 31 March 2019	Weighted average remaining contractual life (in years)	Weighted average share price at the time of exercise
I	Parent Company	3,444	-	-	-	-	3,444	3,444	0.00	
II	Parent Company	59,186	-	361	12,834	7,936	38,055	34,526	0.17	2,209.54
III	Parent Company	6,488	-	1,126	3,932	528	902	361	0.57	2,209.54
IV	Parent Company	46,090	-	433	7,814	337	37,506	22,605	1.15	2,209.54
V	Parent Company	3,936	-	-	-	-	3,936	1,476	2.40	-
VI	Parent Company	52,539	-	4,464	1,395	-	46,680	12,864	2.61	3,795.71
VII	Parent Company	-	36,865	-	-	-	36,865	-	3.01	-
VIII	Parent Company	-	659	-	-	-	659	-	3.48	
VIII #	Subsidiary Company	-	1,99,149	-	-	-	1,99,149	-	3.45	
IX	Subsidiary Company	-	30,719	-	-	-	30,719	-	3.45	
Total		**1,71,683**	**2,67,392**	**6,384**	**25,975**	**8,801**	**3,97,915**	**75,276**		

(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	09-Nov-17	250.00	6.84%	5.5 - 7.01	NIL	NIL	2,133.00
VII	Apr'18 to Aug'18	01-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	01-Nov-19	800.00	6.37%	5.5 - 7.01	NIL	NIL	3,999.34

(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 group	**5,70,949**
b. Options granted under the scheme up to 31 March 2020	6,82,822
c. Options cancelled up to 31 March 2020 and added back to pool for future grants	1,48,622
d. Balance available under the scheme for future grants (d=a-b+c)	**36,749**
e. Equity shares allotted to Employee Welfare Trust up to 31 March 2020	**2,02,484**
f. Stock Options exercised up to 31 March 2020	1,15,629
g. Balance stock options available with Employee Welfare Trust on 31 March 2019 (g=e-f)	**86,855**

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 Group itself.

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

(All amount in INR millions, unless otherwise stated)

Note 34: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

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

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

Loans and advances measured at amortised cost	As at 31 March 2020	As at 31 March 2019
Carrying amount of transferred assets measured at amortised cost	646.70	728.28
Carrying amount of associated liabilities	(638.77)	(722.91)
Fair value of assets	646.70	728.28
Fair value of associated liabilities	(638.77)	(722.91)

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

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS. Thus, pre-transition securitisations deals also continue to be de-recognised in their entirety.

The table below summarises the carrying amount of the Excess Interest Spread (EIS) receivable and service assets on above transaction which are derecognised

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Carrying amount of EIS receivable	-	0.78	11.57
Carrying amount of Servicing asset	-	-	0.36

(All amount in INR millions, unless otherwise stated)

Note 35: Maturity analysis of assets and liabilities
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	435.04	-	435.04	328.06	-	328.06	371.26	-	371.26
Bank Balance other than above	1,941.85	62.26	2,004.11	743.90	386.40	1,130.30	1,871.59	265.80	2,137.39
Trade Receivables	35.47	-	35.47	23.28	-	23.28	27.95	-	27.95
Loans	3,977.91	2,719.21	6,697.12	7,419.39	2,198.42	9,617.81	5,155.99	1,720.96	6,876.95
Investments	-	-	-	-	-	-	-	-	-
Other financial assets	19.26	7.35	26.61	24.39	8.91	33.30	49.27	34.48	83.75
Non-financial Assets									
Current tax assets (net)	299.43	8.13	307.56	121.86	1.50	123.36	52.61	-	52.61
Property, plant and equipment	-	84.12	84.12	-	117.39	117.39	-	117.30	117.30
Right-of-use assets	-	117.00	117.00	-	91.96	91.96	-	136.36	136.36
Intangible assets under development	-	7.98	7.98	-	11.63	11.63	-	-	-
Goodwill	1,071.14	-	1,071.14	1,071.14	-	1,071.14	-	-	-
Other intangible assets	-	123.43	123.43	-	90.49	90.49	-	10.08	10.08
Other non financial assets	149.30	-	149.30	80.25	-	80.25	19.34	-	19.34
Total assets	**7,929.40**	**3,129.48**	**11,058.88**	**9,812.27**	**2,906.70**	**12,718.97**	**7,548.01**	**2,284.98**	**9,832.99**
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	82.44	-	82.44	144.38	-	144.38	82.22	-	82.22
Debt Securities	708.84	887.80	1,596.64	731.05	1,154.24	1,885.29	312.60	471.17	783.77
Borrowings (other than debt securities)	3,267.44	1,159.82	4,427.26	3,799.60	1,263.63	5,063.23	2,940.40	1,732.02	4,672.42
Other Financial liabilities	389.14	88.03	477.17	472.19	55.12	527.31	185.16	88.96	274.12
Non-financial Liabilities									
Current tax liabilities (net)	-	-	-	-	-	-	-	-	-
Provisions	25.46	102.31	127.77	24.52	144.39	168.91	-	118.52	118.52
Other non-financial liabilities	61.57	-	61.57	271.91	-	271.91	232.70	-	232.70
Total Liabilities	**4,534.89**	**2,237.96**	**6,772.85**	**5,443.65**	**2,617.38**	**8,061.03**	**3,753.08**	**2,410.67**	**6,163.75**
Net Assets	**3,394.51**	**891.52**	**4,286.03**	**4,368.62**	**289.32**	**4,657.94**	**3,794.93**	**(125.69)**	**3,669.24**

(All amount in INR millions, unless otherwise stated)

Note 36: Change in liabilities arising from financing activities

Particulars	As at 31 March 2019	Cash Flows	Other	As at 31 March 2020
Debt Securities	1,885.29	(195.00)	(93.66)	1,596.64
Borrowings other than debt securities	5,063.23	(736.08)	100.11	4,427.26
Total	**6,948.52**	**(931.08)**	**6.45**	**6,023.90**

Particulars	As at 1 April 2018	Cash Flows	Other	As at 31 March 2019
Debt Securities	783.77	738.75	362.78	1,885.29
Borrowings other than debt securities	4,672.42	739.04	(348.24)	5,063.23
Total	**5,456.19**	**1,477.79**	**14.54**	**6,948.52**

(All amount in INR millions, unless otherwise stated)

Note 37: Contingent liabilities, commitments

(A) Contingent Liabilities

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

(a) Contingent Liabilities not provided for in respect of:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Income tax matters - appeals by Group*	106.79	3.95	3.97
Corporate guarantees given by Group**	27.84	216.95	908.09
Total	**134.63**	**220.90**	**912.06**

*The stay of demand has been raised against preferring CIT(A) for assessment year 2017-18. The Group has paid an amount of INR 5 million under protest for the matter under dispute.

