INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited *(erstwhile known as KKR India Financial Services Limited)* ("**Company**" / "**Issuer**") was incorporated as Multiflow Financial Services Private Limited on February 3, 1995 as a private company incorporated under the Companies Act, 1956, as amended, with CIN U67190TN1995PTC030045 and was granted a certificate of incorporation by the Registrar of Companies, Chennai Tamil Nadu. The Company changed its name to KKR India Financial Services Private Limited and was issued fresh certificate of incorporation by Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands on August 13, 2010 consequent upon such change of name. Later on, a fresh certificate of incorporation was received from Registrar of Companies, Chennai, Tamil Nadu on July 24, 2019 upon conversion of Company from private company to public company under section 18 of Companies Act, 2013 and consequently name of the Company was changed to KKR India Financial Services Limited. The registered office of the Company was subsequently changed from office at Regus Citi Centre, Level 6, 10/11 Dr. Radhakrishna Salai, Chennai, Tamil Nadu – 600 004 to 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Mumbai City, Maharashtra, 400013 and a fresh certificate of incorporation was issued by RoC w.e.f. April 1, 2021 with revised CIN U67190MH1995PLC360817. Pursuant to a composite scheme of amalgamation and arrangement ("**Scheme**") as further described below, the name of our Company was changed from KKR India Financial Services Limited to InCred Financial Services Limited, and a fresh certificate of incorporation was granted by the RoC on August 3, 2022. Further our registered office was changed to Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051. Our Company is registered as a non-deposit accepting systemically important non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 bearing registration number B-13.02417 by way of a certificate of registration dated September 28, 2022. For more information about our Company including details regarding changes in Registered Office, please see "*General Information*" and "*History and Main Objects*" on pages 42 and 125, respectively.

Registered and Corporate Office: Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051;
Tel: +91 22 6844 6100

CIN: U67190MH1995PLC360817; **PAN**: AAACM7774Q; **Website:** www.incred.com; **Email:** incred.compliance@incred.com

Company Secretary and Compliance Officer: Gajendra Thakur; **Tel.:** +91 22 6844 6100; **Email:** incred.compliance@incred.com

Chief Financial Officer: Vivek Bansal; **Tel**: +91 22 6844 6100; **Email**: treasury@incred.com

PUBLIC ISSUE BY THE COMPANY OF UPTO 35,00,000 SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE ₹ 1,000 EACH ("NCDs" OR "DEBENTURES"), FOR AN AMOUNT UP TO ₹ 17,500 LAKH ("BASE ISSUE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO ₹ 17,500 LAKH, AGGREGATING UP TO ₹ 35,000 LAKH ("ISSUE" / "ISSUE SIZE"). THE NCDS WILL BE ISSUED ON TERMS AND CONDITIONS AS SET OUT IN WITH THIS PROSPECTUS. THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON - CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED (THE "COMPANIES ACT, 2013") TO THE EXTENT NOTIFIED AND THE SEBI OPERATIONAL CIRCULAR, AS AMENDED FROM TIME TO TIME. THE ISSUE IS NOT UNDERWRITTEN.

OUR PROMOTER

Our promoters are (i) InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited), **Telephone**: +91 22 6844 6100, **Email id**: incred.compliance@incred.com and (ii) and Bhupinder Singh, **Telephone**: +91 22 6844 6100, **Email id**: ceo@incred.com. For further details see "*Our Promoters*" on page 148.

GENERAL RISKS

Investment in debt securities involves a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the chapters *"Risk Factors"* and *"Material Developments"* on pages 19 and 165, respectively, before making an investment in such Issue. This Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), any registrar of companies or any stock exchange in India nor do they guarantee the accuracy or adequacy of this document.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount & Eligible Investors of the NCDs, see "*Issue Related Information*" on page 271.

CREDIT RATING

The NCDs proposed to be issued under the Issue have been rated CRISIL A+/Stable for an amount of ₹ 35,000 lakh by CRISIL Ratings Limited *vide* their rating letter dated November 30, 2022 and further revalidated *vide* letter dated December 26, 2022. Rating given by CRISIL Rating Limited is valid as on the date of this Prospectus. Ratings issued by CRISIL Ratings Limited is valid for a period of 180 days from December 26, 2022. The rating is not a recommendation to buy, sell or hold the rated instrument and CRISIL Ratings Limited does not comment on the market price or suitability for any particular investor and investors should take their own decisions. CRISIL Ratings Limited has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. In case of any change in credit ratings till the listing of NCDs, our Company will inform the investors through public notices/ advertisements in all those newspapers in which pre issue advertisement has been given. For the rationale and press release for these ratings, see "*Annexure A*" of this Prospectus for the rating, rating rationale and press release of the above rating.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**") (BSE, together with NSE the "**Stock Exchanges**"). Our Company has received an 'in-principle' approval from BSE *vide* their letter no. DCS/BM/PI-BOND/020/22-23 dated December 30, 2022 and from NSE by way of its letter bearing reference number NSE/LIST/D/2022/0195 dated December 30, 2022. BSE shall be the Designated Stock Exchange for the Issue.

PUBLIC COMMENTS

The Draft Prospectus dated December 22, 2022 was filed with BSE and NSE, pursuant to the provisions of the SEBI NCS Regulations and was kept open for public comments for a period of 7 (seven) Working Days from the date of filing of the Draft Prospectus with the Stock Exchanges i.e. December 30, 2022. No comments were received on the Draft Prospectus till 5p.m. on December 30, 2022.

LEAD MANAGER TO THE ISSUE

JM FINANCIAL LIMITED
7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi Mumbai – 400 025
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
E-mail: incred.ncdissue2022@jmfl.com
Investor Grievance Email: grievance.ibd@jmfl.com
Contact Person: Prachee Dhuri

DEBENTURE TRUSTEE TO THE ISSUE

CATALYST TRUSTEESHIP LIMITED*
GDA House, Plot No. 85,
Bhusari Colony (Right), Kothrud
Pune – 411 038, Maharashtra, India
Tel.: +91 22 4922 0555
Email: ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Contact Person: Umesh Salvi

REGISTRAR TO THE ISSUE

LINK INTIME INDIA PRIVATE LIMITED
C- 101, 247 Park, LBS Marg, Vikhroli (West)
Mumbai – 400 083, Maharashtra, India
Tel: +91 810 811 4949
Fax: +91 22 4918 6060
Email: incred.ncd2@linkintime.co.in
Investor Grievance Email: incred.ncd2@linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Website: www.linkintime.co.in

CREDIT RATING AGENCIES

CRISIL RATINGS LIMITED
CRISIL House, Central Avenue,
Hiranandani Business Park, Powai,
Mumbai – 400 076
Tel: +91 22 3342 3000 (B)
Fax: + 91 22 3342 3050
Email: crisilratingdesk@crisil.com
Contact Person: Krishnan Sitaraman

STATUTORY AUDITOR

S. R. Batliboi & Associates LLP
Chartered Accountants, 12th Floor, Ruby
29, Senapati Bapat Marg, Dadar (West)
Mumbai – 400 028, Maharashtra, India
Tel: +91 22 6819 8000
Email: srba@srb.in
Contact Person: Sarvesh Warty

ISSUE PROGRAMME**

ISSUE OPENS ON: MONDAY, JANUARY 9, 2023	ISSUE CLOSES ON: FRIDAY, JANUARY 27, 2023

**Catalyst Trusteeship Limited under regulation 8 of SEBI NCS Regulations has by its letter dated November 30, 2022 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to the Issue.*

***The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in this Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors or Finance Committee of our Company, subject to relevant approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. For further details please see "General Information" on page 42.*

A copy of this Prospectus shall be filed with the Registrar of Companies, Maharashtra at Mumbai in terms of Section 26 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details, please see "Material Contracts and Documents for Inspection" on page 371.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth herein. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI NCS Regulations, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

General Terms

Term	Description
"the Issuer", "our Company", "the Company" or "InCred Financial Services Limited *(erstwhile known as KKR India Financial Services Limited)*"	InCred Financial Services Limited (erstwhile known as KKR India Financial Services Limited), a non-banking financial company incorporated under the Companies Act, 1956, as amended and replaced from time to time, having its CIN U67190MH1995PLC360817 and having its registered office at Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051.
we/ us/ our	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries, on a consolidated basis
"Promoters"	InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited) and Bhupinder Singh
Subsidiaries	InCred Management and Technology Services Private Limited, Booth Fintech Private Limited, InCred.AI Limited and mValu Technology Services Private Limited (w.e.f. May 18, 2022)

Company Related Terms

Term	Description
Appointed Date	With respect to Scheme shall mean April 1, 2022
"Articles" or "Articles of Association" or "AOA"	Articles of Association of our Company
Asset Liability Management Committee or ALCO	Asset Liability Management Committee of the Board of Directors
Audit Committee	Audit committee of the Board of Directors of our Company, constituted in accordance with applicable laws and as reconstituted time to time by Board of Directors of the Company
Audited Financial statements of Pre-demerger InCred	Collectively, Audited Consolidated Financial Statements of Pre-demerger InCred and Audited Standalone Financial Statements of Pre-demerger InCred
Audited Consolidated Financial Statements of Pre-demerger InCred	Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2022, Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2021 and Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2020, prepared in accordance with IND AS
Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2022	The audited consolidated Ind AS financial statements of Pre-demerger InCred as at and for the year ended March 31, 2022, prepared in accordance with IND AS
Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2021	The audited consolidated Ind AS financial statements of Pre-demerger InCred as at and for the year ended March 31, 2021, prepared in accordance with IND AS
Audited Consolidated Financial Statements of Pre-	The audited consolidated Ind AS financial statements of Pre-demerger InCred as at and for the year ended March 31, 2020, prepared in accordance with IND AS

Term	Description
demerger InCred for Fiscal 2020	
Audited Standalone Financial Statements of Pre-demerger InCred	Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2022, Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2021 and Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2020, prepared in accordance with IND AS
Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2022	The audited standalone Ind AS financial statements of Pre-demerger InCred as at and for the year ended March 31, 2022, prepared in accordance with IND AS
Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2021	The audited standalone Ind AS financial statements of Pre-demerger InCred as at and for the year ended March 31, 2021, prepared in accordance with IND AS
Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2020	The audited standalone Ind AS financial statements of Pre-demerger InCred as at and for the year ended March 31, 2020, prepared in accordance with IND AS
"Auditors" or "Statutory Auditors"	The current statutory auditor of our Company, S. R. Batliboi & Associates LLP
"Board" or "Board of Directors" or "our Board" or "our Board of Directors"	Board of Directors of our Company or any duly constituted committee thereof
BFPL	Booth Fintech Private Limited, a company incorporated under the laws of India (CIN U67190MH2015PTC355907), and having its registered office at Unit No. 1203, 12th Floor, B-Wing, The Capital, Bandra Kurla Complex Mumbai, Maharashtra – 400 051
Corporate Social Responsibility Committee	Corporate social responsibility committee constituted by our Board of Directors by board resolution dated July 26, 0222, constituted in accordance with applicable laws and as reconstituted time to time by Board of Directors of the Company
Committee	A committee constituted by the Board, and as reconstituted from time to time.
Corporate Office	Unit No. 1203, 12th Floor, B-Wing, The Capital, Bandra Kurla Complex Mumbai, Maharashtra – 400 051
"CRISIL" / "CRISIL Ratings"	CRISIL Ratings Limited
"Demerged Company" / "InCred Prime Finance Limited" / "Pre-demerger InCred"	InCred Prime Finance Limited having its registered office at Unit No. 1203, 12th floor, B Wing, The Capital Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra 400 051 and CIN U74899MH1991PLC340312
Directors	Directors of our Company
Equity Shares	Equity shares of the Company of face value of ₹10 each
ESOP(s)	Employee stock options
Finance Committee	The committee constituted by our Board of Directors by a board resolution dated July 26, 2022 and as reconstituted from time to time, by the Board of Directors of our Company.
Gross Stage 3 book	Also referred to as Gross NPA
Gross Stage 3 (%)	Also referred to as Gross NPAs to Gross Advances %
Group Company(ies)	Such companies as identified in accordance with Regulation 2(1) (r) of SEBI NCS Regulations, as under: (i) InCred Capital Financial Services Private Limited *(formerly known as Proud Securities and Credit Private Limited)*; (ii) InCred Wealth Private Limited *(formerly known as InCred Capital Inclusion Advisory Services Private Limited)*; (iii) InCred Asset Management Private Limited *(formerly known as InCred Capital Investment Advisors and Managers Private Limited)*; (iv) InCred Capital Wealth Portfolio Managers Private Limited *(formerly known as BSH Corporate Advisors and Consultants Private Limited)*; (v) InCred Research Services Private Limited *(formerly known as Earnest Innovation Partners Private Limited)*; (vi) InCred Alternative Investments Private Limited; (vii) InCred Prime Finance Limited *(Formerly known as InCred Financial Services Limited)*; (viii) KKR India Finance Holding LLC; (ix) Kohlberg Kravis Roberts & Co. L.P.; (x)

Term	Description
	KKR India Advisors Private Limited; (xi) KKR Mauritius PE Investments I, Limited; (xii) KKR Asia Limited; (xiii) KKR India Financial Investments Pte Limited; and (xiv) KKR Capital Markets LLC
Interim Financial Statements as at and for the half year ended September 30, 2022	The Interim Standalone Financial Statements as at and for the half year ended September 30, 2022 and the Interim Consolidated Financial Statements as at and for the half year ended September 30, 2022
Interim Consolidated Financial Statements as at and for the half year ended September 30, 2022	The audited consolidated balance sheet of our Company and its subsidiaries (together referred to as "the **Group**") as at September 30, 2022 and the audited consolidated statement of profit and loss as at half year ending September 30, 2022 and the audited consolidated statement of changes in equity as at half year ending September 30, 2022 and the audited consolidated statement of cash flows as at September 30, 2022 and the related summary statement of significant accounting policies, prepared in accordance with IND AS 34
Interim Standalone Financial Statements as at and for the half year ended September 30, 2022	The audited standalone balance sheet of our Company as at September 30, 2022 and the audited standalone statement of profit and loss as at half year ending September 30, 2022 and the audited standalone statement of changes in equity as at half year ending September 30, 2022 and the audited standalone statement of cash flows as at September 30, 2022 and the related summary statement of significant accounting policies , prepared in accordance with IND AS 34
Identified Demerged Company Agreements	All agreements/ documents (including shareholders' agreement) governing the Demerged Company, executed in relation to investments made into the Demerged Company (whether by way of subscription or purchase) and/ or governing the relationship *inter se* its respective security-holders, and each document executed in terms thereof.
IMTSPL	InCred Management and Technology Services Private Limited having its CIN U72900MH2016PTC273211 and registered office at Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.
InCred.AI	InCred.AI Limited having its CIN U74999MH2021PLC358271 and registered office at Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, Behind ICICI Bank, Bandra Kurla Complex, Mumbai, Maharashtra 400 051, India.
InCred Demerged Undertaking	The undertaking of the Demerged Company comprising the businesses of retail lending, SME lending, housing finance business and ancillary activities undertaken by the Demerged Company, as a going concern, comprising of all relevant business activities and services, assets, liabilities, operations, intangibles, employees ("**Retail NBFC Business**"), and including but not limited to the following, as on the Appointed Date: (a) all assets, wherever situated, whether movable or immovable, leasehold or freehold, tangible or intangible, including all capital work-in-progress, equipment, intellectual property rights (including all registered/unregistered brands owned by the Demerged Company in relation to the Retail NBFC Business) other movable properties, in possession or reversion, present of whatsoever nature belonging to the Demerged Company in relation to the Retail NBFC Business, powers, authorities, allotments, approvals, Consents, letters of intent, registrations, contracts, engagements, arrangements, requests for proposals, bids, responses to expression of interest, memorandum of understanding, settlements, rights, credits, titles, interests, benefits, advantages, other intangibles, other Consents, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses (but excluding the Demerged Company's registration as a non-banking financial institution with the RBI), privileges concerning the Retail NBFC Business and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Retail NBFC Business as on the Appointed Date;

Term	Description
	(b) any and all consents, quotas, rights, entitlements, allotments, concessions, subsidies, grants, allotments, recommendations, clearances, tenancies, offices, deferred tax asset, benefits and credits (including, but not limited to benefits of tax relief, unutilized deposits or credits, benefits under the VAT/sales tax law/GST/ service tax/local municipal tax, VAT/sales tax/ GST/service tax/local municipal tax set off, unutilized deposits or credits, benefits of any unutilized MODVAT/CENVAT/service tax credits/GST input tax credit/ GST tax deducted at source, etc. (including the income tax refund, provision for income tax, benefits and credits under the Income-Tax Act, 1961 such as credit for advance tax, taxes deducted at source and self-assessment tax up to the Appointed Date) in addition to turnover tax, central goods and service tax, state goods and service tax of respective states, integrated goods and service tax, union territory goods and service tax of respective union territory, compensation cess, local municipal tax, customs duty, sales tax, value added tax service tax and CENVAT credit), income tax benefits (including carry forward of tax losses and unabsorbed depreciation), exemptions (including the right to claim tax holiday under the IT Act), as may be applicable, liberties, advantages, no-objection certificates, certifications, registrations, easements, licences, tenancies, offices, privileges and benefits, including employee state insurance, provident fund credits, gratuity fund credits, insurance policies, privileges, rights and benefits of all lease rights, licences, powers and facilities of every kind and description whatsoever relating to the Retail NBFC Business and similar rights, whether statutory or otherwise, and any waiver of the foregoing, issued by any legislative, executive or judicial unit of any governmental or semi-governmental entity or any department, commission, board, agency, bureau, official or other regulatory, administrative or judicial authority used or held for use by the Demerged Company in relation to the Retail NBFC Business; (c) all identified receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/or security deposits, if any, or other entitlements of the Demerged Company in relation to the Retail NBFC Business on the Appointed Date; (d) all identified debts, obligations and liabilities of the Demerged Company comprising of only those debts, duties, obligations and liabilities that are outstanding as on the Appointed Date which arise out of the activities or operations of the Demerged Company appertaining to or relatable to the Retail NBFC Business including: (i) all liabilities which arise out of the activities or operations of the Retail NBFC Business; (ii) the specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the Retail NBFC Business; and (iii) in cases, other than those referred to in (i) or (ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of the assets forming part of the Retail NBFC Business bears to the total value of the assets of the Demerged Company immediately before the Demerger; (e) all permanent and contract employees, staff and workmen of the Demerged Company engaged in its Retail NBFC Business as identified by the board of directors of the Demerged Company; (f) all necessary records, files, papers, technical and process information, all product and service pricing, costing, commercial and business related information, computer programs, drawings & designs, manuals, data, catalogues, quotations, sales and advertising materials, lists and all details of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form in connection with or relating to the Retail NBFC Business; (g) all legal, regulatory, quasi-judicial, administrative proceedings, suits, appeals,

Term	Description
	applications or other proceedings of whatsoever nature initiated by or against Demerged Company in connection with the Retail NBFC Business; and (h) all investments, rights and entitlements held by the Demerged Company in (i) IMTSPL; (ii) InCred.AI; and (iii) BFPL; as on the Appointed Date; provided that the Identified Demerged Company Agreements shall not form part of the InCred Demerged Undertaking.
Independent Director(s)	The independent director(s) on our Board, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013 and 16(1)(b) of the SEBI Listing Regulations
JLG	Joint Liability Group
KMP / Key Managerial Personnel	Key managerial personnel of our Company as disclosed in this Prospectus and appointed in accordance with Section 203, as defined under Section 2(51) of the Companies Act, 2013
"MoA" or "Memorandum" or "Memorandum of Association"	Memorandum of association of our Company
Net Stage 3 (%)	Referred to as Net NPAs to Net Advances %
Net Stage 3	Referred to as Net NPA
Nomination and Remuneration Committee	Nomination and remuneration committee constituted by the Board of Directors by board resolution dated July 26, 2022, in accordance with applicable laws and as reconstituted time to time by Board of Directors of the Company
Networth	As defined in Section 2(57) of the Companies Act, 2013, as follows: "*Networth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.*"
Pre-demerger KKR	KKR India Financial Services Limited (*now known as InCred Financial Services Limited*) prior to Appointed Date of the Scheme.
Promoter Group	Includes such persons and entities constituting the promoter group of our Company pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations.
Reformatted Financial Information	The reformatted balance sheet of our Company as at March 31, 2022, March 31, 2021 and March 31, 2020 and the reformatted statement of profit and loss for the year ended March 31, 2022, March 31, 2021 and March 31, 2020 and the reformatted statement of changes in equity for the year ended March 31, 2022, March 31, 2021 and March 31, 2020 and the reformatted statement of cash flows for the year ended March 31, 2022, March 31, 2021 and March 31, 2020 and the related summary statement of significant accounting policies Our audited financial statements as at and for the years ended March 31, 2022 and March 31, 2021 and March 31, 2020 prepared under Ind-AS form the basis for such Reformatted Financial Information.
Registered Office	Registered Office of our Company presently situated at Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051
Risk Management Committee	Risk Management Committee constituted by the Board of Directors by board resolution dated July 26, 2022, in accordance with applicable laws and as reconstituted time to time by Board of Directors of the Company.
RoC/ Registrar of Companies	Registrar of Companies, Mumbai, Maharashtra
Shareholders	The holders of the Equity Shares of the Company from time to time
"Scheme" or " Composite Scheme of Amalgamation and Arrangement"	Composite scheme of amalgamation and arrangement among Bee Finance Limited (the transferor company), InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited) (the transferee company), Pre-demerger InCred (the Demerged Company), Issuer (the resulting company) and their respective shareholders under sections 230 to 232 read with section 66 and 234 and other applicable provisions of Companies Act, approved