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

(b) Commitments

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Undrawn Loan Commitments	19.69	0.00	0.00
Total	**19.69**	**0.00**	**0.00**

(All amount in INR millions, unless otherwise stated)

Note 38: Related party disclosures

Relationship	Name of the party	
Associates / Enterprises owned or significantly influenced by key management personnel or their relatives	Gaurav Sashank Business Software Ventures Pvt Ltd	
	Name	**Designation**
Key Management Personnel	Gaurav Hinduja	Executive Director
	Sashank Rishyasringa	Executive Director
	Rajesh Viswanathan (Upto 22.11.2019)	Chief Finance Officer
	Alok Prasad	Independent Director
	Murali Venkataraman	Independent Director
Relatives of Key Management Personnel	Dinesh Jhamandas Hinduja	
	Namitha Hinduja	
	Nalini Hinduja	

Related Party transactions during the year:

Particulars	Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Transactions						
Remuneration to Directors	-	-	4.18	10.00	-	-
Remuneration to other KMPs	-	-	12.59	16.56	-	-
Sitting Fees	-	-	2.90	2.10	-	-
Share based Payment	-	-	0.99	14.01	-	-
Rent paid	-	-	-	-	21.42	30.86
Security Deposit	-	-	-	-	7.50	7.50
Office maintenance paid	-	-	-	-	-	0.27
Borrowings	-	-	-	-	207.50	385.00
Interest Expense	-	-	-	-	49.58	15.91

Balances						
Balance outstanding as at the year end:						
Loans & advances given	0.82	0.82	-	-	-	-
Security Deposit	-	-	-	-	7.50	7.50
Office maintenance	-	-	-	-	-	0.29
Interest Expense	-	-	-	-	(1.12)	(0.82)
Borrowings	-	-	-	-	(207.50)	(377.50)

Compensation of key management personnel

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Short–term employee benefits	18.73	28.66
Post–employment pension (defined contribution)	-	-
Termination benefits	0.94	-
Share-based payments	0.99	14.01
Total	**20.66**	**42.67**

Note:

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

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

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

Note 39: Events after reporting date

A national lockdown was declared by Government of India with effect from 24 March 2020 as a result of the recent outbreak of Novel Corona Virus (COVID-19), which was further extended in phases. The COVID-19 pandemic has resulted in significant decrease in the economic activities across the country and has also affected the Group's business operations in the last week of March 2020, due to such lockdown. Further in accordance with RBI guidelines relating to "COVID-19 Regulatory Package" dated 27 March 2020, 17 April 2020 and dated 23 May 2020 ("RBI Circulars"), the Group offered moratorium on payment of instalments and/or interest, as applicable, falling due between 1 March 2020 and 31 August 2020 to its customers.

Estimates and associated assumptions applied in preparing these financial results, especially for determining the impairment allowance for the Group's financial assets i.e. Loans to customers as well as Group's non-financial assets i.e. Goodwill, are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Group believes that the factors considered are reasonable under the current circumstances. The Group has used estimation of potential stress on probability of default and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Accordingly, the Group has recognized an additional impairment on Loans of INR 250 million. With respect to future cash flows linked to Goodwill impairment, the Group has used the reasonable assumptions in deriving these future cash flows and also obtained the valuation report from the independent valuer, to assess the impairment loss allowance on goodwill.

In addition to above, the Group has also assessed the impact of Covid-19 pandemic on its liquidity and ability to repay its obligations over next 12 months. With the gradual relaxation in lockdown rules and as well as recommencement of commercial activities by borrowers in which the Group operates, management is confident that collections will resume, certainly at a lower level then earlier and has also commenced field visits to meet customers to re-enforce collections. In addition, management has initiated discussions and applied for facilities which will enhance overall Group liquidity position for next 12 months like moratorium period from its lenders and other financial support from other Banks as a part of various economic stimulus packages announced by Government of India which will benefit directly or indirectly. Considering on the current scenario, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future.

Given the dynamic nature of the pandemic situation, 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 anticipated, this will have a corresponding impact on the carrying value of financial assets including Goodwill, the financial position and performance of the Group.

Note 40: Segment reporting

Since the Group has only one reportable segment "business of financing" as the primary segment and it operates in a single geographical segment within India, no disclosure is required to be given as per Ind AS 108 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts] Rules, 2014

Revenue from transactions with a single external customer or counterparty did not exceed 10% or more of the Group's total revenue for the year ended 31 March 2020 and 31 March 2019.

(All amount in INR millions, unless otherwise stated)

Note 41: Capital

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

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

Capital Management

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

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

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
Regulatory capital*			
Common Equity Tier1 (CET1) capital	3,314.94	3,799.14	3,616.67
Other Tier 2 capital instruments	8.22	35.28	98.47
Total capital	**3,323.16**	**3,834.42**	**3,715.14**
Risk weighted assets*			
i) CRAR (%) / CET1 capital ratio	**43.03%**	**35.98%**	**44.88%**
ii) CRAR - Tier I capital (%)	42.92%	35.65%	43.69%
iii) CRAR - Tier II Capital (%)	0.11%	0.33%	1.19%

* Regulatory capital and ratios are disclosed as per regulatory capital and risk weighted assets of parent company.

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.

(All amount in INR millions, unless otherwise stated)

Note 42: Business combination

On 6 September 2018, the Group acquired Thumbworks Technologies Private Limited through purchase of equity shares and preference share with voting rights for a purchase consideration of INR 1099.61 million. Further, the Group has invested INR 35.46 million on 30 October 2018 in lieu for fresh issue of 414 Series B compulsorily convertible preference shares by Thumbworks Technologies Private Limited and the group has also invested INR 10.88 million to acquire 127 equity share of Thumbworks Technologies Private Limited which were issued to employees of company as a part of ESOP scheme. The Group holds 60.25% of the voting shares of Thumbworks Technologies Private Limited. Goodwill has been recorded since the Group considers equity interest in the subsidiary as long term strategic business with no intention to liquidate in the near future.

Non Controlling Interest has been calculated based on the proportionate share in Fair value of Net Assets acquired. Details of the acquisition transaction are provided below:

Particulars	Amount
Components of consideration paid - (A)	
Cash	100.55
Issue of Series E CCPS	999.06
	1,099.61
Fair value of asset acquired - (B)	
Property, plant and equipment	3.66
Right of Use asset	3.77
Loans and advances	-
Trade receivables	5.23
Cash and Cash Equivalents	24.17
Bank Balances other than cash and cash equivalent	14.39
Other assets	52.97
	104.19
Fair value of liabilities acquired - (C)	
Trade payables	22.66
Employee benefit obligations	3.02
FLDG provision	26.07
Lease liabilities	3.71
Other liabilities	0.69
	56.15
Net assets [(D) = (B) - (C)]	**48.04**
Non Controlling Interest - (E)	**(19.57)**
Goodwill [(A) - (D) - (E)]	**1,071.14**

Note:
(a) No goodwill is recognised in respect of subsequent investment in subsidiary as per IndAs 103.
(b) Goodwill is not deductible for tax purposes.

The revenue and net loss of the acquiree since the date of acquistion included in the consolidated statement of Profit or loss for the FY 2018-19 are INR 8.34 million and INR 410.65 million respectively and consolidated revenue and net loss of the combined entity for FY 2018-19 are INR 2,280.30 million and INR 1596.8 million respectively.

For the business combination that occurred during the year, the revenue and net loss of the combined entity for the FY 2018-19 would have been INR 2295.36 million and INR 1689.26 million respectively if the acquisition date had been 1 April 2018.

Goodwill is tested annually for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period. Based upon the assessment performed with respect to Parent Company’s investment in Subsidiary, no adjustment on account of impairment is required to be effected to the carrying value of goodwill.

The Group has considered the entire subsidiary as a cash generarating unit for the purpose of testing impairment of goodwill. The recoverable amounts which exceed the carrying value has been determined based on value in use calculations taking into consideration the operating results, business plans and future cashflows of the subsidiary. Based upon the assessment performed with respect to the parent company's investment in subsidiary, no adjustment on account of impairment is required to be made to the carrying value of goodwill.

(All amount in INR millions, unless otherwise stated)

Note 43: Interest in other entities

The Group has a subsidiary (Thumbworks Technologies Private Limited) which is engaged in the business of development, customization, implementation, maintenance, testing benchmarking of computer software and solutions for personal finance and transaction management services to customers through web and mobile-based platforms. It's principal place of business as well as the country of incorporation is India. The share capital of the subsidiary consists of Equity shares and Cumulative compulsorily convertible preference shares with voting rights. The proportion of ownership interests (60.25%) equals the voting rights held by the group.

Non controlling Interest

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

Summarised balance sheet	**As at 31 March 2020**	**As at 31 March 2019**
Financial assets	13.95	26.57
Financial liabilities	925.30	380.57
Net Financial assets	**(911.36)**	**(354.00)**
Non financial assets	73.12	55.68
Non financial liabilities	34.08	35.11
Net non financial assets	**39.03**	**20.57**
Net assets	**(872.32)**	**(333.42)**
Non controlling interest	**(344.44)**	**(133.18)**

Summarised statement of profit and loss	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Revenue*	19.76	14.56
Profit for the year*	(539.51)	(408.87)
Other comprehensive income*	0.60	(0.03)
Total comprehensive income*	(538.91)	(408.91)
Profits allocated to NCI	(211.50)	(163.23)

There were no transactions with NCI during the year ended 31 March 2020.
*Transactions post acquisition date i.e.6th September 2018 have been considered for the Profit & Loss for year ended 31 March 2019

Note 44: Leases

The Group's lease asset class primarily consist of leases for Buildings. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening net carrying balance	**91.96**	**136.36**
Additions	79.10	10.13
Deletion	(2.08)	(4.13)
Depreciation	(51.98)	(50.41)
Closing net carrying balance	**117.00**	**91.96**

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening Balance	95.44	131.53
Pursuant to acquisition of subsidiary		3.71
Additions	74.13	6.20
Deletions	-	(1.63)
Accretion of interest	14.65	13.29
Payments	(51.76)	(57.66)
Closing Balance	**132.46**	**95.44**

Maturity analysis of undiscounted lease liability
The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Up to 1 year	56.54	62.27	55.43
Over 1 year to 3 years	80.85	112.61	102.60
Over 3 year to 5 years	12.25	30.16	72.09
Over 5 years	11.87	18.35	24.12
Total undiscounted lease liabilities	**161.51**	**223.39**	**254.24**

There are no future lease commitments for which the lease has not yet commenced

Amounts recognized in the Statement of Profit and Loss	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on right of use assets	(51.98)	(50.41)
Short-term lease rent expense	5.19	5.95
Interest expense on lease liability	14.65	12.07
	(32.14)	(32.39)

The Group had total cash outflows for leases of INR 55.92 (in millions) for the year ended 31 March 2020 INR 65.22 (in millions) in 31 March 2019.

(All amount in INR millions, unless otherwise stated)

Note 45 : Fair value measurement

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

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

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

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

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

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

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

Fair value hierarchy
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):
The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The company does not have any financial instruments which are level 2.