Term	Description
	by National Company Law Tribunal ('NCLT'), Mumbai Bench on May 6, 2022.
Stakeholders' Relationship Committee	Stakeholders' relationship committee as constituted by the Board of Directors by board resolution dated July 26, 2022, in accordance with applicable laws and as reconstituted time to time by Board of Directors of the Company.
Total Borrowing(s)/ Total Debt	Debt securities plus borrowings (other than debt securities)

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of this Prospectus
Acknowledgement Slip/ Transaction Registration Slip/ TRS	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
"Allotment", "Allot" or Allotted	Unless the context otherwise requires, the issue and allotment of NCDs to the successful Applicants pursuant to the Issue
Allottee(s)	The successful Applicant to whom the NCDs are Allotted either in full or part, pursuant to the Issue
"Applicant" or "Investor"	Any person who applies for issuance and Allotment of NCDs through ASBA process or through UPI Mechanism pursuant to the terms of the Draft Prospectus, this Prospectus, the Abridged Prospectus and the Application Form.
"Application" or "ASBA Application" or "ASBA"	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account or to block the Application Amount using the UPI Mechanism, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by retail investors for an Application Amount of upto the UPI Application Limit which will be considered as the application for Allotment in terms of this Prospectus.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the Issue
Application Form / ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs in terms of Prospectus.
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form by an Applicant and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value upto ₹ 5,00,000
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process
Banker(s) to the Issue	Collectively, Public Issue Account Bank, Refund Bank and Sponsor Bank, being ICICI Bank Limited
Base Issue Size	₹ 17,500 lakh
Basis of Allotment	The basis on which NCDs will be allotted to applicants as described in "*Issue Procedure – Basis of Allotment*" on page 322.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms (including ASBA Forms under UPI in case of UPI Investors) to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchanges at www.bseindia.com and www.nseindia.com.
BSE	BSE Limited.
Category I (Institutional Investors)	• Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the

Term	Description
	NCDs; • Provident funds and pension funds each with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements; • National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual funds registered with SEBI.
Category II (Non-Institutional Investors)	• Companies within the meaning of Section 2(20) of the Companies Act, 2013; • Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; and • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009). • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons
Category III (High Net Worth Individual Investors)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Issue
Category IV (Retail Individual Investors)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10,00,000 across all options of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹ 5,00,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.
CIBIL	TransUnion CIBIL Limited
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications in the Issue, at the Designated CDP Locations in terms of the SEBI Operational Circular
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications, at the Designated RTA Locations
Consortium Agreement	Consortium Agreement dated December 30, 2022 entered into amongst the Company, Lead Manager and Consortium Member as specified in this Prospectus for the Issue.
"Consortium Member"	JM Financial Services Limited a company incorporated under the Companies Act, 1956 and validly existing under the Companies Act, 2013 with corporate identification number U67120MH1998PLC115415 and having its registered office at 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, Maharashtra.
Consortium / Members of the Consortium / Members of Syndicate (each	The Lead Manager and the Consortium Member

Term	Description
individually, a Member of the Consortium)	
Coupon/ Interest Rate	The coupon rate as disclosed in the "*Issue Structure – Specific terms for NCDs*" on page 275.
Credit Rating Agency	CRISIL Ratings Limited
Debenture Holder(s) /NCD Holder(s)	The holders of the NCDs whose name appears in the database of the relevant Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law.
Debenture Trust Deed	The trust deed to be entered between the Debenture Trustee and our Company which shall be executed in relation to the NCDs within the time limit prescribed by applicable statutory and/or regulatory requirements, including creation of appropriate security, in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 1.05 times security cover for the NCDs for the principal amount outstanding under the NCDs and the interest due thereon issued pursuant to the Issue.
Debenture Trustee/ Trustee	Trustees for the NCD holders in this case being Catalyst Trusteeship Limited
Debenture Trustee Agreement	Agreement dated December 21, 2022 entered into between the Debenture Trustee and the Company wherein the appointment of the Debenture Trustee to the Issue, is agreed between our Company and the Debenture Trustee
Deemed Date of Allotment	The date on which the Board of Directors or the Finance Committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Finance Committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.
Demographic Details	The demographic details of the Applicants such as their respective addresses, email, PAN, investor status, MICR Code and bank account detail
Depository(ies)	National Securities Depository Limited and /or Central Depository Services (India) Limited
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of the SEBI at http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or at such other weblink as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the website of the Stock Exchanges at www.nseindia.com and www.bseindia.com
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account and/or the Refund Account, as appropriate, after finalisation of the Basis of Allotment, in terms of this Prospectus following which the NCDs will be Allotted in the Issue.
Designated Intermediaries	Collectively, members of the Consortium, Sub-Consortium/agents, Trading Members, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue. In relation to ASBA applicants authorising an SCSB to block the amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA applicants submitted by Retail Individual Investors where the amount was blocked upon acceptance of UPI Mandate Request using the UPI Mechanism, Designated Intermediaries shall mean the CDPs, RTAs, Lead Manager, Members of the Consortium, Trading Members and Stock Exchange where applications have been submitted through the app/web interface as provided in the UPI Mechanism Circular.
Designated RTA Locations	Such locations of the CRTAs where Applicants can submit the ASBA Forms to CRTAs, a list of which, along with names and contact details of the CRTAs eligible to accept ASBA Forms available on the websites of the respective Stock Exchanges at

Term	Description
	www.bseindia.com and www.nseindia.com and updated from time to time.
Designated Stock Exchange	The designated stock exchange for the Issue, being the BSE Limited
Direct Online Application	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
Draft Prospectus	The Draft Prospectus dated December 22, 2022 filed with the Stock Exchanges for receiving public comments and with, SEBI in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations
Interest Payment Date / Coupon Payment Date	The payment dates as disclosed in the section "*Issue Structure*" on page 271.
Issue	Public Issue by the Company of up to 35,00,000 secured, redeemable, non-convertible debentures of face value ₹ 1,000 Each ("**NCDs**" or "**Debentures**"), for an amount up to ₹ 17,500 lakh ("**Base Issue**") with an option to retain oversubscription up to ₹ 17,500 lakh, aggregating up to ₹ 35,000 lakh ("**Issue**"), pursuant to this Prospectus. The NCDs will be issued on terms and conditions as set out in this Prospectus and the Issue is being made pursuant to the provisions of SEBI NCS Regulations, The Companies Act, 2013 and rules made thereunder as amended to the extent notified and the SEBI Operational Circular.
Issue Agreement	The Issue Agreement dated December 22, 2022 entered between the Company and JM Financial Limited, the Lead Manager to the Issue.
Issue Closing Date	Friday, January 27, 2023
Issue Documents	The Draft Prospectus, this Prospectus, the Abridged Prospectus, the Application Form and supplemental information, if any, read with any notices, corrigenda and addenda thereto.
Issue Opening Date	Monday, January 9, 2023
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants can submit their Application Forms as provided in this Prospectus.
"JM Financial" / "Lead Manager"	JM Financial Limited
Listing Agreement	The uniform listing agreement entered into between our Company and the Stock Exchanges in connection with the listing of debt securities of our Company
Market Lot	1 (One) NCD
Mobile App(s)	The mobile applications listed on the website of Stock Exchanges as may be updated from time to time, which may be used by RIBs to submit Bids using the UPI Mechanism
"Maturity Date" or "Redemption Date"	The maturity/ redemption dates as disclosed in the section "*Issue Structure*" on page 271.
NCDs / Debentures	Secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each, for an amount up to ₹ 17,500 lakh ("Base Issue") with an option to retain oversubscription up to ₹ 17,500 lakh, aggregating up to ₹ 35,000 lakh
NCD Holders/ Debenture Holder	Any debenture holder who holds the NCDs issued pursuant to this Issue and whose name appears on the beneficial owners list provided by the Depositories.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Offer Document	The Draft Prospectus, this Prospectus, the Abridged Prospectus and Application Form along with supplemental information, if any.
Prospectus	This Prospectus dated December 30, 2022 filed by our Company with the SEBI, BSE, NSE and the RoC in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Public Issue Account	Account(s) opened/ to be opened with the Banker(s) to the Issue to receive monies for allotment of NCDs from the ASBA Accounts maintained with the SCSBs (including under the UPI mechanism) on the Designated Date as specified in this Prospectus.
Public Issue Account and Sponsor Bank Agreement	Public Issue Account and Sponsor Bank Agreement dated December 30, 2022 entered between the Company, Lead Manager and Registrar and Transfer Agent and Public Issue Account Bank and Sponsor Bank as specified in this Prospectus for the Issue.

Term	Description
Public Issue Account Bank	ICICI Bank Limited
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) trading days prior to the date on which interest is due and payable, and/or the date of redemption or such other date under this Prospectus as may be determined by the Company. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case Record Date falls on a day when Stock Exchanges are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange will be deemed as the Record Date
Recovery Expense Fund	A fund created by our Company with the Designated Stock Exchange in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 as amended from time to time which is equal to 0.01% of the issue size, subject to a maximum deposit of ₹ 25,00,000 at the time of making the application for listing of NCDs.
Refund Account	Account to be opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in this Prospectus
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date. Redemption amounts as specifically disclosed in the section "*Issue Structure*" on page 271.
Redemption Date	The date on which our Company is liable to redeem the NCDs in full as specified in this Prospectus. The redemption dates as specifically disclosed in the section "*Issue Structure*" on page 271.
Refund Bank	The Banker(s) to the Issue with whom the Refund Account will be opened and as specified in this Prospectus, being ICICI Bank Limited
Register of NCD holders	The register of NCD holders maintained by the Issuer/RTA in accordance with the provisions of the Companies Act, 2013 and by the Depositories in case of NCDs held in dematerialised form, and/or the register of NCD holders maintained by the Registrar
Registrar Agreement	Agreement dated December 21, 2022 entered into between the Issuer and the Registrar under the terms of which the Registrar has agreed to act as the Registrar to the Issue
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulation, 1992 and the stock exchange having nationwide terminals, other than the Members of the Syndicate and eligible to procure Applications from Applicants
Registrar to the Issue or Registrar	Link Intime India Private Limited.
Resident Individual	An individual who is a person resident in India as defined in the FEMA
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue
Security	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due and payable on the NCDs thereof, shall be secured by way of exclusive first charge over certain identified receivables, as specifically set out in and fully described in the Debenture Trust Deed, such that a security cover to the extent of 1.05 times of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Maturity Date.
"Self-Certified Syndicate Banks" or "SCSBs"	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes for ASBA and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for UPI, updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Series/Option	An option of NCDs which are identical in all respects including, but not limited to terms and conditions, listing and ISIN and as further stated to be an individual option in this Prospectus. Collectively, the series/options of NCDs being offered to the Applicants as

Term	Description
	disclosed in the "*Issue Structure – Specific terms for NCDs*" on page 275.
"Specified Cities" or "Specified Locations" or "Syndicate ASBA Application Locations" or "Syndicate Bidding Centres"	Bidding centres where the Members of the Syndicate shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI athttps://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Sponsor Bank	ICICI Bank Limited, a Banker to the Issue, registered with SEBI, which is appointed by the Issuer to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value upto ₹ 5,00,000 and carry out any other responsibilities in terms of the UPI Mechanism Circular and as specified in this Prospectus.
"Stock Exchanges" or "Exchanges"	NSE and BSE
Syndicate ASBA/ Syndicate ASBA Application	ASBA Applications through the Lead Manager, Consortium Members, the Trading Members of the Stock Exchanges or the Designated Intermediaries.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Tenor	The coupon rate as disclosed in the "*Issue Structure – Specific terms for NCDs*" on page 275.
Trading Members	Intermediaries registered with a lead broker or a sub-broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchange(s) under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange(s) from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchange(s).
Transaction Documents	Transaction documents shall mean the Draft Prospectus, this Prospectus read with any notices, corrigenda, addenda thereto, Abridged Prospectus, Application Form, Issue Agreement, Registrar Agreement, Debenture Trustee Agreement, Deed of Hypothecation, Debenture Trust Deed, Tripartite Agreements, Consortium Agreement, Public Issue Account and Sponsor Bank Agreement, Tripartite Agreements. For further details please see the section titled, "*Material Contracts and Documents for Inspection*" on page 371.
Tripartite Agreements	Tripartite agreement dated August 1, 2022 among our Company, the Registrar and CDSL and tripartite agreement dated August 8, 2022 among our Company, the Registrar and NSDL.
"UPI" or "UPI Mechanism"	Unified Payments Interface mechanism in accordance with SEBI Operational Circular to block funds for application value up to ₹ 5,00,000 submitted through intermediaries, namely the Registered Stock brokers, Consortium Member, Registrar and Transfer Agent and Depository Participants.
UPI ID	Identification created on the UPI for single-window mobile payment system developed by the National Payments Corporation of India.
UPI Application Limit	Maximum limit to utilize the UPI mechanism to block the funds for application value up to ₹ 500,000 for issues of debt securities pursuant to SEBI circular SEBI/HO/DDHS/P/CIR/2022/0028 dated March 8, 2022 or any other investment limit, as applicable and prescribed by SEBI from time to time
"UPI Mandate Request" or "Mandate Request"	A request initiated by the Sponsor Bank on the Retail Individual Investor to authorize blocking of funds in the relevant ASBA Account through the UPI mobile app/web interface (using UPI Mechanism) equivalent to the bid amount and subsequent debit of funds in case of allotment.
Wilful Defaulter(s)	Includes wilful defaulters as defined under Regulation 2(1)(lll) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,

Term	Description
	2018 which includes a person or a company who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes a company whose director or promoter is categorized as a wilful defaulter.
Working Day	Working day means all days on which commercial banks in Mumbai, are open for business. In respect of announcement or bid/issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Further, in respect of the time period between the bid/ issue closing date and the listing of the NCDs on the Stock Exchange, working day shall mean all trading days of the Stock Exchange for NCD, excluding Saturdays, Sundays and bank holidays, as specified by SEBI.

Conventional and General Terms or Abbreviations

Term/ Abbreviation	Description/Full Form
"₹", "Rupees", "INR" or "Indian Rupees"	The lawful currency of the Republic of India
"US$", "USD", and "U.S. Dollars"	The lawful currency of the United States of America
ACH	Automated Clearing House
AGM	Annual General Meeting
ALM	Asset Liability Management
ALM Guidelines	Guidelines for ALM system in relation to NBFCs
AMC	Asset Management Company
AS or Accounting Standards	Accounting standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014as amended from time to time
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended from time to time
ASBA	Application Supported by Blocked Amounts
AUM	Assets Under Management
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016
BSE	BSE Limited
CAGR	Compounded annual growth rate over a specified period of time of a given value (the year-over-year growth rate)
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act/ Companies Act, 2013	Companies Act, 2013 and the rules made thereunder
CPC	Code of Civil Procedure, 1908
CRAR	Capital to risk-weighted assets ratio means (Tier I Capital + Tier II Capital)/ Total Risk Weighted Assets *100
CrPC	Code of Criminal Procedure, 1973
CSR	Corporate Social Responsibility
CY	Calendar Year
Depositories	CDSL and NSDL
Depositories Act	Depositories Act, 1996
Depository(ies)	NSDL and /or CDSL
DIN	Director Identification Number
"DP" or "Depository Participant"	Depository Participant as defined under the Depositories Act, 1996
DT Circular	Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 issued by SEBI on November 3, 2020, as amended from time to time
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EOW	Economic Offences Wing
FDI	Foreign Direct Investment

Term/ Abbreviation	Description/Full Form
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA Regulations/ FEMA20I	FEMA (Non-debt Instruments) Rules, 2019, as amended from time to time
FII	Foreign Institutional Investor(s)
FPI	Foreign Portfolio Investor as defined and registered under the SEBI (Foreign Portfolio Investors) Regulations, 2019, as amended from time to time.
"Financial Year", "Fiscal" or "FY" or "for the year ended"	Period of 12 months ended March 31 of that particular year
GDP	Gross Domestic Product
"Government"	Government of India
G-Sec	Government Securities
GST	Goods and Services Tax
HNI	High Net worth Individual
HFC	Housing Finance Company
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
ICRA	ICRA Limited
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
"Income Tax Act" or "IT Act"	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as prescribed by Section 133 of the Companies Act, 2013 and notified by the Ind AS Rules
Ind AS Rules	Indian Accounting standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2015 as amended from time to time
India	Republic of India
IPC	Indian Penal Code, 1860
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
ITR	Income Tax Returns
KYC	Know Your Customer
LEI	Legal Entity Identifier
LLP	Limited Liability Partnership
LLP Act	Limited Liability Partnership Act, 2008
MACT	Motor Accidents Claims Tribunal
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MLD	Market Linked Debentures
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value
NBFC	Non-Banking Financial Company, as defined under Section 45-IA of the RBI Act
NEFT	National Electronic Fund Transfer
NRI	Non-resident Indian
NSE	National Stock Exchange India Limited
NSDL	National Securities Depository Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	Prevention of Money Laundering Act, 2002
PP MLD	Principal Protected Market Linked Debentures
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RBI Master Directions	Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking and Deposit taking Company (Reserve Bank) Directions, 2016 dated

Term/ Abbreviation	Description/Full Form
	September 1, 2016
RERA	Real Estate Regulatory Authority
RERAD Act	Real Estate Regulation and Development Act, 2016
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SCRA	Securities Contracts Regulation Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI Listing Regulations/ SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended
SEBI NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended and circulars issued thereunder
SEBI Operational Circular	SEBI circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, as amended
TDS	Tax Deducted at Source
Trademarks Act	Indian Trademarks Act, 1999

Technical and Industry Related Terms

Term/Abbreviation	Description/Full Form
ECBs	External Commercial Borrowing.
FCNR	Foreign Currency Non-Resident.
IFC	Infrastructure Finance Company.
IRDA	Insurance Regulatory and Development Authority.
ISO	International Organization for Standardization.
CareEdge Report	CARE Advisory Research and Training Limited ("CART") as the agency issuing the industry report titled "Research Report on NBFCs" December 2022 prepared by CareEdge Research forming part of the Industry Overview chapter.
LIC	Life Insurance Corporation of India
Hybrid Debt	A capital instrument, which possesses certain characteristics of equity as well as debt
LTV	Ratio of loan to the collateral value
MICR	Magnetic Ink Character Recognition.
MFI	Microfinance institutions
NPA	Non-Performing Assets
NBFC-BL/ NBFC – Base Layer	Non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-MFI	An NBFC-MFI is defined as a non-deposit taking NBFC which extends loans to Micro Finance Sector
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI (NBFC-ML/ NBFC – Middle Layer)	(a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund – Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFC)
NBFC- TL / NBFC- Top	NBFC-UL which in the opinion of RBI has substantial increase in the potential systemic

Term/Abbreviation	Description/Full Form
Layer	risk
NBFC-UL / NBFC-Upper Layer	NBFCs which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in SBR Framework
Owned Funds	Paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any
Prudential Norms	Prudential norms as provided under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
MSME	Micro, Small and Medium Enterprises
RBI	Reserve Bank of India.
Tier I Capital	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking nonbanking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital to the extent the aggregate does not exceed Tier I Capital
UTI	Unit Trust of India.
WCDL	Working Capital Demand Loan.
XIRR	Internal rate of return for irregular cash flows.
Yield	Ratio of interest income to the daily average of interest earning assets.

Notwithstanding the foregoing, the terms defined as part of "General Information", "Risk Factors" "Industry Overview", "Regulations and Policies", "Statement of Possible Tax Benefits", "Summary of Key Provisions of Articles of Association", "Financial Information" and "Other Regulatory and Statutory Disclosures" on pages 42, 19, 74, 153, 64, 330, 164 and 246, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of the sections "Our Business", "Risk Factors", "Industry Overview" and "Regulations and Policies", on pages 96, 19, 74 and 153, respectively, shall have the meaning ascribed to them hereunder.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

In this Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to "we", "us", "our" are to InCred Financial Services Limited *(erstwhile known as KKR India Financial Services Limited) and its subsidiaries,* on a consolidated basis and references to "you", "offeree", "purchaser", "subscriber", "recipient", "investors" and "potential investor" are to the prospective investors in this Issue. Unless stated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

All references in this Prospectus to "India" are to the Republic of India and its territories and possessions. All references to the "Government" or "State Government" are to Government of India, Central or State, as applicable.

Presentation of Financial Information

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Prospectus are to a calendar year and references to a Fiscal/Fiscal Year are to the year ended on March 31 of that calendar year.

For the purposes of disclosure in this Prospectus, we have prepared and presented our Interim Financial Statements as at and for the half year ended September 30, 2022 prepared in accordance with Ind AS 34 and audited by our Statutory Auditor, S. R. Batliboi & Associates LLP.

The Interim Financial Statements as at and for the half year ended September 30, 2022 have been prepared by the Company in accordance with Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and audited by Statutory Auditor in accordance with auditing standards generally accepted in India. For further details see "*Financial Information*" on page 164. Further, Interim Financial Statements as at and for the half year ended September 30, 2022 are not indicative of full year results and are not comparable with annual financial information. For further details see "*Risk Factors- 5. We have limited operating history and evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance*" on page 21.

Our Company's audited financial statements for the fiscal years ended March 31, 2022 has been audited by V.C. Shah & Co and the audited financial statements for the fiscal years ended March 31, 2021 and March 31, 2020 were audited by MSKA & Associates, in accordance with auditing standards generally accepted in India.

Pursuant to the Composite Scheme of Amalgamation and Arrangement the identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) demerged with our Company w.e.f. the Appointed Date, i.e., April 1, 2022. Although the NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ('Pre-demerger InCred') demerged with our Company, the business combination has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and Pre-demerger InCred has been identified as the accounting acquirer and our Company as the accounting acquiree. For further details regarding the Scheme, see "*History and Main Objects- Composite Scheme of Amalgamation and Arrangement*" on page 128. Further, Interim Financial Statements as at and for the half year ended September 30, 2022 are not indicative of full year results and are not comparable with annual financial information of previous years. For further details see "*Risk Factors- 5. We have limited operating history and evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance*" on page 21.

Accordingly, for the purposes of disclosure in this Prospectus we have included audited financial statements of InCred Prime Finance Limited *(formerly known as InCred Financial Services Limited)* for Fiscal 2022, 2021 and 2020 for clarity on our business, results of operations and financial condition, pre and post the Scheme being implemented. The audited financial statements of InCred Prime Finance Limited (formerly known as InCred Financial Services Limited) for fiscal 2022 has been audited by S. R. Batliboi & Associates LLP, and for Fiscals 2021 and 2020 has been audited by BSR & Co. LLP. Please see "*Financial Information*" on page 164.

Currency and Unit of Presentation

In this Prospectus, all references to 'Rupees'/'₹'/'INR'/ 'Rs.' are to Indian Rupees, the official currency of the Republic of India.

Except where stated otherwise in this Prospectus, all figures have been expressed in 'in lakh'. All references to 'million/million/mn.' Refer to one million, which is equivalent to 'ten lakh' or 'ten lacs', the word 'lakh/lacs/lac' means 'one hundred thousand' and 'crore' means 'ten million' and 'billion/bn./billions' means 'one hundred crore'.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to one decimal point. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than one decimal point to conform to their respective sources.

Industry and Market Data

Any industry and market data used in this Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including CareEdge Report, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

General Risk

Investment in NCDs involve a degree of risk and investors should not invest any funds in NCDs unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it.

Specific attention of investors is invited to statement of risk factors contained under section "*Risk Factors*" on page 19. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or Investor's decision to purchase such securities.

Exchange Rates

The exchange rates Rupees (₹) vis-à-vis of USD, as of September 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020 ,are provided below:

Currency	September 30, 2022	March 31, 2022	March 31, 2021	March 31, 2020
1 USD	81.55	75.81	73.50	75.39

Source: *https://www.fbil.org.in/#/home* and *https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx*

The above exchange rates are for the purpose of information only and may not represent the rates used by the Company for purpose of preparation or presentation of its financial statements. The rates presented are not a guarantee that any person could have on the relevant date converted any amounts at such rates or at all.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Prospectus that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- Any increase in the levels of non-performing assets ("**NPA**") on our loan portfolio, for any reason; whatsoever, would adversely affect our business and results of operations.
- Volatility in interest rates could have a material adverse effect on our net interest income, net interest margin and our financial performance;
- We are involved in certain legal and other proceedings which, if determined against us, could have a material adverse impact on our financial condition;
- Downgrade of our credit ratings may increase our borrowing costs and constrain our access to capital and debt markets and, as a result, may adversely affect our net interest margin and our results of operations;
- Certain conditions and restrictions in terms of our financing arrangements, could restrict our ability to conduct our business and operations in the manner we desire;
- Any disruption in our sources of funding;
- Occurrence of natural calamities, pandemics, or natural disasters affecting the areas in which our Company has operations.

For further discussion of factors that could cause our actual results to differ, see "*Risk Factors*" on page 19.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled "*Industry Overview*", "*Our Business*" and "*Legal and Other Information*" on pages 74, 96 and 231. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors, its KMPs and officers, or the Lead Manager, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI NCS Regulations, our Company and the Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II – RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, and the information provided in "Our Business" on page 96 and "Financial Information" on page 164, respectively, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialise, may have a material adverse effect on our business, financial condition, cash flows and results of operations in the future. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Certain information in this section includes extracts from CareEdge Report. For more information, please see "Industry Overview" on page 74.

Unless stated otherwise, or unless context requires otherwise, (a) the financial data as at and for six months period ending September 30, 2022 has been derived from the Interim Financial Statements as at and for the half year ended September 30, 2022; (b) the financial data of our Company for the Fiscal 2022, 2021 and 2020 has been derived from Reformatted Financial Information, and (c) the financial data for Pre-demerger InCred for Fiscal 2022, 2021 and 2020 has been derived from Audited Financial Statements of Pre-demerger InCred.

In this section any reference to "we" or "us" or "Our" refers to our Company and its subsidiaries on a consolidated basis.

Risks relating to our Business and our Company

1. ***Our customers may default in their repayment obligations, and that could have an adverse impact on our business, results of operations, financial condition and cash flows.***

   Our customers may default on their obligations to us due to a variety of factors, including as a result of their bankruptcy, lack of liquidity, government or other regulatory intervention, other reasons such as their inability to adapt to changes in the macro business environment or any other factors which impact their incomes. Additionally, some customers may intentionally default on their repayment obligations. Historically, customers in our loans business have been adversely affected by economic conditions in varying degrees. Such adverse impact may limit our ability to recover the dues from such customers and the predictability of our cash flows. Increasing credit losses due to financial difficulties of customers in our lending business in the future could adversely affect our business, financial condition, results of operations and cash flows.

   Our ability to manage the credit quality of our loans, which we measure in part through Stage 3 assets (i.e. loans that are 90+ days past due or as regulatorily required), is a key driver to our results of operations. Further, Gross Stage 3 assets of our Company are 2.4% of the loans as at September 30, 2022.

   Our student loans and personal loans are unsecured in nature and are often considered to be higher credit risk customers due to their limited ability to honour the repayment obligations particularly in adverse economic conditions. As on September 30, 2022, we have outstanding student loans AUM ₹ 80,992.8 lakh and personal loans AUM of ₹ 1,92,362.1 lakh, which comprises of 16% and 38% of our AUM, respectively. Our Gross Stage 3 assets of student loans are 0.0 % of our student loans portfolio and Gross Stage 3 assets of personal loans are 1.9 % of our personal loans portfolio. To the extent we are able to successfully manage the risks associated with lending to students and personals it may become difficult for us to recover outstanding loan amounts from such customers. However, we cannot assure you that our risk management controls will be sufficient to prevent future losses on account of customer defaults, which may adversely affect our business, results of operations and financial condition. We cannot assure you that we will be able to maintain or reduce our current levels of Stage 3 assets in the future.

2. ***Any increase in the levels of NPAs in our AUM, for any reason whatsoever, would adversely affect our business, results of operations, cash flows and financial condition.***

The RBI Master Directions, which are applicable to us, have laid down prudential norms with regard to NPAs, including in relation to the identification of NPAs and income recognition against NPAs, though we follow Ind AS for asset classification and income recognition. There is no assurance that our NPA level will continue to stay at its current level. If the credit quality of our loans deteriorates or we are unable to implement effective monitoring and collection methods, our results of operations, cash flows and financial condition may be adversely affected. As we intend to continue our efforts to originate new loans, we cannot assure you that there will not be significant additional NPAs in our loans in the future.

Further, the RBI directions/guidelines on NPAs may become more stringent than they currently are, which may adversely affect our profitability and results of operations. The RBI Master Directions, as amended from time to time, also prescribe the provisioning required in respect of our outstanding AUM. However, we follow Ind AS for provisioning. In the event that the aggregate impairment provision under Ind AS is lower than that required under the applicable regulatory provisioning norms, then the difference shall be appropriated from the net profit or loss after tax to a separate "Impairment Reserve". Should the overall credit quality of our loans deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. Based on standalone audited financial statements as of six months ended September 30, 2022, our gross NPAs, as a percentage of our loans, were 2.4% and our net NPAs as a percentage of our loans were 1.1%. If we are required to increase our provisioning in the future due to increased NPAs or the introduction of more stringent requirements in respect of loan loss provisioning, this may reduce our profit after tax and adversely impact our results of operations. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs as our loan portfolio matures.

Further, there can be no assurance that we will be able to recover the outstanding amounts due under any defaulted loans. We may also face difficulties in disposing of the underlying assets relating to such loans, as a result of which we may be unable to realize any liquidity from such assets. Further, as our loan portfolio grows, our NPAs may increase and the current level of our provisions may not adequately cover any such increases.

Further, the RBI has issued circular RBI/2021-2022/125 titled "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications" dated November 12, 2021 ("***Prudential Norms – Clarifications 2021***"), which provides for more stringent classification and recognition of NPAs. We have aligned our account classification, in particular, the effect on our daily NPA position and upgradation of our NPA accounts in line with Prudential Norms – Clarifications 2021. However, in event RBI directions/guidelines on NPAs become more stringent, the Company may or may not be able to maintain historic NPA positions, and if our NPA position significantly increase, it may in turn have a material adverse effect on our cash flows, profits, results of operations and financial condition.

3. ***Our loan book comprises of unsecured loans. Our inability to recover the amounts due from customers in connection with such loans in a timely manner could adversely affect our operations and profitability.***

Our loan book also comprises of unsecured loans of ₹ 2,94,242.7 lakh as on September 30, 2022, which is 60. 5% of our total loan book which primarily comprise of student loans and personal loans. Since such loans are unsecured, in case of customer defaults in connection with such loans, our ability to realise the amounts due to us for such loans would be restricted to initiating legal proceedings for recovery, as we will not have the benefit of enforcing any security interest related to such loans. There can be no guarantee as to the time that would be taken for the final disposal of such legal proceedings and/or our ability to obtain favourable decisions in connection therewith.

Because of the unsecured nature, it is essential that such loans are appropriately priced, taking into account a possible high rate of interest and all other relevant factors. In making a decision whether to extend credit to prospective customers, and the terms on which we are willing to provide credit, including the price, we rely heavily on our credit scoring models, and our credit experience gained through monitoring the performance of customers over time. Our credit scoring models are based on previous historical experience. If our credit scoring models are not redeveloped as required or if they do not perform up to target standards we may experience increasing defaults or higher customer acquisition costs.

Further, some of our lending products generally do not have any definite end-use restrictions and our customers may utilize such loans for various purposes, which are often incapable of being monitored on a regular basis or at all.

Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability.

4. ***Our Company is subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business, financial condition, cash flows and results of operations.***

Our Company is subject to certain legal proceedings including civil suits, consumer litigations, tax litigations etc. We incur substantial cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we shall be successful in any or all of these actions. In the event, we suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations. We cannot assure that an adverse order by any statutory or governmental authority would not have a negative impact on our profit, financial condition and cash flows. For further details of the legal proceedings that we are subject to, please see "*Outstanding Litigations and other Confirmations*" on page 231.

5. ***We have limited operating history and evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance.***

Pursuant to the Scheme the InCred Demerged Undertaking which was part of Pre-demerger InCred was merged with our Company w.e.f. April 1, 2022. Pre-demerger InCred started meaningful business operations from Financial Year 2017 and our Company, prior to the de-merger had started its operations in October 2009. Due to the de-merger, there is limited historical operating information available to help prospective investors to evaluate our past performance as an entity. While we have included financials of Pre-demerger InCred in this Prospectus, we cannot assure you that the financial and operational numbers included in this Prospectus provide a complete picture regarding our growth as an NBFC. Our growth plans will place significant demands on our operational, credit, financial and other internal risk controls, making our management of asset quality increasingly important.

Our business is growing and the results and amounts set forth in our Interim Financial Statements as at and for the half year ended September 30, 2022 may not provide a reliable indication of our future performance. Accordingly, you should evaluate our business and prospects in light of the risks, uncertainties and difficulties frequently encountered by both high growth companies and financial institutions that are in the early stages of development. Our failure to mitigate these risks and uncertainties successfully could materially adversely affect our business and operating results.

Further, the Interim Financial Statements as at and for the half year ended September 30, 2022, included in this Prospectus are not comparable with the audited financial statements of our Company for Fiscals 2022, 2021 and 2020, prior to the Scheme. Pursuant to the Scheme, the business combination between our Company and InCred Demerged Undertaking has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and Pre-demerger InCred has been identified as the accounting acquirer and our Company as the accounting acquiree. As per Ind AS 103, Interim Financial Statements as at and for the half year ended September 30, 2022 represent the continuation of the financial statements of Pre-demerger InCred (including comparatives) except for share capital which is presented as per equity share capital of our Company. Accordingly, the assets, liabilities and reserves of Pre-demerger InCred have been continued at their pre-business combination carrying values in accordance with IND AS 103. Accordingly, we encourage investors and others to review our financial information in its entirety and not rely on a single financial measure. For disclosure of business combination accounting as per Ind AS 103, see "*Financial Information*" on page 164.

6. ***We may not be able to generate enough taxable profit to offset the outstanding Deferred Tax Asset (DTA) in our accounts. The accumulated deferred tax acquired vide demerger may be subject to litigation by tax authorities.***

Pursuant to the Composite Scheme of Amalgamation and Arrangement, our Company has acquired a deferred tax asset of ₹ 53,399.5 lakh. The accumulated deferred tax shall be available for set off against the future profits of our Company. As on half year ended September 30, 2022, our Company reported taxable profits of ₹ 8,716.1 lakh and for last three financial years ended March 31, 2022 and March 31, 2021 and March 31, 2020 of Pre-demerger InCred reported taxable profits of ₹ 4,817.2 lakh, ₹ 1,241.1 lakh and ₹ 658.8 lakh, respectively.

Our business has grown steadily over the last few years and our future projected income is sufficient to absorb the deferred tax asset. However, the future uncertainty may impact the profit and consequently we may not be able to absorb the Deferred Tax Assets in entirety and the same will impact the financial statements of the Company.

In the event, we are not able to utilize the deferred tax due to insufficient profits, the value of the deferred tax asset will be impaired. We cannot assure you that the tax authorities may challenge the demerger and disallow the availment of accumulated deferred tax asset. Any such disallowance could adversely affect our Company's financial condition and results of operations.

7. Any downgrade in our credit ratings may increase interest rates for raising new debt, refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis.

Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. The credit rating of short-term borrowings of our company viz. commercial paper was reaffirmed 'CRISIL A1+ on November 25, 2022 by CRISIL Ratings Limited. Furthermore, the outlook on credit rating of long-term borrowings of the company viz. non-convertible debentures and, long term bank loan facilities was reaffirmed to 'CRISIL A+/Stable' and long-term principal protected market linked debentures was reaffirmed to 'CRISIL A+' on November 25, 2022 by CRISIL Ratings Limited. For details of borrowings and present credit rating, see "*Our Business*" on page 96.

Any downgrades in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which may adversely affect our business, financial condition, results of operations and cash flows. Further, any downgrade in our credit ratings by specified notches may also trigger an event of default or acceleration of certain of our borrowings and also lead to lenders imposing additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations, cash flows and financial condition.

8. Credit ratings may not reflect all risks. Any downgrading in credit rating of our NCDs may adversely affect the value of NCDs and thus our ability to raise further debts.

The NCDs proposed to be issued under the Issue have been rated "CRISIL A+/Stable" by CRISIL Ratings Limited vide its letter dated November 30, 2022 and further revalidated *vide* letter dated December 26, 2022. Credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed here, and other factors that may affect the value of the NCDs.

Rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. The rating provided by CRISIL Ratings Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The investors should take their own decisions or consult relevant expert, while investing in NCDs. Please see Annexure A for rating letter and rationale for the above rating.

9. Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity, cash flows and financial condition.

As an NBFC, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our Company's borrowings (debt securities and borrowings other than debt securities) on a standalone basis, as at September 30, 2022 amounted to ₹ 3,64,215.3 lakh. We rely on long-term, medium-term borrowings and short term borrowings from various sources. We take term loans, issue non-convertible debentures, market-linked debentures, and commercial papers. We have a diversified lender base comprising public sector banks, private banks, and others. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations, cash flows and financial condition. While our borrowing costs have been competitive in the past, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business, prospects, cash flow, results of operations and financial condition.

Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Such conditions may lead to a disruption in our primary funding sources at competitive costs and would have a material adverse effect on our liquidity, cash flow and financial condition.

10. We are vulnerable to the volatility in interest rates and we may face interest rate mismatches between our assets and liabilities in the future which may cause liquidity issues.

Our operations are vulnerable to volatility and mismatches in interest rates. Our net interest income and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow.

The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control, including the RBI's monetary policies, inflationary expectations, competition, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. These factors could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest bearing liabilities. While any reduction in our cost of funds may be passed on to our customers, we may not have the same flexibility in passing on any increase in our cost of funds to our customers, thereby affecting our net interest income. Similarly, competition pressures may require us to reduce our cost of lending to our customers without a proportionate reduction in our cost of borrowing from our lenders. Further, if we do not pass on the reduced interest rates to our borrowers, it may result in some of the borrowers prepaying the loan to take advantage of the reduced interest rate environment, thereby impacting our growth and profitability.

Further, an increase in general interest rates in the economy could reduce the overall demand for new loans and impact our growth. There can be no assurance that we will be able to adequately manage our interest rate risk in the future, and if we are unable to do so, this could have an adverse effect on our net interest income, which could in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

The cost of our borrowings including issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. This would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

11. We may face asset-liability mismatches, which could affect our liquidity and consequently affect our operations and financial performance adversely.

We may also face potential liquidity risks due to mismatches in the maturity of our assets and liabilities. Such mismatches, where the financial terms of an institution's assets and liabilities do not match, are a key financial parameter for us. As is typical for a company in the business of lending, a portion of our funding requirements is met through short and long-term funding sources such as bank loans, non-convertible debentures, etc. We may be unable to obtain additional credit facilities or renew our existing credit facilities for matching the tenure of our liabilities in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities leading to an increase in liquidity risk, which in turn may adversely affect our operations and financial performance.

The following table describes the standalone ALM of our Company as on September 30, 2022 based on the interim audited standalone financial statements:

(₹ in lakh)

Particulars	Upto 30/ 31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	28,260.6	31,916.7	27,741.1	45,698.2	65,007.6	1,47,159.6	42,686.1	84,490.0	4,72,959.9
Investment	11,676.3	42.1	26.1	78.3	52.1	282.0	-	4,245.2	16,402.1
Borrowings*	19,846.3	6,050.6	16,246.2	47,102.5	95,264.8	1,50,700.3	23,287.4	-	3,58,498.1
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities**	5.5	-	-	17.5	-	5,694.2	-	-	5,717.2

**Total borrowings (excluding foreign currency liabilities)*
***includes foreign currency denominated external commercial borrowing*

12. Our Company is subject to certain restrictive covenants in our loan documents, which may restrict our operations and ability to grow and may adversely affect our business.

As of September 30, 2022, our total borrowings were ₹ 3,64,215.3 lakh on standalone basis. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. There are restrictive covenants in the agreements we have entered into with our lenders/creditors that limit our ability to undertake certain types of transactions, any of which could adversely affect our business, results of operations, cash flows and financial condition. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions/creditors for various activities, including, amongst others, selling, leasing, transferring or otherwise disposing of any part of our business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion, taking up an allied line of business or making any amendments to Memorandum and Articles of Association etc. Such restrictive covenants in our loan/debt documents may restrict our operations or ability to expand and may adversely affect our business.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities/early redemption of any non-convertible debt instruments, and the enforcement of any security provided. Any acceleration of amounts due under such facilities/early redemption of any non-convertible debt instruments may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition, cash flows and results of operations.

If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders/creditors could declare us to be in default under the terms of our agreements or accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings. For more details on our borrowings and certain restrictive covenants in our loan documents, please see *"Financial Indebtedness"* on page 166.

13. We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.

Out of our Company's loan book of ₹ 4,86,753.5 lakh as at September 30, 2022 on standalone basis, 39.5 % of the aggregate loan book i.e. ₹ 1,92,510.8 lakhs are secured loans and ₹ 2,94,242.7 lakh representing 60.5% of the loan book are unsecured loans. The value of securities is dependent on various factors inter-alia including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) the markets in the areas in which we operate.

The value of the security provided to us, may be subject to reduction in value on account of other extraneous reasons. Consequently, the realizable value of the security for the loans provided by us, when liquidated, may be lower than principal amount outstanding along with interest and other costs recoverable from such customers. If we have to enforce such security and if at the time of such enforcement, due to adverse market conditions, the market value of the security have fallen to a level where we are unable to recover the monies lent by us, along with interest accrued thereon and associated costs, the results of our operations would be adversely affected.

Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all. For details relating to litigations against defaulting customers, please see "*Outstanding Litigations and other Confirmations*" on page 231.

14. Our Statutory Auditors and previous statutory auditors of our Company and Pre-demerger InCred have highlighted certain emphasis of matters to their audit reports relating to their audited financial statements, which may affect our future financial results.