Unobservable inputs (Level 3):
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments (measured at amortised cost). This table does not include the fair values of non–financial assets and non–financial liabilities.

Particulars	Carrying value	Fair Value			
		Level I	Level II	Level III	Total
As at 31 March 2020					
Financial assets					
Cash and cash equivalents	435.04	435.04	-	-	**435.04**
Bank balance other than above	2,004.10	2,004.10	-	-	**2,004.10**
Receivables	35.47	-	-	35.47	**35.47**
Loans	6,697.12	-	-	6,697.12	**6,697.12**
Investments	-	-	-	-	**-**
Other financial assets	26.61	-	-	26.61	**26.61**
Total	**9,198.34**	**2,439.14**	**-**	**6,759.20**	**9,198.34**
Financial liabilities					
Trade Payables	82.44	-	-	82.44	**82.44**
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	477.17	-	-	477.17	**477.17**
Total	**6,583.51**	**-**	**6,108.96**	**559.61**	**6,668.57**

As at 31 March 2019

Financial assets					
Cash and cash equivalents	328.06	328.06	-	-	**328.06**
Bank balance other than above	1,130.30	1,130.30	-	-	**1,130.30**
Trade receivables	23.28	-	-	23.28	**23.28**
Loans	9,617.81	-	-	9,617.81	**9,617.81**
Investments	-	-	-	-	**-**
Other financial assets	33.30	-	-	33.30	**33.30**
Total	**11,132.75**	**1,458.36**	**-**	**9,674.39**	**11,132.75**
Financial liabilities					
Trade Payables	144.38	-	-	144.38	**144.38**
Debt securities	1,885.29	-	1,754.54	-	**1,754.54**
Borrowings (other than debt securities)	5,063.23	-	5,261.74	-	**5,261.74**
Other financial liabilities	527.31	-	-	527.31	**527.31**
Total	**7,620.21**	**-**	**7,016.28**	**671.69**	**7,687.97**

As at 1 April 2018

Financial assets					
Cash and cash equivalents	371.26	371.26	-	-	**371.26**
Bank balance other than above	2,137.39	2,137.39	-	-	**2,137.39**
Trade receivables	27.95	-	-	27.95	**27.95**
Loans	6,876.95	-	-	6,876.95	**6,876.95**
Other financial assets	83.75	-	-	83.75	**83.75**
Total	**9,497.30**	**2,508.65**	**-**	**6,988.65**	**9,497.30**
Financial liabilities					
Trade Payables	82.22	-	-	82.22	**82.22**
Debt securities	783.77	-	850.58	-	**850.58**
Borrowings (other than debt securities)	4,672.42	-	4,741.62	-	**4,741.62**
Other financial liabilities	274.12	-	-	274.12	**274.12**
Total	**5,812.53**	**-**	**5,592.20**	**356.34**	**5,948.54**

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended 31 March 2020, 31 March 2019 and 1 April 2018.

Valuation techniques

The management assessed that cash and bank balances, 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- 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.

Loans - 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.

(All amount in INR millions, unless otherwise stated)

Note 46: 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 Group 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 Group 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 Group has developed internal control processes and contingency plans for managing liquidity risk.

Liquidity Ratios

Advances to borrowings ratios	**As at and for the year ended 31 March 2020**	**As at and for the year ended 31 March 2019**
Year-end	124.73%	153.80%
Maximum	119.89%	163.00%
Minimum	118.64%	151.56%
Average	124.20%	163.16%

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 Group's financial assets and liabilities as at:

31 March 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	434.82	-	-	-	-	-	-	-	-	434.82
Bank balance other than above	-	158.84	459.30	7.56	1,019.75	351.45	69.79	-	-	2,066.68
Receivables	36.03	-	-	-	-	-	-	-	-	36.03
Loans	-	243.95	427.41	481.65	1,663.07	2,378.68	3,177.80	419.66	-	8,792.22
Other financial assets	232.14	-	-	0.16	0.82	1.04	14.34	0.22	9.85	258.56
Total undiscounted financial assets	702.99	402.79	886.71	489.37	2,683.64	2,731.17	3,261.93	419.88	9.85	11,588.31
Financial liabilities										
Trade Payables	82.45	-	-	-	-	-	-	-	-	82.45
Debt securities	-	136.54	46.21	11.13	153.77	538.24	549.84	542.00	-	1,977.72
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	248.50	3.80	3.80	14.48	30.64	80.85	12.25	13.66	417.56
Total undiscounted financial liabilities	309.49	829.79	550.15	447.36	1,204.48	1,591.26	1,887.06	4,502.84	13.66	11,336.09

31 March 2019

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	326.82	-	-	-	-	-	-	-	-	326.82
Bank balance other than above	-	23.81	63.17	31.37	738.09	204.02	122.09	-	-	1,182.54
Receivables	23.79	-	-	-	-	-	-	-	-	23.79
Loans	-	1,026.07	1,255.99	1,012.87	2,515.26	2,706.38	2,711.18	727.72	-	11,955.48
Other financial assets	121.80	0.60	-	0.68	0.49	9.65	4.13	3.68	9.17	150.21
Total undiscounted financial assets	472.41	1,050.48	1,319.16	1,044.92	3,253.84	2,920.05	2,837.40	731.40	9.17	13,638.84

Financial liabilities										
Trade Payables	144.42	-	-	-	-	-	-	-	-	144.42
Debt securities	-	136.27	3.72	12.96	412.58	375.65	729.49	778.06	-	2,448.72
Borrowings (other than debt securities)	628.58	450.34	511.28	473.57	1,100.95	1,561.35	1,090.30	-	-	5,816.36
Other financial liabilities	3.90	412.34	5.13	5.13	18.32	28.57	112.61	30.16	20.13	636.29
Total undiscounted financial liabilities	776.90	998.95	520.13	491.66	1,531.85	1,965.57	1,932.40	808.22	20.13	9,045.79