The auditor's report on the audited standalone and/or consolidated financial statements issued by respective statutory auditors for the half year ended September 30, 2022, Fiscals 2022, 2021 and 2020, as the case may be, of our Company (including Pre-demerger KKR) and of pre-demerger InCred included the following Emphasis of Matter:

i. InCred Financial Services Limited *(formerly known as KKR India Financial Services Limited)*

Half year ended September 30, 2022	Emphasis Of Matter	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
Standalone	i. The auditors have drawn attention to a note in the Interim Standalone Financial Statements describing the demerger during the period. The Scheme of Arrangement (the "Scheme"), has been given effect to in the books of account from the Appointed Date in accordance with the Scheme instead of the acquisition date as per Ind AS 103 Business Combinations (i.e the date when actual control is obtained). The accounting treatment for demerger is as per Ind AS 103.	NA	NA
Consolidated	i. The auditors have drawn attention to a note in the Interim Consolidated Financial Statements describing the demerger during the period. The Scheme of Arrangement (the "Scheme"), has been given effect to in the books of account from the Appointed Date in accordance with the Scheme instead of the acquisition date as per Ind AS 103 "Business Combinations (i.e the date when actual control is obtained). The accounting treatment for demerger is as per Ind AS 103. ii. The auditors have drawn attention to a note in the Interim Consolidated Financial Statements, which indicates the decision of the management of mValu Technology Services Private Limited, a subsidiary ('mValu'), to cease their business activities and accordingly liquidate mValu. Accordingly, the financial statements of MValu as included in the Interim Consolidated Financial Statements have been prepared on the basis that MValu does not continue as a going concern and consequently, the assets are measured at expected realisable value and liabilities are measured at the expected settlement values as determined by the management of mValu.	NA	NA

ii. Pre-demerger KKR

Financial Year ended	Emphasis Of Matter	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
March 31, 2022	The auditors have drawn attention to note in the financial statement, regarding the proposed demerger of InCred Financial Services Limited (demerged undertaking) into the company by way of composite scheme of amalgamation and arrangement.	NA	NA
March 31, 2021	The auditors have drawn attention to note in the financial statements, which describes that the extent to which the COVID-19 pandemic will impact the financial statements of Pre-KKR will depend on future developments, which are highly uncertain.	NA	NA
March 31, 2020	The auditors have drawn attention to note in the financial statements, which describes that the extent to which the COVID-19 pandemic will impact the company's financial statements will depend on future developments, which are highly uncertain.	NA	NA

iii. Pre-demerger InCred

Financial Year ended		Emphasis Of Matter	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
March 31, 2022	Standalone	Nil	NA	NA
	Consolidated	Nil	NA	NA
March 31, 2021	Standalone	The auditors have drawn attention to note in the Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2021 which describes the accounting for the Scheme of Amalgamation between the Pre-demerger InCred and InCred Housing Finance Limited, (wholly owned subsidiary). The Scheme has been approved by the National Company Law Tribunal ('NCLT') vide its order dated 11 March 2021, however due to the ongoing pandemic situation, Pre-demerger InCred has not received the certified true copy of the Order from the NCLT and hence the same has not been filed by Pre-demerger InCred with the Registrar of Companies, Mumbai. Pending the certified copy of the order being filed with Registrar of Companies, Pre-demerger InCred has given effect of the merger in its standalone financial statements for the year ended 31 March 2021. Though the appointed date as per the NCLT approved Scheme is 1 April 2020, as per the requirements of Appendix C to Ind AS 103 "Business Combination", the merger has been accounted for as if it had occurred from the beginning of the preceding period in the standalone financial statements. Accordingly, the amounts relating to the year 2020 include the impact of the business combination and the corresponding amounts for the previous year ended 31 March 2020, have been restated by the Company after recognising the effect of the amalgamation as above. The aforesaid note also describes the impact of the business combination on the standalone financial statements	NA	NA
	Consolidated	The auditors have drawn attention to note in the Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2021, the extent to which the COVID-19 pandemic will have impact on the Group's financial performance is dependent on future development, which are highly uncertain	NA	NA
March 31, 2020	Standalone	The auditors have drawn attention to note in the Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2020, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. As described in note to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.	NA	NA
	Consolidated	i. The auditors have drawn attention to note in the Audited	NA	NA

Financial Year ended		Emphasis Of Matter	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2020, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. ii. The auditors have drawn attention to note in the Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2020, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain. iii. The auditors have drawn attention to note in the Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2020, which describes the InCred Housing Finance Private Limited ('IHFPL') (a wholly owned subsidiary of the Holding Company) management's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment, the IHFPL Board's proposal of merger with the Holding Company and surrender of the housing finance license. iv. The auditors have drawn attention to note in the Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2020, which more fully describes InCred Management Technology and Services Private Limited ('IMTSPL') (a wholly owned subsidiary of the Holding Company) management's basis for concluding and continuing with the going concern assumption for preparation of the financial statements.		

15. Our company has goodwill in the Interim Financial Statements as at and for the half year ended September 30, 2022 and Interim Consolidated Financial Statements as at and for the half year ended September 30, 2022 is subject to impairment testing.

The business combination pursuant to Composite Scheme of Amalgamation and Arrangement has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and Pre-Demerger InCred has been identified as the accounting acquirer and our Company being the accounting acquiree. The goodwill appearing in Interim Financial Statements as at and for the half year ended September 30, 2022 pertains to goodwill acquired in business combinations on reverse acquisition by Pre-Demerger InCred as the accounting acquirer. The difference between the 'Purchase Consideration' paid and the 'Fair Value of Assets' taken over is recorded as 'Goodwill' in accordance with IND AS 103. Further, we have also recorded goodwill in our Interim Consolidated Financial Statements as at and for the half year ended September 30, 2022, arising on account of consolidation of subsidiaries in accordance with IND AS 110.

Goodwill is not amortised, instead it is tested, for impairment annually or more frequently, if indicators of impairment exist. Potential impairment is identified by comparing the recoverable value of a cash generating assets to its carrying value. The Company estimates the recoverable value based on fair value less cost to sell approach following income approach and market approach. The determination of recoverable value using the income and market approaches requires the use of estimates and assumptions related to selection of multiples and control premium for the market approach and sales volumes and prices, costs to produce, capital spending and discount rate for the income approach.

16. Our Company and Pre-demerger InCred have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

Our Company and Pre-demerger InCred have entered into certain transactions with related parties, while we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although all related party transactions that we may enter into will be subject to board or shareholder approval, as necessary under the Companies Act, 2013, as amended, we cannot assure you that such future transactions, individually or in the aggregate, will not have an adverse effect on our financial condition, cash flows and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. For details, please see "*Related Party Transactions*" on page 152.

17. We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given, may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations, cash flows and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition, cash flows and results of operations.

18. The financing industry is becoming increasingly competitive, and is continuing stress on borrowers and loans under restructuring.

Our business operates in a highly competitive market and we face significant competition from other players in the financing industry. For example, on account of impact of COVID-19 pandemic, there has been a significant decline in economic activities and since the end of March, 2020, the macroeconomic impacts became significant, exhibited by, among other things, a rise in unemployment and market volatility. While the COVID related stress has gradually relaxed, the economic activity is still expected to take some more time before it returns to its earlier growth path. In the event of a regional slowdown in the economic activity or a sustained adverse impact of COVID-19 or sudden rise in the cases of COVID-19, or any other developments including political unrest, disruption or sustained economic downturn that make our growth less beneficial, we may experience an adverse impact on our financial condition, cash flows and results of operations.

19. We are subject to supervision and regulation by the RBI as a systemically important non – deposit accepting NBFC ("NBFC-ND-SIs"), and changes in RBI's regulations governing us could adversely affect our business.

We are classified as a systemically important non – deposit accepting NBFC (NBFC-ML) with asset size of more than ₹ 1,00,000 lakhs and therefore we are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs. The RBI's regulation of NBFC-ND-SIs (NBFC-MLs) may change or become more rigorous in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business, financial performance and cash flows. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SIs-(NBFC-MLs).

Compliance with many of the regulations applicable to our operations in India, including any restrictions on

investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

20. We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions.

As a NBFC-ND-SI (NBFC-ML), we are subject to periodic inspection by the RBI under Section 45N of the Reserve Bank of India Act, 1934 (the "RBI Act"), pursuant to which the RBI may inspect our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such investigations by RBI could expose us to warnings, penalties and restrictions.

During the course of finalization of inspection, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may also seek certain clarifications and share their findings in the ordinary course of business. For instance, certain non-compliances with regulatory guidelines/directives were brought out in supervisory letter by RBI with respect to risk assessment report (RAR) to financial year ended March 31, 2020 and inspection report (IR) of the book of accounts for Fiscal 2020. Our Company (as applicable) has taken all necessary measures to address, resolve and comply with the observations/findings highlighted in the supervisory letter issued by the RBI as part of its inspections, and has responded to and will respond to each such observation/finding indicated and further information sought therein, if any. However, we cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise / the authorities will not make similar or other observations in the future.

In the event we are unable to resolve such deficiencies to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition, cash flows and reputation.

21. Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals which are required to operate its existing or future businesses may have a material adverse effect on its business, financial condition, cash flows and results of operations.

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, we are also required to comply with certain other regulatory requirements imposed by the RBI from time to time. In future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as a systemically important non-deposit taking NBFC and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the time-frame anticipated by our Company, or at all. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour-related registrations, GST registrations and trade licenses of the particular state in which we operate. Some of these approvals may have expired in the ordinary course, and our Company has either applied, or is in the process of applying for renewals of them. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition, cash flows and results of operation.

In addition, if we establish additional branches, such branches need to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

22. Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures. Moreover, various state government laws regulating money lending transactions could adversely affect our business, prospects, results of operations, cash flows and financial condition.

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our measures to prevent money laundering as required by the RBI and other KYC compliance applicable in India, including the Reserve Bank of India (Know Your Customer) Master Directions, 2016 dated February 25, 2016, as amended ("KYC Directions") and the adoption of anti-money laundering policies and compliance procedures in all our branches may not be completely effective. As our Company has been classified as the NBFC-ND-SIs (NBFC-ML) from the fourth quarter of Fiscal 2020, we are subject to the RBI's guidelines on financial regulation of NBFCs, including, KYC procedure and policies, all our branches may not be completely effective with adequate internal policies, processes and controls in place with the KYC Directions and other prescribed KYC procedures. There can be no assurance that attempts to launder money using us as a vehicle will not be made. Additionally, certain states in India have enacted laws to regulate money lending transactions, which may for instance establish a maximum rate of interest that can be charged. In the event, we are required to comply with the provisions of these state money lending laws and KYC Compliances, there may be severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, KYC Compliances, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected.

23. We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices & customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with other banks and financial institutions that already have a presence in those geographies and markets and are therefore more familiar with local regulations, business practices and customs and have stronger relationships with customers. Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions, cash flows and results of operations.

24. We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.

We face competition in all our lines of business. Our primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks and the unorganized financiers who principally operate in the markets where we operate. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the retail and small and medium enterprises finance sector, together with increased demand for capital by individuals as well as small and medium enterprises, have resulted in an increase in competition.

In addition, our target customers also borrow from money lenders and non-institutional lenders which may lend at higher rates of interest.

All of these factors have resulted in us facing increased competition from other lenders in each of our lines of businesses, including commercial banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect

on our net interest margin, and, if we are unable to compete successfully, our market share may decline. If we are unable to compete effectively with other participants in the finance sector, our business, future financial performance and the trading price of the NCDs may be adversely affected.

25. If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk.

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, please see "*Our Business*" on page 96. Despite this, our policies and procedures to identify, monitor and manage risks of fraud, money laundering, any other credit, operational or other risks may not be fully effective. Our Board of Directors and the Risk Management Committee review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions. Further, some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. To the extent that any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risks are not effective, we may face risk exposure in certain market environments or particular types of risk as a result of not being able to effectively mitigate those market or credit risks. In addition, as we seek to expand the scope of our operations, we also face the risk of being unable to develop commensurate risk management policies and procedures.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses.

If we fail to effectively implement our risk management policies, we could materially and adversely affect our business, financial condition, results of operations and cash flows.

26. System failures or inadequacy and security breaches in computer systems may adversely affect our business.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing MIS systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. All our systems are cloud based which ensures the scalability but at the same time our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

27. We face the threat of fraud and cyber-attacks, such as hacking, phishing, trojans and other threats, attempting to exploit our network to disrupt services to customers and/or theft of sensitive internal company data or customer information. This may cause damage to our reputation and adversely impact our business and financial results.

Our systemic and operational controls may not be adequate to prevent adverse impact from cyber fraud, errors, hacking and system failures in future. Further, our mobile and internet-based customer applications and interfaces may be open to being hacked or compromised by third parties, resulting in thefts and losses to our customers and us. Some of these cyber threats from third parties include: (a) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt ex-filtration of account sensitive information; (b) hacking – where attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – where cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (d) advanced persistency threat – network attack in which an unauthorised person gains access to our network and remains undetected for a long period of time. The intention of this attack is to steal our data or information rather than to cause damage to our network or organisation. Attempted cyber threats fluctuate in frequency and are generally increasing in frequency. If we suffer from any of such cyber threats, it could materially and adversely affect our business, results of operations, cash flows and financial condition.

A significant system breakdown or system failure caused due to intentional or unintentional acts would have an adverse impact on our revenue-generating activities and lead to financial loss. It may also impact our customers' loyalty and satisfaction.

There is also the risk of our customers blaming us and terminating their accounts with us for a cyber-incident that might have occurred on their own system or with that of an unrelated third party. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

Some of our businesses use cloud environments for various applications, we store and transmit large amounts of sensitive, confidential, personal and proprietary information over public communications networks. The shared, on demand nature of cloud computing introduces the possibility of new security breaches, in addition to the threats faced by traditional corporate networks. Due to the vast amount of data stored on cloud servers, cloud providers have become an attractive target for cyber-attacks. Though cloud providers deploy the required security controls to protect their cloud environments, if they fail in protecting our confidential information, it may have a material adverse effect on our business, results of operations, cash flows, financial condition, reputation and prospects.

28. Fluctuations in the market values of our investments and other asset portfolio could adversely affect our result of operations and financial condition

We maintain a portfolio of investments, which include government securities, corporate debt securities, certificates of deposits and various mutual fund units. Any financial turmoil in the financial markets has the ability to adversely impact the economic activity in India and globally. Continued deterioration of the credit and capital markets could result in volatility of our investment earnings and impairments to our investment and asset portfolio, which could adversely affect our reported income and financial condition.

Fluctuations in the market values of our investments as part of treasury management could cause us to write down the value of our assets, affect our liquidity and reduce our ability to enforce our security, which could adversely affect our result of operations and financial condition. We may not accurately identify changes in the value of our investments caused by changes in market prices, and our assessments, assumptions or estimates may prove inaccurate or not predictive of actual results.

29. We utilize the services of certain third parties for our operations. Any deficiency or interruption in their services could adversely affect our business and reputation.

We engage third party service providers from time to time for services including the valuation of assets and legal services, direct selling agents and as collection agents. Such third parties are typically proprietorships or professionals. Our agreements with them typically do not provide for any exclusivity, and accordingly, they can work with other lenders, including our competitors. There can be no assurance that our direct selling agents will continue to provide a significant number of leads for loans to us in comparison with our competitors, or at all. Some third party vendors may also be small companies which are likely to experience financial or operational difficulties than larger, well established companies due to limited financial and other resources. This may result in a delay of services or products delivered to us and we may be unable to find alternative vendors.

In addition, we utilize third party vendors for our information technology systems and rely on such vendors for adequate and timely delivery of services, providing support and troubleshooting advice and maintaining adequate resources and bandwidth for the smooth running of our operations. Our ability to control the manner in which services are provided by third party service providers is limited and we may be held liable on account of any deficiency of services on the part of such service providers. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third party service providers. Any disruption or inefficiency in the services provided by our third-party service providers could affect our business and reputation.

30. Our ability to raise foreign debt capital may be constrained by Indian law.

We have availed loans under the external commercial borrowings route and may borrow in foreign currencies in the future. As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

31. Negative publicity could damage our reputation and adversely impact our business and financial results. Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business.

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the banking and financial services industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the banking and financial services industry generally or us specifically could materially adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations. Negative publicity can result from our own or our third- party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk. Further, a failure of a cooperative bank, private sector bank, non-banking finance company or small finance bank or housing finance company could also affect the sentiment towards the industry in general and lead to a reduction in business. Any damage to our brand or our reputation may result in withdrawal of business by our existing customers, loss of new business from potential customers.

32. Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance, cashflows and results of operations.

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation created thereby is essential to our business. The reputation of our Company could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company. As such, any damage to our reputation could substantially impair our ability to maintain or grow our business. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands may also decline. Any negative news affecting us might also affect our reputation and brand value.

33. We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, customers or third parties, which could harm our cashflows, results of operations and financial position.

We may do cash collections to recover our dues. Such cash transactions may expose us to the risk of theft, burglary and misappropriation or unauthorized transactions by our employees and fraud by employees, customers or third parties. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability.

Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

34. All of our offices and branches are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavourable to us could adversely affect our operations.

As of September 30, 2022, all of our offices including our registered office and branches are located in leased premises. Further, as we expand our branch network in line with our growth strategy, we expect the number of leased branches to increase significantly as all of our new branches are expected to open on leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavorable to us, or if they terminate the agreement, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business, cashflows and results of operations.

All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

35. Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our strategies and risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving the RBI standards. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or evolving market standards.

36. Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

37. Our insurance coverage may not be sufficient or may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our cashflows, results of operations and diminish our financial position.

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with, and appropriate to, our operations. For further details on our insurance coverage, see "*Our Business – Insurance*" on page 111. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject

to certain deductibles, exclusions and limits on coverage. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. However, we cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cashflows and results of operations.

38. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Loan industries contained in this Prospectus.

While facts and other statistics in this Prospectus relating to India, the Indian economy as well as the loan industry have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in "*Industry Overview*" on page 74. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

39. The obligations under existing NCDs issued by Pre-demerger InCred have been vested in our Company pursuant to the Composite Scheme of Amalgamation and Arrangement. The existing NCDs are listed on BSE and our Company is subject to certain obligations and reporting requirements under SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us/our promoter liable to prosecution and/or penalties.

Our Company is subject to the obligations and reporting requirements under SEBI Listing Regulations. Though our Company endeavours to comply with all such obligations/reporting requirements, there have been certain instances of non-compliance and delays in complying with such obligations/reporting requirements. Any such delays or non-compliance would render our Company to prosecution and/or penalties. Our Company has in past received communication under regulations 57(1), 60(2) and 54(2) of SEBI Listing Regulations from BSE**.** We have responded to such communication and have made necessary filings including payment of penalties levied against our Company. Any non-compliances/delay in complying with mandatory obligations and reporting requirements may render us/our promoter liable to prosecution and/or penalties.

40. Our ability to pay dividends in the future will depend on restrictive covenants of our financing arrangements, our future cashflows, results of operations, financial condition, cash flows and working capital and capital expenditure requirements.

Any dividends to be declared and paid by us in the future are required to be recommended by our Board and approved by our shareholders, at their discretion, subject to the provisions of the Articles of Association, dividend policy and applicable laws and regulations. Our ability to pay dividends in the future will depend on our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements, capital expenditure requirements, business prospects and any other financing arrangements. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our shareholders in future. For details pertaining to dividend declared by us in the past, please see "*Other Regulatory and Statutory Disclosures*" on page 246. As per the law, dividends may be paid out of profits earned during the year or out of accumulated profits earned by a company in previous years and transferred by it to its reserves (subject to certain conditions). Any accumulated profits that are not distributed in a given year are retained and may be available for distribution in subsequent years.

41. Our business processes a large amount of data, including personal data, and the improper collection, hosting, use or disclosure of data could harm our reputation and have an adverse effect on our business, financial condition, results of operations and cash flows.

Our business processes a large quantity of personal data (with our users' consent) and analyses this data to generate user and user group profiles. Our privacy policies concerning the collection, use and disclosure of personal data (and users' rights thereto) are consented to by our customers and made accessible for their reference at any point in time. We face risks inherent in handling and protecting a large volume of data, especially user data. In particular, we face several challenges relating to data security and privacy, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage, fraudulent behaviour or improper use by our employees;

- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived data sharing (including sharing among our own businesses, with business partners, vendors or regulators), and other factors that may arise from our existing businesses or new businesses and new technology; and

- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data, including requests from data subjects.

The improper collection, use or disclosure of our user data could result in a loss of customers, business, partner financial institutions and other potential participants, loss of confidence or trust, litigation, regulatory investigations, penalties or actions against us, significant damage to our reputation, and have an adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, we share a limited amount of user data with third-party service providers in accordance with applicable laws and regulations and subject to stringent data security and privacy requirements. We also rely on certain third-party service providers in relation to the sourcing of data for potential customers. We do PAN verification with the National Securities Depository Limited ("**NSDL**"), and Aadhaar XML download from the Unique Identification Authority of India ("**UIDAI**"). During the course of providing such services, customer data may be accessed. If such third-party service providers engage in activities that are negligent, fraudulent, illegal or otherwise harm the trustworthiness and security of our systems, including by improper disclosure or use of user data, or if our business partners otherwise fail to meet their data security and privacy obligations, we may be subject to user complaints and suffer reputational harm, even if the actions or activities are not related to, attributable to or caused by us, or within our control. While no regulatory or legal action has been taken against us in relation to such instances in the past, we cannot assure you that we will not be subject to any regulatory or legal action for such instances in the future.

42. There are outstanding litigations pending against us, our Promoter, Directors, Group Companies and our Subsidiaries which, if determined adversely, could affect our business, cash flows, results of operations and financial condition.

In the ordinary course of business, we, our Promoter, our Directors, our Group Companies and our Subsidiaries are involved in certain legal proceedings, at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if decided against us, could adversely affect our reputation, business, cash flows, results of operations and financial condition. We cannot assure you that the currently outstanding legal proceedings will be decided favourably or that no further liability will arise from these claims in the future. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. For details, see "*Outstanding Litigations and other Confirmations*" on page 231.

If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. An adverse decision in any of these proceedings may have an adverse effect on our business, cash flows, results of operations and financial condition.