31 March 2018

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	370.19	-	-	-	-	-	-	-	-	370.19
Bank balance other than above	-	287.36	329.05	291.61	947.39	315.73	80.94	-	-	2,252.08
Receivables	32.84	-	-	-	-	-	-	-	-	32.84
Loans	-	1,056.69	915.94	618.19	1,605.21	1,840.54	2,076.70	364.20	-	8,477.46
Other financial assets	65.40	-	-	0.10	1.15	0.73	15.01	6.48	4.11	92.97
Total undiscounted financial assets	468.43	1,344.05	1,244.99	909.90	2,553.75	2,157.00	2,172.65	370.68	4.11	11,225.54
Financial liabilities										
Trade Payables	82.22									82.22
Debt securities		21.39	17.69	23.26	78.59	415.88	160.67	313.41	538.09	1,569.00
Borrowings (other than debt securities)	180.00	249.31	320.20	299.37	827.38	1,281.97	1,684.48	8.58	-	4,851.28
Other financial liabilities	54.97	78.64	4.47	4.54	13.92	28.29	102.60	72.09	25.90	385.42
Total undiscounted financial liabilities	317.19	349.34	342.36	327.17	919.89	1,726.14	1,947.75	394.08	563.99	6,887.92

The table below shows the contractual expiry by maturity of the Group’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	**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**	**Total**
31 March 2020									
Financial guarantee contracts	155.63	3.92	3.08	7.17	30.46	58.30	161.42	0.81	420.79
Other undrawn commitments to lend		-	-	19.69	-	-	-	-	19.69
Total Financial Guarantee Contracts and Commitments	**155.63**	**3.92**	**3.08**	**26.85**	**30.46**	**58.30**	**161.42**	**0.81**	**440.48**
31 March 2019									
Financial guarantee contracts	112.84	14.61	15.17	10.07	65.60	105.79	155.39	49.38	528.84
Other undrawn commitments to lend		-	-	-	-	-	-	-	-
Total Financial Guarantee Contracts and Commitments	**112.84**	**14.61**	**15.17**	**10.07**	**65.60**	**105.79**	**155.39**	**49.38**	**416.00**
01 April 2018									
Financial guarantee contracts	31.29	8.97	5.59	6.19	31.51	162.15	740.99	5.36	992.06
Other undrawn commitments to lend		-	-	-	-	-	-	-	-
Total Financial Guarantee Contracts and Commitments	**31.29**	**8.97**	**5.59**	**6.19**	**31.51**	**162.15**	**740.99**	**5.36**	**992.06**

The Group 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	31 March 2020			31 March 2019			31 March 2018			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Assets										
Cash and cash equivalents	435.04	-	435.04	328.06	-	328.06	371.26	-	371.26	Interest rate
Bank balance other than above	2,004.10	-	2,004.10	1,130.30	-	1,130.30	2,137.39	-	2,137.39	Interest rate
Receivables	35.47	-	35.47	23.28	-	23.28	27.95	-	27.95	Interest rate
Loans	6,697.12	-	6,697.12	9,617.81	-	9,617.81	6,876.95	-	6,876.95	Interest rate
Other financial assets	26.61	-	26.61	33.30	-	33.30	83.75	-	83.75	Interest rate
Total	**9,198.34**	**-**	**9,198.34**	**11,132.75**	**-**	**11,132.75**	**9,497.30**	**-**	**9,497.30**	
Liabilities										
Trade Payables	82.44	-	82.44	144.38	-	144.38	82.22	-	82.22	Interest rate
Debt securities	1,596.64	-	1,596.64	1,885.29	-	1,885.29	783.77	-	783.77	Interest rate
Borrowings (other than debt securities)	4,427.26	-	4,427.26	5,063.23	-	5,063.23	4,672.42	-	4,672.42	Interest rate
Other financial liabilities	477.17	-	477.17	527.31	-	527.31	274.12	-	274.12	Interest rate
Total	**6,583.51**	**-**	**6,583.51**	**7,620.21**	**-**	**7,620.21**	**5,812.53**	**-**	**5,812.53**	

i) Interest rate risk

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

The immediate impact of variation in interest rate is on the Group's net interest income, while a long term impact is on the Group'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:

a) Changes in Regulatory or Market Conditions affecting the interest rates

b) Short term volatility

c) Prepayment risk translating into a reinvestment risk

d) Real interest rate risk

ii) Equity price risk

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

iii) Prepayment risk

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

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

Note 47: Expenditure in foreign currency

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Travelling	0.18	-
Website/E mail hosting charges	0.97	0.66
Training Expenses	-	1.63
Professional Fee - Technology	-	0.33
Marketing Expenses	-	1.84
Other technology expenses	2.98	0.34
Total	**4.13**	**4.80**

Note 46: Risk Management

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

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

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

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

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

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

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

46.1.3 Risk measurement and reporting systems
The firms risk measurement framework is fully automated with minimal manual interaction required to transform and view data trends. The dashboards are hosted on power BI and are directly linked to data ware house. Reducing the need to have data stored and managed at individual levels. The credit policy and CRM teams use various stastical 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.

46.1.4 Excessive risk concentration
Given the diversified products and retail nature of the business, concentration risk is not a material risk for CapFloat. 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.

(a) Credit Risk
Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. Credit risk in the Group is managed through a framework that sets out policies and procedures covering the measurement and management of 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.

46.2.1 Impairment assessment
The references below show where the Group’s impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Group's definition and assessment of default (Note 46.2.2.1).
-An explanation of the Group’s internal grading system (Note 46.2.2.2)
-How the Group defines, calculates and monitors the probability of default, exposure at default and loss given default) (Notes 46.2.2.2 to 46.2.2.4)
-When the Group considers there has been a significant increase in credit risk of an exposure (Note 46.2.2.5)
-The Group’s policy of segmenting financial assets where ECL is assessed on a collective basis (Note 46.2.2.7)
-The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets (Note 7)

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

46.2.2.2 PD estimation process
It is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical roll rate data available with CapFloat. 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 I PD: Group calculates the 12 month PD by taking into account the past 1 year trends of the portfolio and its credit performance, the analysis is point in time and is a comparison between opening and closing period performance.
Stage II PD: In case of assets where there is a significant increase in credit risk (buckets 31-90), lifetime PD has been applied which is same as 12 M PD for short term products and 2 year performance period for long term loans. For credit impaired assets, a PD of 100% has been applied.