43. This Prospectus contains certain Non-GAAP measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the industry.

This Prospectus includes certain non-GAAP measures, including Net Worth and Return on Net Worth, which are in a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with Ind

AS. We consider these non-GAAP measures useful in evaluating our business and financial performances. However, these non-GAAP measures are not alternatives to any measure of performance or liquidity or as an indicator of our operating performance or liquidity. They should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. There are no standard methodologies in the industries for computing such measures, and those non-GAAP measures we included in this Prospectus may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

Risk Factors related to the Issue and NCDs

44. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

We intend to use the net proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of our financing business including onward lending, repayment of interest and principal of existing borrowings and for general corporate purposes. For further details, please see "*Objects of the Issue*" at page 61. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

45. The objects of the issue are not for any specified projects.

The proceeds of this Issue will be used by the Issuer in accordance with applicable laws and not for any specified projects. For further details, please see "*Objects of the Issue*" on page 61.

46. There is no assurance that the NCDs issued pursuant to this Issue will be listed on BSE Limited and/or National Stock Exchange of India Limited in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE and NSE.

47. Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law.

In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs. In case of proceedings under the (Indian) Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, the NCDs will be subordinated to certain liabilities preferred by law.

Amongst others, the (Indian) Insolvency and Bankruptcy Code, 2016 prescribes that in case of liquidation, a secured creditor has the option to either relinquish the security and participate in the liquidation process, or to independently realise the security. If the secured creditor chooses to independently enforce the security held by it, it will have a lower priority for any amounts remaining unpaid after the enforcement of the security (as compared to the priority such creditor would have had on relinquishing the security). The (Indian) Insolvency and Bankruptcy Code, 2016 also prescribes the order of distribution of the liquidation proceeds.

48. The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.

Failure or delay to recover the expected value from a sale or disposition of the assets / receivables charged as security in connection with the NCDs could expose the holders to a potential loss. Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding

from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 1.05 times asset cover for the NCDs, which shall be free from any encumbrance, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

While the NCDs will be secured against a charge to the tune of 1.05 times of the principal and/or interest accrued thereon in favour of Debenture Trustee, and it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the possibility of recovery of 1.05 times of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

49. The rights over the security provided will not be granted directly to holders of the NCDs

The rights over the security securing the obligations of our Company under the NCDs and the Debenture Trust Deed will not be granted directly to the NCD holders, but will be granted only in favour of the Debenture Trustee. As a consequence, NCD holders will not have direct security and will not be entitled to take enforcement action in respect of the security for the NCDs, except through the Debenture Trustee.

50. ***There may be a delay in making refund/ unblocking of funds to Applicants.***

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (iii) withdrawal of the Issue, or (iv) failure to obtain the final approval from the BSE and NSE for listing of the NCDs, will be refunded to you in a timely manner. We however, shall refund / unblock such monies, with the interest due and payable thereon (in case of any delays) as prescribed under applicable statutory and/or regulatory provisions.

51. Permission to list in any stock exchange in India or abroad.

While none of our securities or debt instruments have been denied permission to list in any stock exchange in India or abroad during last three years, any such refusal in future might adversely affect tradability as well as price of then existing other listed securities or debt instruments.

52. Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

53. Changes in interest rate may affect the price of our NCD.

Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs. All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

54. Repayment is subject to the credit risk of the Company

Potential investors should be aware that receipt of the principal amount, (i.e. the redemption amount), interest thereon and any other amounts that may be due in respect of the NCDs is subject to the credit risk of the Company whereby the Investors may or may not recover all or part of the funds in case of default by the Company. Potential investors assume the risk that the Company will not be able to satisfy their obligations under the NCDs. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the NCDs may not be made or may be substantially

reduced or delayed.

On December 14, 2021, the RBI issued a circular titled "Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)" ("PCA Framework Circular") to enable supervisory intervention and implement remedial measures of NBFCs, including NBFC-NDs, on the basis of tracking certain indicators such as CRAR, Tier I Capital Ratio and Net NPA Ratio. Pursuant to the PCA Framework Circular, the PCA framework for NBFCs will come into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022. We cannot assure you that in the future, we will be able to maintain the thresholds prescribed by the RBI under the PCA Framework Circular.

55. Risks in relation to NCDs; the secondary market for debentures may be illiquid; limited or sporadic trading of non-convertible securities of the Company on the Stock Exchanges

The NCDs may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the NCDs, it is not likely to provide significant liquidity. Potential investors may have to hold the NCDs until redemption to realize any value.

56. Risks in relation to the security; Security may be insufficient to redeem the debentures; risks in relation to maintenance of security cover or full recovery of the security in case of enforcement

The NCDs to be issued pursuant to the Issue will be secured by creating an exclusive charge on Identified Book debts/ receivables of the Company to the extent of 1.05 times of the amount outstanding towards principal and interest payable on NCDs. In the event that the Company is unable to meet its payment and other obligations towards investors under the terms of the NCDs, the Debenture Trustee may enforce the Security in respect of the NCDs as per the terms of security documents, and other related documents. The Debenture Holder(s)' recovery in relation to the NCDs will be subject to (i) the market value of such secured property, (ii) finding willing buyers for the transaction security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the NCDs. The value realised from the enforcement of the transaction security may be insufficient to redeem the NCDs.

Fluctuations in the market values of the assets over which security has been provided in respect of loans provided by the Company could affect the Company's liquidity and reduce the Issuer's ability to enforce the security, which could adversely affect the Company's result of operations and financial condition. The Company may not accurately identify changes in the value of assets over which security has been provided caused by changes in market prices, and the Company's assessments, assumptions or estimates may prove inaccurate.

External Risk Factors

57. Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our cashflows and results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our cashflows and results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, cash flows and results of operations and financial condition. Our performance and the

growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance.

58. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our cash flows and results of operations.

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

59. Natural disasters and other disruptions could adversely affect the economy and could adversely affect our business, cash flows, results of operations and financial condition.

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business, results of operation and financial condition.

60. We face risks related to public health epidemics in India and abroad.

Our business could be materially and adversely affected by the outbreak of public health epidemics, or the fear of such an outbreak, in India or elsewhere. In January 2020, an outbreak of a strain of coronavirus, COVID-19, which has spread globally, with cases recorded in China, Australia, Italy, Iran, Japan, South Korea, UAE, Thailand, the United States and India, among other countries. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a health emergency of international concern. Governments around the world had to impose a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. This in turn has impacted the operation of businesses, reduced regional travels and trade and lowered industrial production and consumption demand. If the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occurs again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, financial condition, cash flows and results of operations. Similarly, any other future public health epidemics in India could materially and adversely affect our business, financial condition, cash flows, results of operations and prospects.

61. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalisation and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalisation could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business. Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that

support continued economic liberalisation. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated as Multiflow Financial Services Private Limited on February 3, 1995 as a private company incorporated under the Companies Act, 1956, as amended, with CIN U67190TN1995PTC030045 and was granted a certificate of incorporation by the Registrar of Companies, Chennai Tamil Nadu. The Company changed its name to KKR India Financial Services Private Limited and was issued fresh certificate of incorporation by Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands on August 13, 2010 consequent upon change of name. Later on, a fresh certificate of incorporation was received from Registrar of Companies, Chennai, Tamil Nadu on July 24, 2019, upon conversion of Company from private company to public company under section 18 of Companies Act, 2013 and consequently name of the Company was changed to KKR India Financial Services Limited. The registered office of the Company was subsequently changed from Regus Citi Centre, Level 6, 10/11 Dr. Radhakrishna Salai, Chennai, Tamil Nadu – 600 004 to 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Mumbai City, Maharashtra, 400013 and a fresh certificate of incorporation was issued by RoC w.e.f. April 1, 2021 with revised CIN U67190MH1995PLC360817. Pursuant to Composite Scheme of Amalgamation and Arrangement effective from April 01, 2022 the name of our Company was changed from KKR India Financial Services Limited to InCred Financial Services Limited, and a fresh certificate of incorporation was granted by the RoC on August 3, 2022. Further our registered office was changed to Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051. Our Company is registered as a non-deposit accepting systemically important non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 bearing registration number B-13.02417 by way of a certificate of registration dated September 28, 2022.

Pursuant to the Scheme InCred Demerged Undertaking comprising the business of retail lending, SME lending, housing finance business and ancillary activities of Pre-demerger InCred a company incorporated as Visu Leasing and Finance Private Limited was demerged and transferred and vested in the Company. Post implementation of the Scheme the name of our Company was changed from KKR India Financial Services Limited to InCred Financial Services Limited, and a fresh certificate of incorporation was granted by the RoC on August 03, 2022. Our Company is registered as a non-deposit accepting non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 bearing registration number B-13.02417. Further our Company received no-objection in relation to the Scheme from RBI on December 8, 2021 and in-principle approval under Regulation 59 of SEBI Listing Regulations from BSE vide its letters dated December 24, 2021 and April 21, 2022 and from NSE *vide* letters dated March 4, 2022 and October 10, 2022.

Our Company is engaged in the business of providing all forms of credit or financing facilities to all categories of borrowers, including without limitation retail lending, lending to micro, small and medium enterprises, digital and non-digital financing.

For further details in relation to the changes in our name, constitution, and registration with the RBI, see "*History and Main Objects***"** on page 125.

Registration:

CIN: U67190MH1995PLC360817
LEI: 335800CBHSVMQJ3Y6A90
RBI registration number: B-13.02417
Permanent Account Number: AAACM7774Q

Registered Office and Corporate Office

InCred Financial Services Limited
Unit No. 1203, 12th floor, B Wing,
The Capital, Plot No. C-70, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai City, Maharashtra – 400 051
Tel: +91 22 6844 6100
Website: www.incred.com
Email: incred.compliance@incred.com
For further details regarding changes to our Registered Office, see "*History and Main Objects*" on page 125.

Registrar of Companies, Mumbai
100, Everest, Marine Drive
Mumbai – 400 002, Maharashtra
Tel. No.: +91 22 2281 2627 / 2202 0295 / 2284 6954
Fax No.: +91 22 2281 1977
E-mail: roc.mumbai@mca.gov.in

Liability of the members of the Company

Limited by shares

Whole Time Director and Chief Financial Officer

Vivek Bansal
Unit No. 1203, 12th floor, B Wing,
The Capital, Plot No. C – 70,
G Block, Bandra – Kurla Complex,
Bandra East, Mumbai – 400 051
Tel No: +91 22 6844 6100
Email: treasury@incred.com

Company Secretary and Compliance Officer

Gajendra Singh Thakur
Unit No. 1203, 12th floor, B Wing,
The Capital, Plot No. C – 70,
G Block, Bandra – Kurla Complex,
Bandra East, Mumbai – 400 051
Tel No: +91 22 6844 6100
Email: incred.compliance@incred.com
Fax: +91 22 6844 6100

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer in case of any pre-Issue or post-Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs, refunds, transfers, etc. as the case may be.

Lead Manager

JM FINANCIAL LIMITED
7th Floor, Cnergy
Appasaheb Marathe Marg,
Prabhadevi Mumbai – 400 025
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
E-mail: incred.ncdissue2022@jmfl.com
Investor Grievance Email: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
Compliance Officer: Sunny Shah
SEBI Registration Number: INM000010361
CIN: L67120MH1986PLC038784

Debenture Trustee

Catalyst Trusteeship Limited

GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud,
Pune – 411 038, Maharashtra
Tel: +91 22 4922 0555
Fax: +91 22 4922 0505
Email: ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Umesh Salvi
Compliance Officer: Rakhi Kulkarni
SEBI Registration No: IND000000034
CIN: U74999PN1997PLC110262

Catalyst Trusteeship Limited under regulation 8 of SEBI NCS Regulations, by its letter dated November 30, 2022 given its consent for its appointment as Debenture Trustee to the Issue (hereinafter referred to as "**Trustees**"). A copy of letter from Catalyst Trusteeship Limited conveying their consent to act as Trustees for the Debenture holders and for its name to be included in this Prospectus and Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue is annexed as *Annexure B*.

All the rights and remedies of the Debenture Holders under the Issue shall vest in and shall be exercised by the appointed Debenture Trustee for the Issue without having it referred to the Debenture Holders. All investors under the Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for the Issue to act as their trustee and for doing such acts, deeds, matters, and things in respect of or relating to the Debenture Holders as the Debenture Trustee may in his absolute direction deem necessary or require to be done in the interest of Debenture Holders and signing such documents to carry out their duty in such capacity.

Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case maybe, shall, from the time of making such payment, completely and irrevocably discharge our Company from any liability to the Debenture Holders to that extent. For details on the terms of the Debenture Trust Deed, please see "*Issue Related Information*" on page 271.

Registrar to the Issue

Link Intime India Private Limited
C 101, 247 Park, L.B.S Marg, Vikhroli (West)
Mumbai 400 083, Maharashtra, India
Tel: +91 810 811 4949
Fax: +91 22 4918 6060
Email: incred.ncd2@linkintime.co.in
Investor Grievance mail: incred.ncd2@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer : B. N. Ramakrishnan
SEBI Registration Number: INR000004058
CIN: U67190MH1999PTC118368

Link Intime India Private Limited, has by its letter dated December 16, 2022 given its consent for its appointment as Registrar to the Issue and for its name to be included in the Draft Prospectus and this Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to the Issue.

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer in case of any pre-Issue or post-Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs, refunds, unblocking, transfers, etc. as the case may be.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, Permanent Account Number, number of NCDs applied for, Series of NCDs applied for, amount paid on application, Depository Participant name and client identification number, and the collection centre of the Members of the Consortium where the Application was submitted and ASBA Account number (for Bidders other than Retail Individual Investors bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of Retail Individual Investors bidding through the UPI mechanism.

Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchanges, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members of the Stock Exchanges may be addressed directly to the relevant Stock Exchanges.

Consortium member to the Issue

JM FINANCIAL

JM Financial Services Limited
Ground Floor, 2,3&4, Kamanwala Chambers,
Sir P.M. Road, Fort,
Mumbai – 400 001, Maharashtra, India
Tel: +91 22 6136 3400
Fax: Nil
E-mail: tn.kumar@jmfl.com / sona.verghese@jmfl.com
Website: www.jmfinancialservices.in
Investor Grievance E-mail: ig.distribution@jmfl.com
Contact Person: T N Kumar/ Sona Verghese
Compliance Officer: Aman Agarwal
SEBI Registration Numbers: INZ000195834
CIN: U67120MH1998PLC115415

Bankers to the Issue

Public Issue Account Bank, Sponsor Bank and Refund Bank

ICICI Bank Limited
Capital Market Division, 1st Floor
5th Floor, HT Parekh Marg,
Churchgate, Mumbai – 400 020,
Maharashtra, India
Tel.: +91 22 6805 2182
Email: sagar.welekar@icicibank.com/ipocmg@icicibank.com
Website: www.icicibank.com
Contact Person: Sagar Welekar
SEBI Registration Number: INBI00000004
CIN: L65190GJ1994PLC021012

Statutory Auditor

S. R. Batliboi & Associates LLP
Chartered Accountants
12th Floor, Ruby
29, Senapati Bapat Marg, Dadar (West)
Mumbai – 400 028, Maharashtra, India
Tel: +91 22 6819 8000
Email: srba@srb.in

Firm Registration Number: 101049W/E300004
Contact Person: Sarvesh Warty

S.R. Batliboi & Associates LLP, Chartered Accountants was appointed as the statutory auditor of our Company on August 5, 2022.

For change in statutory auditors in last three years, please see '*Other Regulatory and Statutory Disclosures*' on page 246.

Credit Rating Agency

CRISIL Ratings Limited
CRISIL House,
Central Avenue, Hiranandani Business Park,
Powai, Mumbai 400076
Tel: +91 22 3342 3000 (B)
Fax: 91-22-3342 3050
Email: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Krishnan Sitaraman
SEBI Registration No: INCRA0011999

Credit Rating and Rationale

Our Company has received rating of "CRISIL A+/Stable" for an amount of ₹ 35,000 lakh by CRISIL Ratings Limited *vide* their rating letter dated November 30, 2022, in respect to the NCDs and further revalidated *vide* letter dated December 26, 2022. The Company hereby declares that rating given by CRISIL Ratings Limited are valid as on the date of this Prospectus and shall remain valid on date of issue and Allotment of the NCDs and the listing of the NCDs on BSE and NSE, as defined subsequently. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. The rating given by the Credit Rating Agency is valid as on the date of this Prospectus and shall remain valid until the ratings are revised or withdrawn. Ratings issued by CRISIL Ratings Limited will continue to be valid for the life of the instrument unless withdrawn or reviewed by CRISIL Ratings Limited, in terms of the rating agreement dated November 11, 2022. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. These ratings are subjected to a periodic review during which they may be raised, affirmed, lowered, withdrawn, or placed on Rating Watch at any time on the basis of factors such as new information. The rating should be evaluated independently of any other rating. The Credit Rating Agency's website will have the latest information on all its outstanding ratings. In case of any change in credit ratings till the listing of NCDs, our Company will inform the investors through public notices/ advertisements in all those newspapers in which pre issue advertisement has been given. In case of any change in credit ratings till the listing of NCDs, our Company will inform the investors through public notices/ advertisements in all those newspapers in which pre issue advertisement has been given. For the rating, rating rationale and press release for the above ratings, see Annexure A.

Disclaimer Statement of CRISIL Ratings Limited

CRISIL Ratings Limited (CRISIL Ratings) has taken due care and caution in preparing the Material based on the information provided by its client and / or obtained by CRISIL Ratings from sources which it considers reliable (Information). A rating by CRISIL Ratings reflects its current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL Ratings. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. The Rating is not a recommendation to invest / disinvest in any entity covered in the Material and no part of the Material should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL Ratings especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Material. Without limiting the generality of the foregoing, nothing in the Material is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary permission and/or registration to carry out its business activities in this regard. InCred Financial Services Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Material or part thereof outside India. Current rating status and CRISIL

Ratings' rating criteria are available without charge to the public on the website, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at 1800-267-1301.

Legal Counsel to the Issue

Khaitan & Co
One World Centre
13th& 10th Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai – 400 013
Maharashtra, India
Tel: +91 22 6636 5000

Banker to our Company

IDFC First Bank Limited
Ground Floor, Naman Chambers, C-32
G Block, Bandra Kurla Complex
Bandra East, Mumbai 400051
Contact Person: Chintan Satra
Tel: +91 22 7132 6462
Fax:+91 22 2656 1519
Email: gbobkc@idfcbank.com
Website: www.idfcfirstbank.com

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who —

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Recovery Expense Fund

Our Company shall create a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The Recovery expense fund may be utilized by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Inter-se allocation of Responsibility

The following table sets forth the responsibilities for various activities by the Lead Manager:

S. No.	Activities	Responsibility
1.	Due diligence of Company's operations/ management/ business plans/ legal etc. • Drafting and designing of the offering document. • (The Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Offering Document and RoC filing). Draft Prospectus, and this Prospectus (together "**Issue Documents**") • Coordination with the Stock Exchanges for in-principle approval	JM Financial
2.	Structuring of various issuance options with relative components and formalities etc.	JM Financial
3.	Co-ordination with intermediaries for their deliverables and co-ordination with lawyers for legal opinion	JM Financial
4.	Drafting and approval of statutory advertisement.	JM Financial
5.	Appointment of other intermediaries viz., Registrar, Debenture Trustee, Consortium/Syndicate Members, printer, advertising agency and Public Issue Bank, Refund Bank and Sponsor Bank.	JM Financial
6.	Coordination with the printer for designing and finalization of Issue Documents, Application Form including memorandum containing salient features of the Issue Documents.	JM Financial
7.	Drafting and approval of all publicity material (excluding statutory advertisement as mentioned in 5 above) including print and online advertisement, outdoor advertisement including brochures, banners, hoardings etc.	JM Financial
8.	Preparation of road show presentation, FAQs.	JM Financial
9.	Marketing strategy which will cover, inter alia: • Deciding on the quantum of the Issue material and follow-up on distribution of publicity and Issue material including Application Forms, Issue Documents, posters, banners, etc. • Finalise collection centres; • Coordinate with Registrar for collection of Application Forms by ASBA banks; • Finalisation of list and allocation of institutional investors for one on one meetings.	JM Financial
10.	Domestic institutions/banks/mutual funds marketing strategy: • Finalize the list and division of investors for one on one meetings, institutional allocation	JM Financial
11.	Non-institutional marketing strategy which will cover, inter alia: • Finalize media, marketing and public relation strategy and publicity budget; • Finalize centers for holding conferences for brokers, etc.	JM Financial
12.	Coordination with the Stock Exchanges for use of the bidding software	JM Financial
13.	Coordination for security creation by way of execution of Debenture Trust Deed	JM Financial
14.	Post-issue activities including: • Co-ordination with Bankers to the Issue for management of Public Issue Account(s), Refund Account and any other account and • Allotment resolution	JM Financial
15.	• Drafting and finalization of post issue stationery items like, allotment and refund advice, etc.; • Coordination for generation of ISINs; • Corporate action for dematerialized credit /delivery of securities; • Coordinating approval for listing and trading of securities; and • Redressal of investor grievances in relation to post issue activities.	JM Financial

Underwriting

The Issue is not underwritten**.**

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Minimum subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 Working Days from the Issue Closing Date or such time as may be specified by SEBI. The Application Amount shall be transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay by our Company in unblocking the aforesaid ASBA Account within the prescribed time limit our Company will become liable to refund the Application Amount along with interest at the rate of 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription amount was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Operational Circular.

Designated Intermediaries

Self-Certified Syndicate Bank

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=44 as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms and UPI Mechanism through app/web interface from the Designated Intermediaries, refer to the above-mentioned link.

In relation to Bids submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the Members of the Syndicate is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45 and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Syndicate SCSB Branches

In relation to Applications submitted to a member of the Syndicate or the Trading Members of the Stock Exchanges only in the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the Members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI Operational Circular, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website

of the Stock Exchange at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

CRTAs / CDPs

The list of the CRTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the website of BSE and NSE for CRTAs and CDPs, as updated from time to time.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please see, "*Objects of the Issue*" beginning on page 61.

Issue Programme*

ISSUE OPENS ON	Monday, January 9, 2023
ISSUE CLOSES ON	Friday, January 27, 2023
PAY IN DATE	Application Date. The entire Application Amount is payable on Application
DEEMED DATE OF ALLOTMENT	The date on which our Board of Directors or the committee thereof approves the Allotment of the NCDs for the Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the deemed date of allotment.

**The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Finance Committee, subject to relevant approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement has been given on or before such earlier or initial date of Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges.*

*Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(Indian Standard Time) ("**Bidding Period**"), during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded on the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. on one Working Day after the Issue Closing Date.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. As per the SEBI Operational Circular, the allotment in this Issue is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

CAPITAL STRUCTURE

Details of share capital

The share capital of our Company as on September 30, 2022 is set forth below:

Share Capital	(₹)
AUTHORISED SHARE CAPITAL	
50,00,00,000 equity shares of ₹ 10	500,00,00,000
Total Authorised Share Capital	
50,00,00,000 equity shares of ₹ 10	**500,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
46,02,26,538 equity shares of ₹ 10	460,22,65,380
Total	**460,22,65,380**
Securities Premium Account	**624,98,49,373**

Note: There will be no change in the capital structure and securities premium account due to the issue and allotment of the NCDs.

Details of change in authorised share capital of our company as on September 30, 2022, for last three years:

There is no change in authorised share capital since past three years.

Issue of Equity Shares for consideration other than cash in the three years preceding September 30, 2022

No equity shares of the Company have been issued for consideration other than cash.

Changes in the Equity Share capital of our Company in the three years preceding September 30, 2022:

There has been no change in Equity Share capital of our Company in three years preceding September 30, 2022.

Shareholding pattern of our Company as on September 30, 2022

Table I – Summary Statement holding of specified securities

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of Locked in shares		No. of Shares pledged or otherwise encumbered		No. of equity shares held in rematerialised form
								No of Voting Rights			Total as a % of (A+B +C)			No. (a)	As a % of total Shares held (b)	No.	As a % of total Shares held	
								Class eg: Equity Shares	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	7	46,02,26,538	Nil	Nil	46,02,26,538	100	46,02,26,538	Nil	46,02,26,538	100	Nil	100	Nil	Nil	Nil	Nil	46,02,26,538
(B)	Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
I	Non Promoter-Non Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(C1)	Shares underlying DRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(C2)	Shares held by Employees Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total:	**7**	**46,02,26,538**	**Nil**	**Nil**	**46,02,26,538**	**100**	**46,02,26,538**	**Nil**	**46,02,26,538**	**100**	**Nil**	**100**	**Nil**	**Nil**	**Nil**	**Nil**	**46,02,26,538**

Table –I – Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Indian																		
(a)	Individuals/ Hindu undivided Family																		
	Jigar Shah (Held on behalf of InCred Holdings Limited)	BMEPS7710N	6	395	-	-	400	0.0000869	400	-	-	400	-	-	-	-	-	-	400
	Ankur Jain (Held on behalf of InCred Holdings Limited)	AIBPJ2165L		1															
	Binoy Parikh (Held on behalf of InCred Holdings Limited)	ANVPP9907D		1															
	Hemant Pandey (Held on behalf of InCred Holdings Limited)	ALYPP5088N		1															
	Rakesh Bajaj (Held on behalf of InCred Holdings Limited)	AACPB3978L		1															
	Vineeta Sharma (Held on behalf of InCred Holdings Limited)	AWVPS6381B		1															
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
(d)	Any Other																		
	InCred Holdings Limited	AAECK1997B	1	46,02,26,138	-	-	46,02,26,138	99.9999131	46,02,26,138	-	-	46,02,26,138	-	-	-	-	-	-	46,02,26,138
	Sub-Total (A)(1)	-	**7**	**46,02,26,538**	-	-	**46,02,26,538**	**100**	**46,02,26,538**	-	-	**46,02,26,538**	-	-	-	-	-	-	**46,02,26,538**
(2)	Foreign	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	-	**7**	**46,02,26,538**	-	-	**46,02,26,538**	**100**	**46,02,26,538**	-		**46,02,26,538**	-	-	-	-	-	-	**46,02,26,538**

Table III- Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Institutions																		

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+ VI)	Shareholding as a % of total no of shares (A+B+ C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+ C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(c)	Alternate Investment Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil	Nil				Nil
(d)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil	Nil				Nil
(e)	Foreign Portfolio Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil	Nil				Nil
(f)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil	Nil				Nil
(g)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Provident Funds/ Pension Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i)	Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (B)(1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2)	Central Government/ State Government(s)/ President of India	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (B)(2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
(3)	Non-Institutions																		
(a)	i. Individual shareholders holding nominal share capital up to ₹ 2 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	NBFCs Registered with RBI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Employee Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Overseas Depositories (Holding DRs) (Balancing figure)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	NON RESIDENT INDIANS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	CLEARING MEMBERS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Qualified Institutional	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+ VI)	Shareholding as a % of total no of shares (A+B+ C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+ C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
	Buyer																		
	NON RESIDENT INDIAN NON REPATRIABLE	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	BODIES CORPORATES	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (B)(3)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total Public Shareholding (B) = (B)(1)+ (B)(2)+(B)(3)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

List of top 10 holders of Equity Shares of our Company as on September 30, 2022:

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares
1.	InCred Holdings Limited (formerly known as KKR Capital Markets India Limited)	46,02,26,138	46,02,26,138	99.99%
2.	Jigar Shah (Held on behalf of InCred Holdings Limited)	395	395	Negligible
3.	Ankur Jain (Held on behalf of InCred Holdings Limited)	1	1	Negligible
4.	Binoy Parikh (Held on behalf of InCred Holdings Limited)	1	1	Negligible
5.	Hemant Pandey (Held on behalf of InCred Holdings Limited)	1	1	Negligible
6.	Rakesh Bajaj (Held on behalf of InCred Holdings Limited)	1	1	Negligible
7.	Vineeta Sharma (Held on behalf of InCred Holdings Limited)	1	1	Negligible
	Total	46,02,26,538	46,02,26,538	100%

List of top 10 holders of non-convertible securities as on September 30, 2022 (on cumulative basis):

Sr. No.	Name of the holder of Non-convertible Securities	Amount (in ₹ lakh)	% of total non-convertible securities outstanding
1.	UTI International Wealth Creator 4	11,500.0	10.32%
2.	Union Bank Of India	10,000.0	8.98%
3.	Bank Of India	5,000.0	4.49%
4.	Sporta Technologies Private Limited	5,000.0	4.49%
5.	UNIFI AIF	4,600.0	4.13%
6.	Northern Arc Money Market Alpha Trust	2,680.0	2.41%
7.	Alla Venkata Rama Rao	2,200.0	1.98%
8.	InCred Wealth And Investment Services Private Limited	2,140.0	1.92%
9.	Kemwell Biopharma Private Limited	2,000.0	1.80%
10.	Unifi Capital Private Limited	2000.0	1.80%

Statement of the aggregate number of securities of our Company and our Subsidiary purchased or sold by our Promoters, Promoter Group, our Directors and the directors of our Promoters and/or their relatives within six months immediately preceding the date of filing of this Prospectus.

Except for the details as set out in the table below, no securities of our Company have been purchased or sold by our Promoters, promoter group, our Directors, directors of our Promoter and/or their relatives within six months immediately preceding the date of filing of this Prospectus.

Sr. No.	Name of the Transferor	Name of the Transferee	Date of purchase/ transfer	Whether purchase/ transfer	Number of Equity Shares
1.	Yeshwant Nadkarni (Held on behalf of InCred Holdings Limited)	Ankur Jain (Held on behalf of InCred Holdings Limited)	July 14, 2022	Transfer	1
2.	Niraj Karia (Held on behalf of InCred Holdings Limited)	Binoy Parikh (Held on behalf of InCred Holdings Limited)	July 5, 2022	Transfer	1
3.	Ashima Suri (Held on behalf of InCred Holdings Limited)	Rakesh Bajaj (Held on behalf of InCred Holdings Limited)	June 29, 2022	Transfer	1
4.	Deepak Punjabi (Held on behalf of InCred Holdings Limited)	Hemant Pandey (Held on behalf of InCred Holdings Limited)	May 3, 2021	Transfer	1
5.	Sanjay Nayar	Jigar Shah	January 13, 2021	Transfer	394

Sr. No.	Name of the Transferor	Name of the Transferee	Date of purchase/ transfer	Whether purchase/ transfer	Number of Equity Shares
	(Held on behalf of InCred Holdings Limited)	(Held on behalf of InCred Holdings Limited)			
6.	Kapil Singhal (Held on behalf of InCred Holdings Limited)	Vineeta Sharma (Held on behalf of InCred Holdings Limited)	January 13, 2021	Transfer	1
7.	B.V. Krishnan (Held on behalf of InCred Holdings Limited)	Jigar Shah (Held on behalf of InCred Holdings Limited)	December 7, 2018	Transfer	1

No securities of our subsidiaries have been purchased or sold by our Promoters, promoter group, our Directors, directors of our Promoter and/or their relatives within six months immediately preceding the date of filing of this Prospectus.

Statement of Capitalization

A. Statement of capitalization (Debt to Equity Ratio) of our Company (Standalone) as on September 30, 2022:

(₹ in lakh, except Debt/Equity ratio)

Particulars	Pre-Issue as at September 30, 2022	Post Issue as Adjusted**
Debt		
Debt securities	1,35,286.7	1,70,286.7
Borrowings (other than debt securities)	2,28,928.6	2,28,928.6
Total Debt/Borrowings (A)	**3,64,215.3**	**3,99,215.3**
Equity		
Equity share capital	46,022.7	46,022.7
Other equity	1,94,602.8	1,94,602.8
Total Equity (B)	**2,40,625.5**	**2,40,625.5**
Debt/ Equity (C= A/B)*	**1.5**	1.7

**The debt-equity ratio post Issue in indicative on account of the assumed inflow of ₹ 35,000 lakhs from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

***The Post Issue as Adjusted reflects changes in debt securities, only on account of proceeds from proposed issue of NCD. In the above table, there has been no adjustment for issue related expenses.*

B. Statement of capitalization (Debt to Equity Ratio) of our Company (Consolidated) as on September 30, 2022:

(₹ in lakh, except Debt/Equity ratio)

Particulars	Pre-Issue as at September 30, 2022	Post Issue as Adjusted**
Debt		
Debt securities	1,35,286.7	1,70,286.7
Borrowings (other than debt securities)	2,28,928.6	2,28,928.6
Total Debt/Borrowings (A)	**3,64,215.3**	**3,99,215.3**
Equity		
Equity share capital	46,022.7	46,022.7
Other equity	1,93,096.6	1,93,096.6
Total Equity (B)	**2,39,119. 3**	**2,39,119.3**
Debt/ Equity (C= A/B)*	**1.5**	**1.7**

**The debt-equity ratio post Issue in indicative on account of the assumed inflow of ₹ 35,000 lakhs from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

***The Post Issue as Adjusted reflects changes in debt securities, only on account of proceeds from proposed issue of NCD. In the above table, there has been no adjustment for issue related expenses.*

Shareholding of Directors in our Company

None of the Directors in our Company as on September 30, 2022 hold shares of the Company

Details of Promoter's shareholding in our Company's Subsidiary

Nil

Details of Promoter's shareholding in our Joint Venture and Associate Companies

Nil

Details of any acquisition or amalgamation in the last one year

The Hon'ble National Company Law Tribunal ("**NCLT**"), Mumbai Bench, vide order dated May 6, 2022 had approved the Composite Scheme of Amalgamation and Arrangement amongst InCred Holdings Limited *(erstwhile known as KKR Capital Markets India Limited)*, Bee Finance Limited, Pre-demerger InCred *(now known as InCred Prime Finance Limited)* and InCred Financial Services Limited *(erstwhile known as KKR India Financial Services Limited)* and their respective shareholders *inter alia* involving the demerger of InCred Demerged Undertaking into our Company which was made effective on July 26, 2022.

For details on demerger, please see '*History and Main Objects - Composite Scheme of Amalgamation and Arrangement*' on page 128.

Details of any reorganization or reconstruction in the last one year

Our Company has not made any reorganization or reconstruction in the last one year prior to filing of this Prospectus.

For more details, please see "*History and Main Objects - Composite Scheme Of Amalgamation And Arrangement*" on page 128.

Details of debt securities were issued at a premium or a discount by the Company

Other than as disclosed in the section "*Financial Indebtedness*" on page 166, no debt securities were issued at a premium or a discount by the Company.

Details of shareholding of our Directors in our Subsidiaries, Associate or Joint Ventures as of date of this Prospectus

Other than disclosed below, as on the date of this Prospectus, the Directors are not holding any shares in subsidiary, associates or joint ventures.

Name of the Director	Name of the Company	Nature of the Company (subsidiary, associates or joint ventures)	No. of Shares held
Bhupinder Singh	InCred Management and Technology Services Private Limited (Nominee shareholder)	Subsidiary	1
	mValu Technology Services Private Limited	Subsidiary	3
	InCred.AI Limited	Subsidiary	1
Vivek Bansal	MValu Technology Services Private Limited	Subsidiary	10

Details of change in the promoter holding in our Company during the last financial year beyond 26 % (as prescribed by RBI)

Except the change in shareholding pursuant to the Scheme, there has been no change in the promoter holding in our Company during the last financial year beyond 26%. For further details see please see *'History and Main Objects - Composite Scheme of Amalgamation and Arrangement'* on page 128.

Employee Stock Option Scheme

Nil

Details of pledge or encumbrance of equity shares held by Promoter and Promoter Group

None of the Equity Shares held by the Promoter in our Company are pledged or encumbered otherwise by our Promoter and Promoter Group.

OBJECTS OF THE ISSUE

Issue Proceeds

Our Company has filed this Prospectus for a public issue of secured, redeemable, NCDs for an amount up to ₹ 17,500 lakh with an option to retain oversubscription up to ₹ 17,500 lakh, aggregating up to ₹ 35,000 lakh.

The Issue is being made pursuant to the provisions of the SEBI NCS Regulations and the Companies Act and the rules made there under. Our Company proposes to utilize the proceeds raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**") towards funding the objects listed under this section.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (₹ in lakh)
Gross proceeds of the Issue	35,000
Less: Issue related expenses*	623.0
Net proceeds	34,377.0

**The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of allottees, market conditions and other relevant factors.*

Requirement of Funds and Utilization of Net Proceeds

The following table details the objects of the Issue (collectively, referred to herein as the "**Objects**") and the amount proposed to be financed from Net Proceeds:

Sr. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
(a)	For the purpose of onward lending, financing and for repayment of interest and principal of existing borrowings of the Company*	At least 75%
(b)	General Corporate Purposes**	Maximum up to 25%
	Total	**100%**

**Our Company will not utilise the proceeds of this Issue towards payment of prepayment penalty, if any*
***The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI NCS Regulations.*

The main objects clause of the Memorandum of Association of the Company permits the Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

Issue related expenses break-up

The expenses for this Issue include, inter alia, lead management fees and selling commission to the Lead Manager, Consortium Member and intermediaries as provided for in the SEBI Operational Circular, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses, listing fees and any other expense directly related to the Issue. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for this Issue are as follows*:

(₹ in lakh, unless otherwise stated)

Particulars	Amount	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Fee Payable to Intermediaries including Registrar to the Issue and Debenture Trustee	162.8	0.47%	26.14%
Lead Managers Fee, Selling and Broking Commission, SCSB Processing Fee	372.6	1.06%	59.82%
Advertising and Marketing, Printing and Stationery Costs	77.7	0.22%	12.48%
Other Miscellaneous Expenses	9.8	0.03%	1.57%
Grand Total	**623.0**	**1.78%**	100.00%

**Assuming the Issue is fully subscribed. The expenses are indicative and are subject to change depending on the actual*

level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Our Company shall pay processing fees to the SCSBs for ASBA forms procured by Lead Manager/ Consortium Member/ Sub brokers/Trading Members and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ 10 per Application Form procured (plus service tax and other applicable taxes). However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee. Further, RTAs and CDPs shall be paid ₹ 10 per each valid Application Form procured.

Further, our Company shall pay the Sponsor Bank ₹ 6 for every valid Application that is blocked. The payment will be made on the basis of valid invoices within such timelines mutually agreed to/prescribed by the Company with the Designated Intermediaries/Sponsor Bank.

Purpose for which there is a requirement of funds

As stated in this section.

Funding Plan

Our Company confirms that for the purpose of this Issue, funding plan will not be applicable.

Summary of the project appraisal report

Our Company confirms that for the purpose of this Issue, summary of the project appraisal report will not be applicable.

Schedule of implementation of the project

Our Company confirms that for the purpose of this Issue, schedule of implementation of the project will not be applicable.

Monitoring of utilization of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Audit Committee of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year commencing from Fiscal 2023, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon receipt of minimum subscription, i.e. 75% of base issue relating to the Issue, the execution of the documents for creation of security and the Debenture Trust Deed and receipt of final listing and trading approval from the Stock Exchanges. Our Company, within forty-five days from the end of every quarter, submit to the stock exchange, a statement indicating the utilization of issue proceeds of non-convertible securities, which shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.

Interim use of proceeds

Our Management, in accordance with the policies formulated by it from time to time,will have the flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest/ non- interest bearing liquid instruments including money market mutual funds, deposits with banks, current account of banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by our Board of Directors or a committee thereof. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Other Confirmations

In accordance with the SEBI NCS Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person or company who is a part of the Promoter Group or Group Companies.

Proceeds from the Issue shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property. No part of the proceeds from the Issue will be paid by us as consideration to our Promoter, the Directors, Key Managerial Personnel, or companies promoted by our Promoter except

in ordinary course of business.

No part of the proceeds from the Issue will be utilized for buying, trading or otherwise dealing in equity shares of any listed company. Further our Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

Our Company confirms that it will not use the proceeds from the Issue, directly or indirectly, for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to an interest in either the capital or profit or losses or both in such business exceeding 50% thereof, the purchase or acquisition of any immovable property (direct or indirect) or acquisition of securities of any other body corporate.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

There is no contribution being made or intended to be made by the Directors as part of the Issue or separately in furtherance of the Objects of the Issue.

General Corporate Purposes

Our Company intends to deploy up to 25% of the amount raised and allotted in the Issue for general corporate purposes, including but not restricted to routine capital expenditure, renovations, strategic initiatives, meeting any expenditure in relation to our Company as well as meeting exigencies which our Company may face in the ordinary course of business, or any other purposes as may be approved by our Board of Directors or duly authorized committee thereof.

Variation in terms of contract or objects in this Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Prospectus is issued, except as may be prescribed under the applicable laws and specifically under Section 27 of the Companies Act, 2013. Further, in accordance with the SEBI Listing Regulations, in case of any material deviation in the use of proceeds as compared to the objects of the issue, the same shall be indicated in the format as specified by SEBI from time to time.

Benefit / interest accruing to Promoter/Directors out of the object of the Issue

Neither our Promoter nor the Directors of our Company are interested in the Objects of this Issue.

STATEMENT OF POSSIBLE TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURES HOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
InCred Financial Services Limited
Unit No. 1203, 12th Floor,
B – Wing, The Capital
Plot No. C-70, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai, Maharashtra – 400 051

Dear Sirs

Statement of Possible Tax Benefits available to the debenture holders of InCred Financial Services Limited (formerly, KKR India Financial Services Limited) in connection with the proposed public issue of secured redeemable non-convertible debentures of face value of ₹ 1,000 each (the "Debentures" or the "NCDs") (hereinafter referred to as the "**Issue**")

1. We hereby confirm that the enclosed Annexure, prepared by InCred Financial Services Limited (the "Company"), provides the possible tax benefits available to the debentures holders of the Company under the Income tax Act, 1961 (the "Act") as amended by the Finance Bill, 2022, i.e. applicable for the Financial Year 2022-23 relevant to the assessment year 2023-24 respectively, presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon their fulfilling such conditions which, the debenture holders may or may not choose to fulfil.

2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. We do not express any opinion or provide any assurance as to whether:

   i) the debenture holders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

5. This Report has been issued at the request of the Company for the purpose of inclusion in the offer document in connection with its proposed Issue and should not be used by anyone else or for any other purpose.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sarvesh Warty
Partner
Membership No. 121411
Mumbai
UDIN: 22121411BFWRSJ5833

December 21, 2022

Annexure

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

This Annexure is based on the provisions of the Income-tax Act, 1961 ('IT Act') in force as on the current date, after considering the amendments made by the Finance Act, 2022 ('FA 2022').

This Annexure intends to provide general information on the applicable provisions of the IT Act. However, in view of the nature of the implications, the investors are best advised to consult their respective tax advisors/consultants for appropriate counsel with respect to the specific tax and other implications arising out of their participation in the Portfolio as indicated herein.

Taxability under the IT Act

A. Common provisions applicable to both Resident and Non-Resident debenture holders:

1. Determination of head of income for the purpose of accessibility:

The returns received by the investors from the Non-Convertible Debentures ('NCD') in the form of 'interest' and gains on transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the IT Act:

- Profits and gains of business or profession ('PGBP');
- Capital gains ('CG'); and
- Income from other sources ('IFOS').

For determining the appropriate head of income (as mentioned above) *vis-à-vis* the income or loss earned on/ from the NCD, it will be pertinent to analyse whether the NCD are held as 'Investments' i.e. capital asset or as 'Stock-in-trade'.

If the NCD are held as 'Stock-in-trade', interest income as well as gain or loss on its transfer will be assessed to tax under the head PGBP, whereas, if the NCD are held as 'Investments', then the interest income will be assessed to tax under the head IFOS and any gain/ loss on its transfer will be assessed to tax under the head CG (explained in ensuing paragraphs), based on facts of each case.