46.2.2.3 Exposure at Default (EAD)
The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

46.2.2.4 Loss Given Default (LGD)
LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. Currently CapFloat is using FIRB recommended 75% LGD given limited history of recoveries. This eventually will be replaced by actual recovery rates once enough past trends are available.

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

46.2.2.6 COVID-19 Impact
There is need for overlaying additional provision on the portfolio due to Covid-19. Additional provisions have been taken for both segments of the portfolio – under moratorium & not under moratorium. For the SME portfolio, the portfolio has been sliced into matrix comprising industry segment and Commercial CMR rank (from CIBILTU) transition in last 1 year. For the consumer portfolio, there has been correlation between historical bounces and the moratorium opt-in. Based on segments, as above, risk multiplier has been applied on top of the baseline PD%. For portfolio not under moratorium, a heuristic additional provision of 18.5% of base provision has been taken.

46.2.2.7 Grouping financial assets measured on a collective basis
As explained in Note 7 dependant on the factors below, the Group calculates ECLs only on a collective basis

The Group segments the exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans as described below.

1. Consumer loans
2. Taxi loans
3. Merchant Cash Advance
4. Supply Chain Finance
5. Proprietor
6. Unsecured Business Loans 1
7. Unsecured Business Loans 2
8. Retail Pay later
9. Personal Loans
10. Personal Line of Credit (Walnut)
11. Online Checkout Finance
12. Others

46.3 Analysis of risk concentration
(As provided by the management and relied upon by auditors)
The maximum credit exposure to any individual client or counterparty as of 31 March 2020 was INR 14.67 million (2019: INR 23.82 million)

Loans	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Advertising	51.16	54.79	39.53
Automobiles (OEM/ dealer/ retailer/ service)	144.38	269.73	246.96
Construction materials/ timber/ glass/ electricals	218.43	284.02	184.43
Ecommerce	-	-	0.92
Educational institutions	608.12	545.71	261.94
FMCG/ Retail grocery stores/ foods	617.66	772.07	511.45
Healthcare	531.01	651.81	410.87
Hotels, Restaurants & restobars	140.04	263.12	220.69
Kirana Loans	-	34.83	264.52
Lifestyle - apparels, textiles, footwear, luggage, jewelry, etc.	329.55	577.28	575.52
Manufacturing/ machinery/ industrial products	851.64	1,070.79	885.36
Miscellaneous	273.47	300.54	279.27
Mobile phones & accessories (distributor/ retailer)	99.81	199.50	279.96
Petrol pumps & fuel	208.06	444.86	190.26
Plastic & paper products	253.44	317.02	222.05
Security services/ facility management	102.48	116.11	95.62
Taxi Loans	80.55	231.44	443.93
Travel & logistics	59.56	124.95	126.05
White goods/ computers/ domestic stationery/ furnitures	368.21	688.42	550.71
Service Industry	-	-	
Consumer Loans	2,382.49	3,626.75	1,518.26
Grand Total	**7,320.06**	**10,573.74**	**7,308.30**

* The above disclosure does not include re-classification and Ind AS adjustments amounting to INR 193.60 (2019:INR 113.11, 2018: INR 104.01)

Credit quality per segments, industry and asset classes

Credit risk exposure analysis

Consumer Loans	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Andhra Pradesh or Telangana	112.31	81.00	37.87
Assam	1.74	0.98	0.75
Bihar	8.90	4.63	
Chandigarh	8.03	47.48	
Chhattisgarh	1.62	2.20	
Delhi	269.51	557.14	247.39
Gujarat	118.03	150.47	50.70
Haryana	50.14	37.46	0.49
Jharkhand	2.74	25.75	
Karnataka	495.43	676.28	302.78
Kerala	15.44	193.67	60.09
Madhya Pradesh	35.62	186.97	16.85
Maharashtra	455.98	480.71	269.17
Odisha	4.57	28.13	16.85
Pondicherry	3.90	1.23	3.11
Punjab	8.41	16.30	27.89
Rajasthan	50.66	84.35	44.68
Tamil Nadu	285.21	411.10	234.97
Telangana	270.25	294.22	100.89
Uttar Pradesh	93.72	159.20	48.77
Uttarakhand	1.09	0.78	
West Bengal	65.60	185.00	55.00
Himachal Pradesh	0.99	0.51	
Manipur/Mizoram/Nagaland/Tripura/Meghalaya	1.20	0.52	
Uttaranchal	1.15	-	
Others	20.22	0.65	
Grand Total	**2,382.46**	**3,626.73**	**1,518.25**

SME	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Andhra Pradesh	108.43	47.86	13.32
Delhi	779.58	1,025.45	1,083.28
Gujarat	496.32	678.07	576.48
Haryana	76.99	219.19	0.57
Himachal Pradesh	9.39	25.95	0.02
Karnataka	516.85	907.82	1,017.50
Kerala	82.43	105.91	45.53
Maharashtra	636.78	1,100.83	852.51
Madhya Pradesh	73.68	146.64	128.56
Pondicherry	8.10	23.50	0.71
Punjab	104.64	42.75	116.60
Rajasthan	263.24	321.90	281.94
Tamil Nadu	931.49	1,151.71	858.04
Telangana	457.56	563.47	487.85
Uttar Pradesh	221.47	233.33	51.58
West Bengal	169.49	271.07	273.63
Dadra & Nagar Haveli	1.14	2.36	-
Chandigarh	-	79.15	-
Others	-	0.04	1.88
Grand Total	**4,937.58**	**6,947.00**	**5,790.00**

* The above disclosure does not include re-classification and Ind AS adjustments amounting to INR 193.60 (2019:INR 113.11, 2018: INR 104.01)