However, as per section 2(14) of the IT Act, 'capital asset' includes, inter alia, securities held by a Foreign Institutional Investor ('FII') [now known as Foreign Portfolio Investor ('FPI')] which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992. Accordingly, such securities, held by an FII, will be characterised as 'capital asset' and classification as 'Stock-in-trade' shall not apply.

The investors may obtain specific advice from their tax advisors regarding the above classification and tax treatment of their investments.

2. Taxation of Interest and Gain/ loss on transfer of debentures:

- ***Taxation of Interest***

Income by way of interest received on debentures, bonds and other debt instruments held as 'Investments' (i.e. capital asset) will be charged to tax under the head IFOS at the rates applicable to the investor after deduction of expenses, if any, allowable under section 57 of the IT Act. These are essentially expenses (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of earning the interest income. In case of debentures, bonds or other debt instruments held as 'Stock-in-trade', interest received thereon will be charged to tax under the head PGBP.

The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.

- ***Taxation of gain or loss on transfer***

(a) Taxable under the head PGBP

As discussed above, depending on the particular facts of each case, the NCD may, in certain cases, be regarded to be in the nature of 'Stock-in-trade' and, accordingly, the gains from the transfer of such NCD should be considered to be in the nature of business income and hence chargeable to tax under the head PGBP.

In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a 'net' basis (i.e. net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act).

The business income so computed, as reduced on account of set-off of brought forward or current year losses in accordance with Chapter VI of the IT Act and unabsorbed allowances, if any, would go to form part of the gross total income of the investor.

The gross total income would be reduced by deductions, if any, available under Chapter VI-A of the IT Act and the resultant total income would be subject to tax at the tax rates as applicable to the investor (Refer Note 1 and Note 2).

Based on section 145 of the IT Act, the timing of charging any income to tax would depend on the method of accounting followed by the taxpayer consistently (i.e. cash or mercantile).

Investors should obtain specific advice from their tax advisors regarding the manner of computing business income, the deductions available therefrom and the tax to be paid thereon.

(b) Taxable under the head Capital Gains

As discussed above, based on the particular facts of each case, the NCD may, in certain cases, be regarded to be held as 'Investments' in which case the gains or loss from the transfer of such NCD should be chargeable to tax under the head CG.

Investors should, however, seek specific advice from their tax advisors/ consultants in respect of characterization of capital gains, the manner of computation and the tax to be paid thereon.

3. Period of holding and Capital gain – long term & short term:

As per section 2(29AA) read with section 2(42A) of the IT Act, listed NCD is treated as a long-term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer and consequently, the gain/ loss on transfer of such NCD should be treated as long term capital gain/ loss.
Accordingly, if listed NCD is held for upto 12 months immediately preceding the date of its transfer, the same should be treated as a short-term capital asset and the gain/ loss on transfer of such NCD should be treated as short-term capital gain/ loss.

4. Computation of capital gains and tax thereon

Capital gains is computed after reducing from the consideration received for the transfer of the capital asset ['full value of consideration (FVC)], the cost of acquisition (CoA) of such asset and the expenses incurred wholly and exclusively in connection with the transfer. The capital gains so computed will be chargeable to tax at the rates as detailed in the ensuing paragraphs.

5. Set off of capital losses

Long-term capital loss incurred during a year can be set-off only against long-term capital gains arising in that year or in subsequent years and cannot be set-off against short-term capital gains arising in that year or in subsequent years. The long-term capital loss remaining after set-off, if any, can be carried forward for eight years immediately succeeding the year in which the loss was first computed, to be for set-off against subsequent years' long-term capital gains.

On the other hand, short-term capital loss incurred during a year can be set-off against both, short-term and long-term capital gains of the same year or of subsequent years. The short-term capital loss remaining after set-off, if any, can be carried forward for eight years immediately succeeding the year in which the loss was first computed, to be set-off against subsequent years' short-term as well as long-term capital gains.

B. Tax benefits available to Resident NCD holders:

- Interest on NCD received by resident NCD holders would form part of their total income and be subject to tax at the applicable rates of tax (Note 1 and 2 below) in accordance with and subject to the provisions of the IT Act.

- Capital gains on transfer of NCD shall be computed by deducting from the FVC, expenditure incurred wholly and exclusively in connection with the transfer and the CoA of the NCD.

As per section 112 of the IT Act, capital gains arising on the transfer of long-term capital assets being listed debentures are subject to tax at the rate of 10% (plus applicable surcharge and health & education cess – Note 2 below) on the capital gains calculated without indexing the cost of acquisition (Fourth *proviso* to Section 48 restricts indexation benefit in case of long-term capital asset being a bond or debenture).

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax

on the balance of such long-term capital gains shall be computed at the rate mentioned above.

Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with the provisions of the IT Act.

C. Tax benefits available to Non-Resident debenture holders:

- A non-resident Indian has an option to be governed by Chapter XII-A of the IT Act, subject to the provisions contained therein which are given in brief as under:

- As per section 115C(e) of the IT Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

- As per section 115E of the IT Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20% (plus applicable surcharge and cess), whereas long term capital gains on transfer of such debentures will be taxable at 10% (plus applicable surcharge and cess – Note 2 below) of such capital gains without indexation of CoA. Short-term capital gains will be taxable at the applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with and subject to the provisions contained therein.

- In accordance with and subject to the provisions of section 115-I of the IT Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII-A of the IT Act. In such a case, long-term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% (plus applicable surcharge and cess – Note 2 below) computed without indexation of CoA.

- Interest income and short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the applicable rates of tax (as mentioned in Note 1 and 2 below) in accordance with and subject to the provisions of the IT Act.

- Where debentures are held as stock-in-trade, the income on transfer of debentures would be taxed as business income in accordance with and subject to the provisions of the IT Act.

D. As per section 90(2) of the IT Act read with the Circular no. 728 dated October 30, 1995, issued by the Central Board of Direct Taxes ('CBDT'), in the case of a remittance to a country with which a Double Tax Avoidance Agreement ('DTAA') is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of a valid and subsisting tax residency certificate ('TRC') is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self-declaration in Form 10F would need to be provided by the assessee along with the TRC which is valid and subsisting. (Recently, the Central Board of Direct Taxes issued a Notification [No. 03/2022 dated 16th July 2022] requiring 10F to be furnished electronically) ***Tax benefits available to Foreign Institutional Investors ('FII's) or Foreign Portfolio Investors ('FPI's):***

- In accordance with and subject to the provisions of section 115AD of the IT Act, long-term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and cess – Note 2 below) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess - Note 2 below). The benefit of indexation of CoA will not be available.

  Income other than capital gains arising out of debentures is taxable at 20% (plus applicable surcharge and cess - Note 2 below) in accordance with and subject to the provisions of Section 115

- AD of the IT Act.

  However, the above is subject to any relief available under DTAA entered into by the Government of India (as mentioned in

- Point C above).

  The CBDT has issued Notification No.9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115

- AD of the IT Act.

E. Withholding provisions

The withholding provisions provided under the Act are machinery provisions meant for tentative deduction of income-tax subject to regular assessment. The withholding tax is not the final liability to income-tax of an assessee. For rate of tax applicable to an assessee, please refer Notes 1 and 2 below:

Sr. No	Scenarios	Provisions
1	Withholding tax rate on interest on NCD issued to Indian residents	➢ Interest paid to residents other than insurance companies will be subject to withholding tax as per section 193 of the IT Act at the rate of 10 per cent. ➢ No tax is required to be deducted on interest paid to an individual or a HUF, in respect of debentures issued by a company in which the public is substantially interested if; • the amount of interest paid to such person in a financial year does not exceed INR 5,000; and • such interest is paid by an account payee cheque ➢ Further, no tax is required to be deducted on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder.
2	Withholding tax rate on interest on NCD issued to Foreign Portfolio Investor (FII)	➢ Interest on NCD issued to FII may be eligible for concessional withholding tax rate of 5 per cent under section 194LD of the IT Act, provided the interest coupon on such NCDs does not exceed the rates as notified by the Central Government. o Conditions to avail lower withholding tax rate of 5 percent are as under: a. Interest should be payable on or after 01 June 2013 but before 01 July 2023 in respect of investments made in (i) rupee denominated bond of an Indian Company; or (ii) a government security. b. Interest coupon on such NCDs should not exceed the rates as notified by the Central Government. ➢ Interest to a non-resident, not being a company or to a foreign company by a specified company or a business trust, may alternatively be eligible for concessional tax rate of 5 per cent under section 194LC(2)(ia) of the IT Act in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond before the 1st day of July 2023. If both sections i.e. 194LC and 194LD of the IT Act are not applicable, then tax deduction should be made as per sections 196D read with section 115AD of the IT Act i.e. at 20 per cent subject to relief under the relevant DTAA, if any. ➢ Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by a surcharge and health and education cess.
3	Withholding tax rate on interest on NCD issued to non-residents other than FIIs	➢ Interest payable to non-resident (other than FII) would be subject to withholding tax at the rate of 30 per cent/ 40 per cent as per the provisions of section 195 of the IT Act subject to relief under the relevant DTAA depending upon the status of the non-resident. ➢ Alternatively, benefits of concessional rates of 5 per cent under section 194LC of the IT Act provided the said interest falls within the ambit of the provisions of section 194LC of the Act and meets the conditions mentioned therein which *inter-alia* includes obtaining approval from the Central Government with respect to the rate of interest. ➢ Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge, as applicable.
4	Withholding tax rate on purchase of 'goods'	➢ As per section 194Q of the IT Act, any sum payable by a 'buyer' to a resident for purchase of 'goods' of the value exceeding INR 50 Lakhs shall be liable to withholding at the rate of 0.1 percent. ➢ Buyer means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out.

Sr. No	Scenarios	Provisions
		➢ TDS shall not be applicable where; a. Tax is deductible under any of the provisions of the IT Act; or b. Tax is collectible under the provisions of section 206C of the IT Act other than a transaction to which section 206C(1H) of the IT Act applies ➢ The CBDT has issued Circular No 13 of 2021 dated 30 June 2021 laying down guidelines under section 194Q of the Act. It inter alia provides that TDS under section 194Q of the Act shall not apply to transaction in securities and commodities which are traded through recognised stock exchanges or cleared and settled by the recognised clearing corporation (including exchanges or corporation located in IFSC). ➢ Given that the Circular does not provide clarity in respect of shares/ securities traded off-market, it is advisable that the investors obtain specific advice from their tax advisors regarding applicability of these provisions.

F. *Amendments* in the withholding tax provisions

Section 139A(5A) requires every person from whose income tax has been deducted under the provisions of chapter XVIIB of the IT Act, to furnish his PAN to the person responsible for deduction of tax at source.

As per provisions of section 206AA of the IT Act, the payer would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the payer. The penal rate of TDS is 20 per cent or any higher rate of TDS, as may be applicable, plus applicable surcharge and health and education cess.

Section 206AA of the IT Act provides that the provisions shall not apply to non-residents in respect of payment of interest on long-term bonds as referred to in section 194LC and any other payment subject to such conditions as may be prescribed.

Further, the CBDT, *vide* its notification dated 24 June 2016, has clarified that the provisions of section 206AA shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services and payment on transfer of capital assets provided the non-residents provide the following information to the payer of such income:

- Name, email-id, contact number;
- Address in the country or specified territory outside India of which the deductee is a resident;
- A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
- Tax Identification Number of the deductee in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

Further, as per section 206AB of the IT Act, with effect from 1 July 2021, payments made to specified persons will be subject to TDS at rate which is higher of the following:

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of 5%

In cases, where both section 206AA and section 206AB of the IT Act are applicable, taxes shall be deducted at higher of the rate prescribed under both the sections.

For the purpose of section 206AB of the IT Act, specified person means any person-

- Who has not filed an income-tax return for the AY relevant to the previous year immediately preceding the previous year in which tax is required to be deducted, and the prescribed time limit to file the income-tax return has expired;
- The aggregate amount of TDS is INR 50,000 or more in each of these previous years

But other than a non-resident who does not have a permanent establishment in India.

G. General Anti Avoidance Rules ("GAAR")

The General Anti Avoidance Rule (''GAAR'') was introduced in the IT Act by the Finance Act, 2012. The Finance Act, 2015 made the provisions of GAAR applicable prospectively from 1 April 2017. Further, income accruing, arising, deemed to accrue or arise

or received or deemed to be received by any person from transfer of investments made up to 31 March 2017 would be protected from the applicability of GAAR.

Note 1: Tax Rates

Resident Individuals and Hindu Undivided Families:

The individuals and HUFs are taxed in respect of their total income at the following rates:

Slab	Tax rate *
Total income up to Rs 250,000[#]	Nil
More than Rs 250,000[#] but up to Rs 500,000@	5 per cent of excess over Rs 250,000
More than Rs 500,000 but up to Rs 1,000,000	20 per cent of excess over Rs 500,000 + Rs 12,500[$]
Exceeding Rs 1,000,000	30 per cent of excess over Rs 1,000,000 + Rs 112,500[$]

@A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.

* plus surcharge if applicable and a health and education cess ('cess') of 4 per cent on the amount of tax plus surcharge, if applicable).

[#] for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 250,000 has to be read as Rs 300,000 and for resident senior citizens of eighty years of age and above ("super senior citizen) Rs 250,000' has to be read as Rs 500,000.

[$]Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 12,500 has to be read as Rs 10,000 and Rs 112,500 has to be read as Rs 110,000. And for super senior citizen Rs 12,500 has to be read as Nil and Rs 112,500 has to be read as Rs 100,000.

Alternatively, where an individual or a HUF exercises the option to be assessed to tax under the provisions of section 115BAC of the IT Act, the following shall be the rate of tax applicable. Further, the option to be assessed to tax in accordance with the provisions of section 115BAC of the IT Act once exercised by an individual or HUF carrying on business or profession for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, such individual or HUF shall never be eligible to exercise the option to be assessed in accordance with the provisions of section 115BAC of the Act except where such individual or HUF ceases to have any income from business or profession, in which case, the option to be assessed to tax as per the provisions of section 115BAC of the IT Act shall be available:

Slab	Tax rate *
Total income up to Rs 250,000	Nil
More than Rs 250,000 but up to Rs 500,000@	5 per cent of excess over Rs 250,000
More than Rs 500,000 but up to Rs 750,000	10 per cent of excess over Rs 500,000 + Rs 12,500
More than Rs 750,000 but up to Rs 1,000,000	15 per cent of excess over Rs 750,000 + Rs 37,500
More than Rs 1,000,000 but up to Rs 1,250,000	20 per cent of excess over Rs 1,000,000 + Rs 75,000
More than Rs 1,250,000 but up to Rs 1,500,000	25 per cent of excess over Rs 1,250,000 + Rs 1,25,000
More than Rs 1,500,000	30 per cent of excess over Rs 1,500,000 + Rs 1,87,500

@A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.

* plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

Partnership Firms & LLP's:

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

Domestic Companies:

Type of Domestic company	Base normal tax rate on income (other than income chargeable at special rates)	Base MAT rate
Domestic companies having turnover or gross receipts of upto Rs 400 Cr in FY 2020-21	25 per cent	15 per cent

Type of Domestic company	Base normal tax rate on income (other than income chargeable at special rates)	Base MAT rate
Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 per cent	15 per cent
Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA)	22 per cent	Not applicable
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing upto 31 March 2023, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 per cent	Not applicable
Domestic companies not falling under any of the above category	30 per cent	15 per cent

Note 2: Surcharge (as applicable to the tax charged on income)

Non-corporate assesses (other than firm, co-operative societies and FIIs):

Particulars	Rate of Surcharge
Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and 112 of the Act) does not exceed Rs 2 crore but total income (including dividend income and income under the provisions of section 111A, section 112A and 112 of the Act) exceeds Rs 2 crore	15 per cent on total tax The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act.
Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	- 25 per cent on tax on income excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act - 15 per cent on tax on dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act. *The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act as well.*
Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 5 crore	- 37 per cent on tax on income excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act 15 per cent on tax on dividend income and income under the provisions of section 111A, section 112A and section 11 - 2 of the IT Act. *The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act as well.*

Note: *The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act as well.*

FIIs (Non – corporate):

Particulars	Rate of Surcharge
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) does not exceed Rs 2 crore but total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	- 25 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act - 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 5 crore	- 37 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act - 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of IT Act

For assesses other than those covered above:

Particulars	Rate of surcharge applicable
Non-corporate taxpayers being firms and co-operative societies	Nil where total income does not exceed Rs 1 crore
	From FY 2022-23 7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	From FY 2022-23 12 per cent where total income exceeds Rs 10 crore
Domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the IT Act)	Nil where total income does not exceed Rs 1 crore
	7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	12 per cent where total income exceeds Rs 10 crore
Domestic companies availing benefit under section 115BAA and section 115BAB of the IT Act	10 per cent (irrespective of total income)
Foreign Companies (including corporate FIIs)	Nil where total income does not exceed Rs 1 crore
	2 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	5 per cent where total income exceeds Rs 10 crore

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

Notes:

- The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of NCD.

- The above statement covers only certain relevant direct tax law benefits and does not cover benefit under any other law.

- The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2023-24 pursuant to the financial year 2022-23 after considering the amendments made by the Finance Act 2022.

- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the NCD of the Company.

- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information under this section has been derived from the CARE Advisory Research and Training Limited ("CART") industry report titled "Research Report on NBFCs" December 2022 prepared by CareEdge Research ("CareEdge Report"). The CareEdge Report has been exclusively prepared for the purpose of the Offer and is commissioned and paid-for by the Company. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Prospectus.

1. Economic Outlook

1.1. Global Economy

As per the International Monetary Fund ("**IMF**")'s World Economic Outlook growth projections released in October 2022, the world economy grew by 6% in the calendar year ("**CY**") 2021 ("**CY21**"), majorly due to economic recovery and the lower base. For CY 2022 ("**CY22**"), the IMF slashed its projection for global economic growth to 3.2%, citing disruptions due to the Russia-Ukraine war and higher-than-expected inflation worldwide. The IMF projects real gross domestic product ("**GDP**") to slow down further to 2.7% in CY 2023 ("**CY23**"), mainly due to tightening global financial conditions, expectations of steeper interest rate hikes by major central banks to fight inflation, a sharper slowdown in China and spill over effects from the war in Ukraine with gas supplies from Russia to Europe tightening. The IMF projects world economy growth of between 2.6%-3.3% on a year-on-year ("**Y-o-Y**") basis for next five years.

IMF revises the GDP growth outlook considering uncertainties relating to global inflation

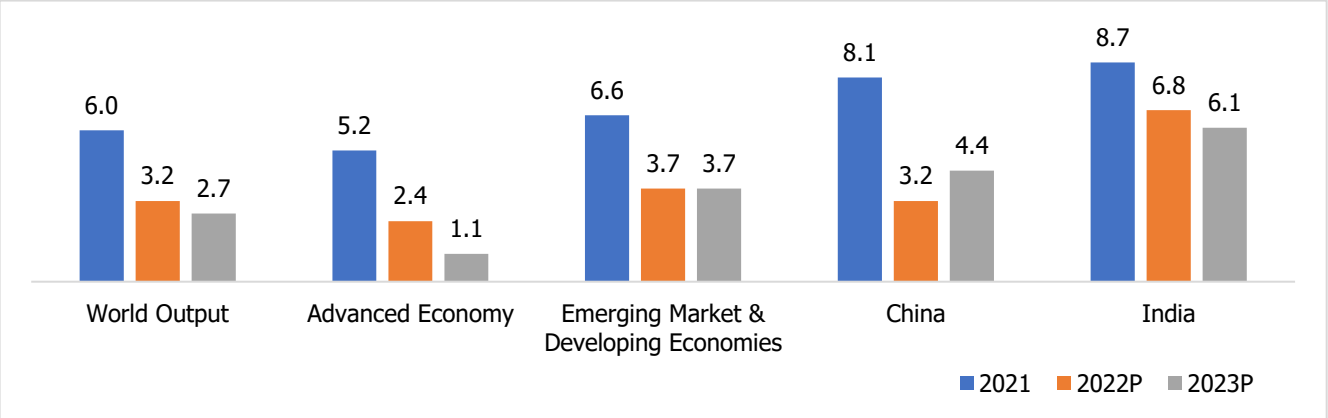
Advanced Economies Group

For the major Advanced economies group, which includes the United States, the GDP growth is projected to be lower at 2.4% in CY22 and 1.1% in CY23.

The baseline growth for the United States is revised down by 0.7 percentage points to 1.6% for CY22 and remains unchanged for CY23 at 1%. This is reflective of declining real disposable income impacting consumer demand with higher interest rates taking toll on spending.