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

As at 31 March 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

As at 31 March 2019	Maximum exposure to credit risk	Plant and machinery	Total collateral	Net exposure	Associated ECLs
Financial assets					
Loans (Secured)*	231.89	222.31	222.31	9.58	44.41
Total financial assets at amortised cost					
Other commitments					

*Financial asset with collateral are disclosed above

As at 1 April 2018	Maximum exposure to credit risk	Plant and machinery	Total collateral	Net exposure	Associated ECLs
Financial assets					
Loans	444.03	432.84	432.84	11.20	92.75
Total financial assets at amortised cost					
Other commitments					

*Financial asset with collateral are disclosed above

Collateral and other credit enhancements

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even 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 31 March 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					

<u>Type of credit enhancement or collateral</u>		Fair value of collateral and credit enhancements held under the base case scenario			
As at 31 March 2019	**Maximum exposure to credit risk**	**Plant and machinery**	**Total collateral**	**Net exposure**	**Associated ECLs**
Loans	18.28	14.71	14.71	3.57	13.71
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 1 April 2018	**Maximum exposure to credit risk**	**Plant and machinery**	**Total collateral**	**Net exposure**	**Associated ECLs**
Loans	26.76	23.33	23.33	3.43	24.79
Total financial assets at amortised cost					

Note 48: First-time adoption of Ind AS

(A) Overall Principle:
These financial statements, for the year ended 31 March 2020, are the first annual financial statements the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2018, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

(B) Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Group:

Mandatory Exceptions:

1) Use of Estimates
Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. The estimates at 1 April 2018 and 31 March 2019 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments, where application of Indian GAAP did not require estimation:

- Fair valuation of financials instruments carried at FVTPL
- Impairment of financial assets based on the Expected Credit Loss (ECL) model
- Determination of present value for financial instruments carried at amortised cost

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1 April 2018 the date of transition to Ind AS, and as of 31 March 2019.

2) Derecognition of financial assets and liabilities
As set out in Ind AS 101, the Group has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Hence, it has not recognised any financial assets / financial liabilities previously derecognised.

3) Classification and measurement of financial assets
The Group has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

4) Impairment of financial assets
The Group has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at 1 April 2018.

Optional Exemptions availed:

1) Share Based Payments
Ind AS 102 requires recognition of stock options on the basis of fair value at date of grant over the vesting period. Ind AS 101 provides a one time exemption for stock options that vested before the date of transition. The Group has elected to apply this exemption to employee stock options that vested before the date of transition and accordingly recognised fair value of unvested employee stock options in its opening Balance Sheet.

2) Deemed cost for property, plant and equipment and intangible assets
The Group has elected to measure property, plant and equipment, and intangible assets at its Previous GAAP carrying amount and use that Previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

3) Leases
Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material.
The Group has elected to apply this exemption for such contracts / arrangements.

(C) Reconciliations between Ind AS and previous GAAP:
Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Particulars	Notes	As at 31 March 2019	As at 1 April 2018
Equity as reported under Previous GAAP		**5,059.36**	**3,877.52**
Impact of Expected Credit Loss on fund based exposure	2(a), 4	(451.84)	(281.75)
Impact of Expected credit loss on non funded exposure	2(b)	(28.39)	(35.92)
Impact of EIR on Advances	1(a)	94.59	59.85
Impact of securitisation adjustment	8	6.15	11.93
Impact of EIR on borrowings	1(b)	27.80	37.96
Impact of ESOP	7	5.01	-
Impact of Lease Accounting under Ind AS 116	9	(6.27)	-
Impact of other adjustments	3, 5, 6, 10	0.22	(0.35)
Impact on goodwill on post acquisition investment		(45.86)	-
Impact of Ind AS adjustment in opening non controlling interest		(2.83)	-
Total effect of transition to Ind AS		(401.42)	(208.28)
Equity as per Ind AS		**4,657.94**	**3,669.24**

Profit reconciliation for the year ended 31 March 2019

Particulars	Notes	For the year ended 31 March 2019
Net profit after tax as reported under Ind GAAP		**(1,248.5)**
Ind AS adjustment increasing / (decreasing) net profit as reported under Indian GAAP:		
Impact of ECL on fund based exposure	2(a), 4	(170.1)
Impact of ECL on non fund exposure	2(b)	7.5
Impact of EIR on Advances	1(a)	34.7
Impact of Securitisation adjustment	8	(5.8)
Impact of EIR on Borrowings	1(b)	(10.2)
Impact of ESOP	7	(198.7)
Impact of Lease Accounting under Ind AS 116	9	(6.3)
Impact of other adjustments	3, 5, 6, 10	0.5
Total effect of transition to Ind AS		(348.26)
Total Comprehensive Income as per Ind AS		**(1,596.80)**

Footnotes to the reconciliation of equity as at 1 April 2018 and 31 March 2019 and profit or loss for the year ended 31 March 2019.

1) Effective interest rate (EIR) method -

a) EIR on Loans: Under previous GAAP, transaction costs on loan origination and the processing fees charged to customers were recognised upfront while under Ind AS, such fees and costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. The unamortised portion is adjusted in retained earnings as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2019.

b) EIR on Borrowings: Under previous GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. The unamortised portion is adjusted in retained earnings as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2019.

2) Expected credit loss (ECL) -

a) Funded Exposure - Under previous GAAP, loan losses and provisions were computed basis RBI guidelines and Management estimations. Under Ind AS, the same is required to be computed as per the impairment principles laid out in Ind AS 109 which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between loan losses and provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2019.

b) Non funded exposure - Under previous GAAP, no provision is recognised on loans commitments and financial guarantees. However, under Ind AS impairment provision is recognised on undisbursed loan commitment and financial guarantee based on expected credit loss model prescribed under Ind AS 109. The differential impact has been adjusted in retained earning as at date of transition and subsequently in the statement of Profit and loss.

3) Income recognition on credit-impaired loans - Under Previous GAAP, the Groupdid notaccrueintereston stage 3 assets. Under Ind AS, income continues to be recognised on credit impaired loans, by applying the effective interest rate to the net amortised cost of loans (i.e. net of allowance for loan losses).

4) Trade and other receivables- Under previous GAAP, the Group has created provision for impairment of receivables in respect of specific amount for incurred losses. Under Ind AS, impairment allowance for trade and other receivables also has been determined based on Expected Loss model (ECL).

5) Security deposits - Under Indian GAAP, interest free security deposits given to landlords for premises rented, was recorded as an asset, while rent was booked as an expense as per the rental agreement. Under Ind AS, interest free security deposit is required to be measured at fair value on initial recognition. The difference between the discounted present value of the security deposit and the actual security deposit given to the landlords is required to be recorded as prepaid rent. This prepaid rent is added to the ROU asset in line with Ind AS 116. The interest income representing the differential between the security deposit given and the present value of the security deposit given is recorded in such a manner that the difference between rental expense and interest income nullifies itself at the end of tenure of the security deposit, as per Ind AS 109.

6) Remeasurement of defined benefit plan obligations - Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year.

7) Share-based payment transactions - Under previous GAAP, the Group had an accounting policy choice to measure the options issued under ESOP either at fair value or intrinsic value. The Group under previous GAAP measured the ESOP at its intrinsic value. Under Ind AS, the ESOP scheme floated by the Group qualifies as equity settled and is mandatorily required to be measured at the grant date fair value. As per Ind AS 101, the Group has availed the optional exemption of determining the fair value of options unvested as at 1 April 2018 (the transition date) only. The resulting fair value of aforesaid options has been recognised in retained earnings as at the date of transition and subsequently in the statement of Profit and Loss for the year ended 31 March 2019.

8) Securitisation of loans - Under Previous GAAP, financial assets were derecognized if the true sale criteria is met in accordance with relevant RBI guidelines. Under Ind AS, financial assets are derecognised only when the Group transfers substantially all the risks and rewards related to the cash flows. Consequently, the Group retains certain securitised loans on its balance sheet with a corresponding recognition of collateralised borrowings.

However, the Group has availed the first-time adoption exemption to not recognise the financial assets which were derecognised under previous GAAP. Therefore, securitisation transactions as on transition date are not recognised in the financial statement. In accordance with IND AS 109, the transfer resulted in entity acquiring a new financial asset named as "Excess Interest Spread (EIS) receivable".

9) Leases: Under previous GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under Ind AS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to Ind AS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments.

10) Fair valuation of staff loans: Under previous GAAP, loans given to staff were recorded at carrying value. Under Ind AS, staff loans are fair valued using market rate of interest and accordingly deferred employee cost is recognised on date of initial recognition. Deferred employee cost is amortised over the contractual period of loan as an employee benefit expenses and interest income is recognised on fair value of loans.

<u>Cash Flow reconciliation for the year ended 31 March 2019</u>

There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31 March 2019.

Note 49: Disclosure in terms of Schedule III of the Companies Act, 2013 has been provided as part of Annexure 1.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

JITENDRA HIRACHAND RANAWAT
Digitally signed by JITENDRA HIRACHAND RANAWAT
DN: cn=JITENDRA HIRACHAND RANAWAT, c=IN, o=Personal, email=jitendra.ranawat@srb.in
Date: 2020.12.02 14:54:56 +05'30'

per Jitendra H Ranawat
Partner
Membership No. 103380

Place: Mumbai
Date: 2 December 2020

For and on behalf of the Board of Directors of CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)

Gaurav Dinesh Hinduja
Digitally signed by Gaurav Dinesh Hinduja
Date: 2020.12.02 12:36:53 +05'30'

Gaurav Dinesh Hinduja
Director
DIN : 01264801

Sashank R Rishyasringa
Digitally signed by Sashank R Rishyasringa
Date: 2020.12.02 13:01:13 +05'30'

Sashank R Rishyashringa
Director
DIN : 06466985

BISWAL MANORANJAN
Digitally signed by BISWAL MANORANJAN
Date: 2020.12.02

Manoranjan Biswal
Group secretary
(M. No.: A31303)

Place: Bangalore
Date: 2 December 2020

CapFloat Financial Services Private Limited (Formerly Zen Lefin Private Limited)
Notes to consolidated financial statements for the year ended 31 March 2020
(All amount in INR millions, unless otherwise stated)

Annexure 1: Statutory Group Information

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in Other comprehensive Income		Share in total comprehensive Income	
	As % of consolidated net assets	INR million	As % of consolidated profit and loss	INR million	As % of consolidated other comprehensive Income	INR million	As % of consolidated total comprehensive income	INR million
Parent								
CapFloat Financial Services Private Limited								
Balance as at 31 March 2020	107%	4,589.36	60%	(1,103.51)	92%	10.34	60%	(1,093.17)
Balance as at 31 March 2019	102%	4,764.19	64%	(1,026.02)	102%	3.15	64%	(1,022.87)
Balance as at 1 April, 2018	100%	3,669.24						
Subsidiary								
Thumbswork								
Balance as at 31 March 2020	1%	41.11	29%	(532.08)	5%	0.60	29%	(531.48)
Balance as at 31 March 2019	1%	26.93	26%	(410.65)	-1%	(0.03)	26%	(410.68)
Balance as at 1 April, 2018	0%	-						
Non controlling interest								
Balance as at 31 March 2020	-8%	(344.44)	11%	(211.50)	2%	0.24	12%	(211.26)
Balance as at 31 March 2019	-3%	(133.18)	10%	(163.23)	0%	(0.01)	10%	(163.25)
Balance as at 1 April, 2018	0%	-						
Total								
Balance as at 31 March 2020	100%	4,286.03	100%	(1,847.09)	100%	11.18	100%	(1,835.91)
Balance as at 31 March 2019	100%	4,657.94	100%	(1,599.91)	100%	3.11	100%	(1,596.80)
Balance as at 1 April, 2018	100%	3,669.24						