The growth in the Euro Area is comparatively less pronounced than that in the United States. Recovery in tourism related services and industrial production in Italy and Spain, Russian gas supply cuts, tighter financial conditions, with rapidly rising policy rate, reflects an upward revision of 0.5 percentage point in CY22 to 3.1% and a downward revision 0.7 percentage point to 0.5% in CY23.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Notes: P-Projection
**For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at*

market prices with fiscal year 2011/12 as a base year.
Source: IMF – World Economic Outlook, October-2022

Emerging market and developing economies group

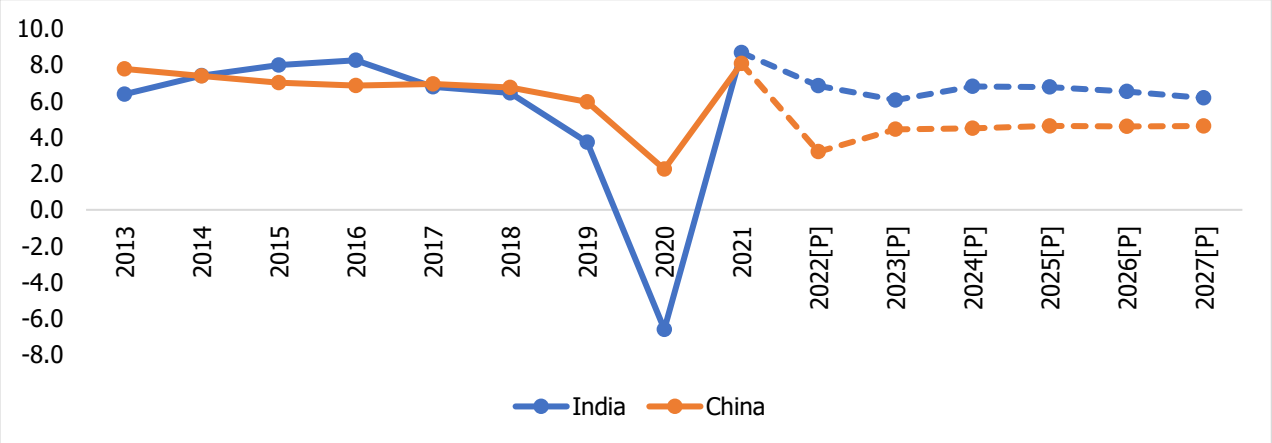
For the Emerging market and developing economies group, GDP growth is expected to decline to 3.7% in CY22 and sustain at that level in CY23. This downgrade is primarily a reflection of the sharp slowdown of China's economy and the moderation in India's economic growth. China's GDP growth is expected to slow down to 3.2% in CY22 and then pick-up to 4.4% in CY23. This is the lowest growth in more than four decades, excluding the initial COVID-19 crisis in CY20. Shanghai, a major global supply chain hub, entered a strict lockdown in April 2022 due to worrisome surge in COVID-19 cases, forcing citywide economic activity to halt for about eight weeks. The worsening crisis in China's property sector is also dragging down sales and real estate investment. Furthermore, COVID-19 pandemic related intermittent lockdowns continue to adversely impact economic growth.

The estimates for India's GDP growth have been downgraded to 6.8% in CY22 and 6.1% in CI23. This downgrade is majorly reflection of weaker-than-expected outturn in the second quarter and more subdued global demand.

India to remain fastest growing economy transcending China

Despite of the turmoil in last two-three years, India bears good tidings for becoming a USD 5 trillion economy by CY 2027 ("**CY27**"). According to the IMF dataset on Gross Domestic Product (GDP) at current prices for India, the current GDP is estimated to be USD 3.5 trillion for CY22 and projected to be USD 5.5 trillion by CY27. The expected GDP growth rate of India for coming years is almost double as that of the world economy.

Chart 2: GDP growth–trend comparison - India and China (Real GDP, Y-o-Y change in %)



P- *Projections; Source: IMF, World Economic Outlook Database (October 2022)*

India stands out as the fastest growing economy amongst the major economies. Outshining the growth rate of China, the Indian economy is projected to grow at more than 6% in the period CY23-CY27.

The Indian economy is paving its way towards becoming the largest economy in the world. Currently, India is the third largest economy globally in terms of Purchasing Power Parity ("**PPP**") with ~7% share in global economy with China (~18%) on the top and United states (~15%) being second. Purchasing Power Parity is an economy performance indicator denoting the price of an average basket of goods and services that a household needs for livelihood in each country. In spite of the pandemic and the geo-political tensions in Europe, India has been one of the major contributors to world economic growth.

1.2. Indian Economy Outlook

1.2.1. GDP growth and Outlook

Resilience to external shocks remains critical for near-term outlook

The year ended 31 March ("**FY**") 2021 ("**FY21**") started with the country being hit by the COVID-19 pandemic, which saw lockdowns and restrictions being imposed across states. This impeded economic output in the first quarter ("**Q1**") of

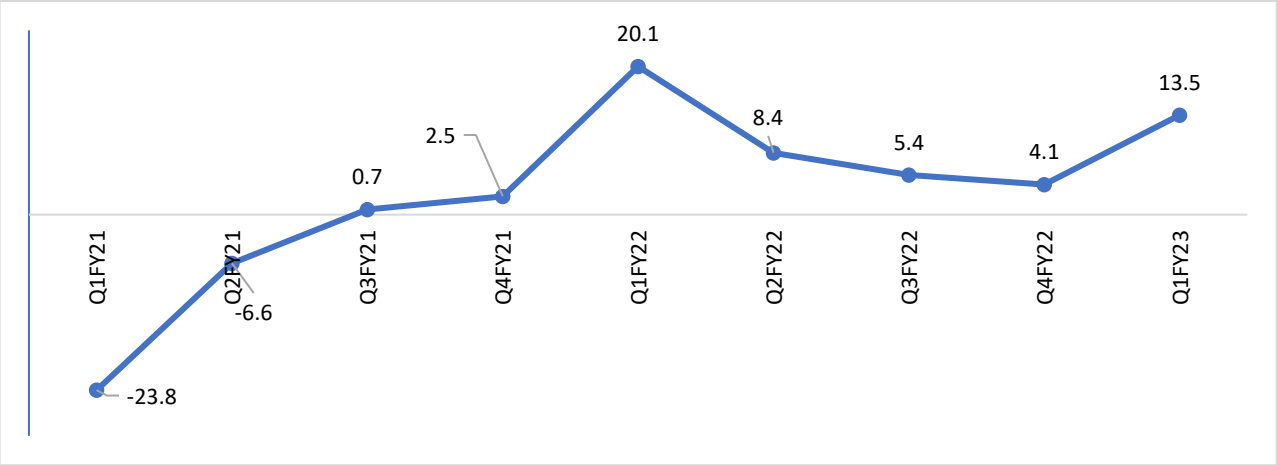
FY21 and led to a year-on-year decline of 23.8% in GDP. By the end of the fourth quarter ("**Q4**") of FY21, the economy began to recover. In a broader sense, the pandemic resulted in 6.6% negative growth for the Indian economy in FY21.

The Indian economy bounced back strongly in Q1 of FY 2022 ("**FY22**") with 20.1% Y-o-Y growth due to the lower base effect. The easing of lockdowns and restrictions across states since June 2021 coupled with the decline in COVID-19 cases and higher vaccination rate facilitated higher economic activity, as reflected in the GDP for the Q2FY22, which grew annually by 8.4%. The dip in the third quarter ("**Q3**") of FY22 of 5.4% can be attributed to the fading base effect. India's economy recorded modest growth of 4.1% in the fourth quarter ("**Q4**") of FY22 due to the hit on the economy caused by the third wave of COVID-19 as well as global supply bottlenecks due to the Russia-Ukraine war and higher input costs. Overall, India witnessed 8.7% growth in FY22.

In Q1 of FY 2023 ("**FY23**"), India recorded 13.5% growth in GDP, which can largely be attributed better performance by agriculture and services sectors. Prospectively for FY23, the announcements in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure is expected to augment growth and crowd in private investment through large multiplier effects. However, heightened inflationary pressures and resultant policy tightening may pose risks to the growth potential.

GDP growth outlook

Chart 3: Growth in GDP at constant prices (Y-o-Y in %)



Source: Ministry of Statistics and Programme Implementation ("MOSPI")

As the economy was getting back on its feet, global supply bottlenecks due to the Russia-Ukraine war and higher input costs slowed the pace of recovery again. The contraction in the manufacturing sector, which struggled with supply bottlenecks and high input prices, in the last quarter of Fiscal 2022 is a cause for concern. The other worrying aspect is the decline in consumption to GDP ratio in Q4 of Fiscal 2022, even when the investment to GDP ratio has bounced back. The slowest quarterly growth in Fiscal 2022 was also partly because of the unfavourable base effect. The economic growth picked-up with 13.5% growth registered in Q1 of Fiscal 2023 on a lower base of Q1 of Fiscal 2022 and better performance of agriculture and services sector.

Apart from this, the announcements in the Union Budget for Fiscal 2023 on boosting public infrastructure through enhanced capital expenditure are expected to augment growth and boost-in private investment through large multiplier effects.

Table 1: RBI's GDP Growth Outlook (Y-o-Y %)

Q2FY23	Q3FY23	Q4FY23	Q1FY24
6.3	4.6	4.6	7.2

Source: RBI press release dated October 14, 2022

With improvement in demand for contact-intensive sectors as well as positive business and consumer sentiment, the discretionary spending and urban consumption is expected to bolster economic growth. Along with increasing government support and push towards capex, the investment activities are expected to stay upright through improving bank credit and rising capacity utilization. On the other hand, headwinds from geopolitical tensions, tightening global

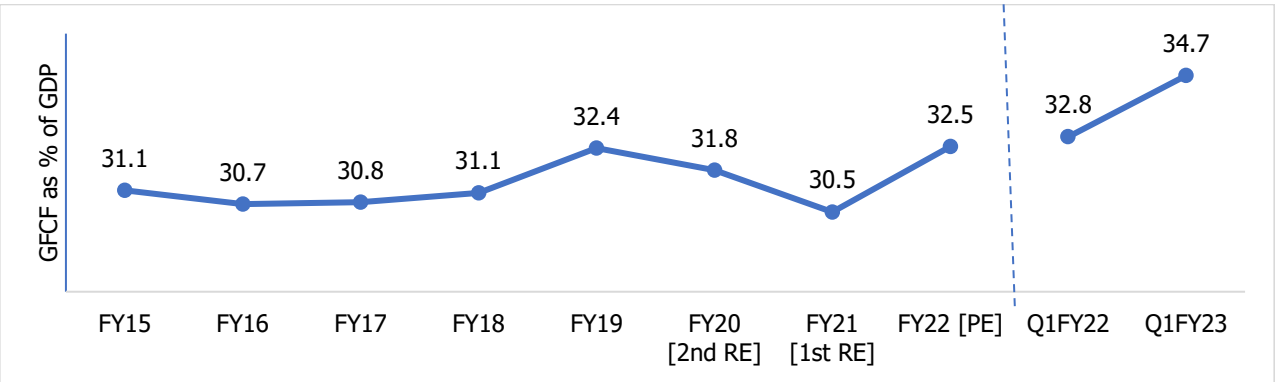
financial conditions and the slowing external demand pose downside risks to net exports and hence to India's GDP outlook.

Taking all these factors into consideration, the real GDP projected growth for FY23 is pared down to 7% by RBI for the October 2022 Outlook from the projected figure of 7.8% in RBI's February 2022 Outlook.

1.2.2. Investment Trend in infrastructure:

Gross Fixed Capital Formation ("**GFCF**"), which is a measure of the net increase in physical asset, is estimated to have made an improvement in FY22. As a proportion of GDP, it is estimated to be at 32.5%, which is the second highest level in seven years (since FY15).

Chart 4: Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices):



PE: Provisional Estimates, AE: Advanced Estimate; Source: MOSPI

Overall, support of public investment in infrastructure is likely to gain traction from the ethos of Atmanirbhar Bharat.

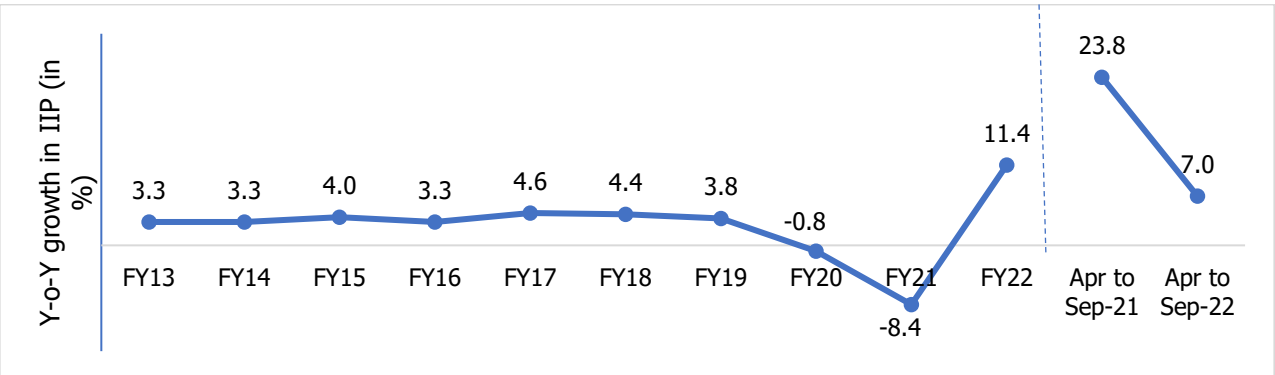
1.2.3. Industrial Growth

Improved core sector and capital goods sector helps in IIP pickup

Index of Industrial production (IIP) is an index to track manufacturing activity in an economy. On a cumulative basis, IIP grew by 11.4% in FY22. However, this high growth is mainly backed by a low base of FY21. FY22 IIP was higher by 2.0% when compared with the pre-pandemic level of FY20, indicating that while economic recovery is underway, it is still very nascent.

India's industrial production moved to the expansion zone recording growth of 3.1% in September 2022 from -0.7% in August 2022. Rebound in IIP was led by expansion in manufacturing (1.8%), mining (4.6%) and electricity (11.6%). Here, improved performance in core sectors and capital goods sector helped in improving industrial output performance from negative to positive territory.

Chart 5: Y-o-Y growth in IIP (in %)



Source: MOSPI

Going ahead, the consumption growth with commencement of festive and wedding season would be a key driver for

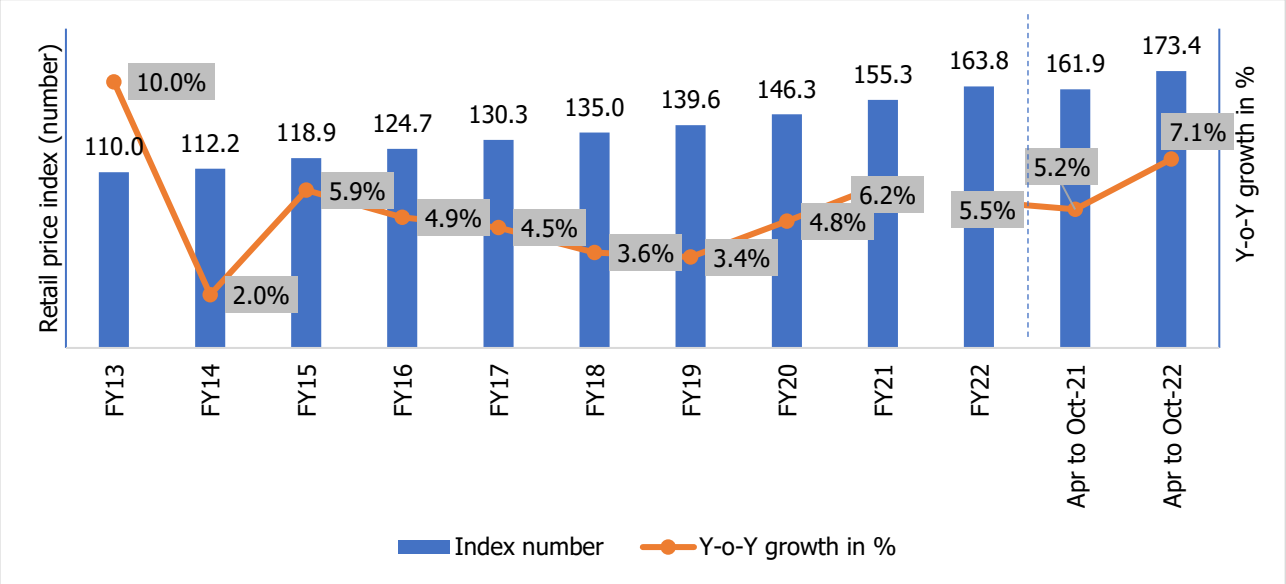
industrial growth. However, elevated domestic inflation, volatility in commodity prices and global economic slowdown could be the major challenges.

1.2.4. Consumer Price Index

CPI continues to remain uncomfortably high

Inflation has reappeared as a global issue in both advanced and emerging economies. India's retail price inflation stood at 5.5% in FY22, which is within the RBI's targeted tolerance band of 6%. The consumer inflation started to upswing from October 2021. As per the monthly numbers, the inflation rate reached the tolerance level of 6% per annum in January 2022. Following this, the month of March 2022 registered an inflation rate of 6.9% per annum.

Chart 6: Retail Price Inflation in terms of index numbers and Y-o-Y Growth in % (Base: 2011-12=100)



Source: MOSPI

Consecutively, during the cumulative period of April 2022 – Oct 2022, the inflation rate remained above the RBI's tolerance level, surpassing even the band of 7.1%. The retail inflation eased to a three months low of 6.8% in October 2022.

The CPI is primarily factored in by RBI while prepapring its bi-monthly monetory policy. At the bi-monthly meeting held in October 2022, the RBI projected inflation to be at 6.7% for FY23. For the Q2FY23 projections were made at to 7.1%, for Q3FY23 at 6.5% and Q4FY23 at 5.8%. Entering into FY24, CPI inflation for Q1FY24 is projected at 5%.

Table 2: Component wise retail inflation (Y-o-Y growth in %)

	Food and Beverages	Pan, tobacco and intoxicants	Clothing & footwear	Housing	Fuel & light	Miscellaneous
Weight	**45.9**	**2.4**	**6.5**	**10.1**	**6.8**	**28.3**
May-21	5.2	10.0	5.3	3.9	11.6	7.5
Jun-21	5.6	4.0	6.2	3.8	12.7	7.3
Jul-21	4.5	4.7	6.5	3.9	12.4	6.7
Aug-21	3.8	4.0	6.8	3.9	13.0	6.4
Sep-21	1.6	4.2	7.2	3.6	13.6	6.4
Oct-21	1.8	4.3	7.5	3.5	14.4	6.8
Nov-21	2.6	4.1	7.9	3.7	13.4	6.8
Dec-21	4.5	3.2	8.3	3.6	11.0	6.7
Jan-22	5.6	2.5	8.8	3.5	9.3	6.5
Feb-22	5.9	2.4	8.9	3.6	8.7	6.5
Mar-22	7.4	2.9	9.4	3.3	7.5	7.0

	Food and Beverages	Pan, tobacco and intoxicants	Clothing & footwear	Housing	Fuel & light	Miscellaneous
Apr-22	8.1	2.7	9.9	3.4	10.8	8.0
May-22	7.8	1.2	8.9	3.7	9.5	6.8
June-22	7.6	1.8	9.5	3.9	10.4	6.3
July-22	6.7	1.8	9.9	3.9	11.8	6.7
August-22	7.6	1.7	9.9	4.1	10.8	7.0

Source: MOSPI

- **Food** continues to be the main driver of total inflation, contributing to 50% of total inflation. At 7.60% in August 2022, food inflation continued to remain high. The food prices gained momentum on account of rising price pressures for items such as cereals and vegetables.

- **Cereals** inflation rose to 9.6% in August 2022, primarily due to a sharp rise in wheat and rice prices. Wheat prices increased due to lower domestic production with heat waves in major wheat producing states. Retail wheat prices have increased because of production shortfall due to heatwaves in the country, while rice prices have also increased mirroring the increase in wheat price on solid demand.

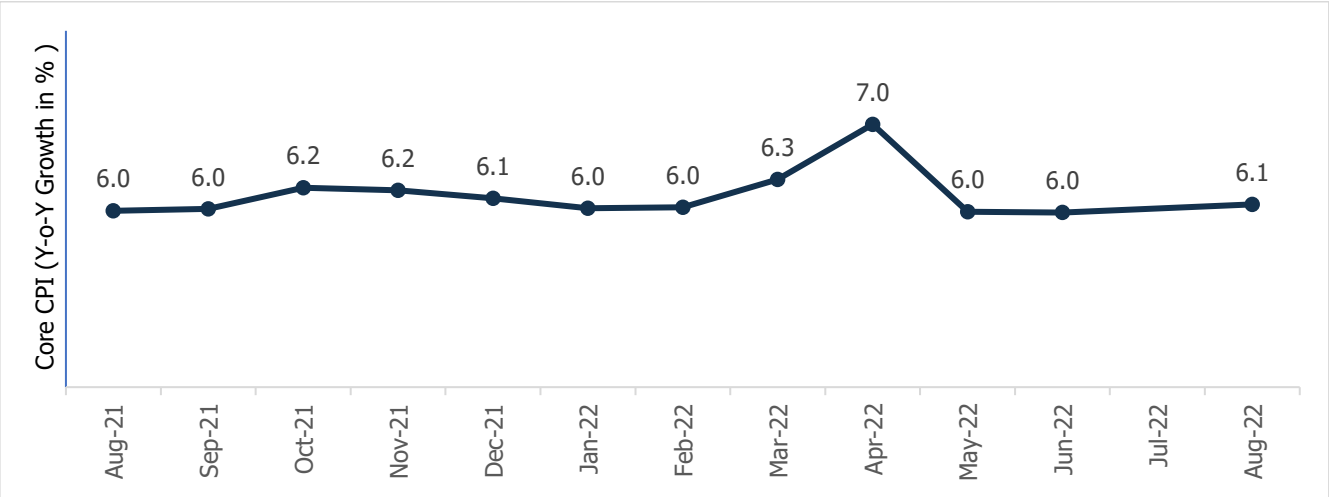
- **Vegetable inflation** remained in double digit at 11.8% in August 2022. Among key vegetables, tomato prices rose sharply in May owing to lower production due to the heatwaves prevailing in key supplier states and high fuel prices. Potato prices also hardened in May. Prices of meat and dairy rose, which was driven by higher feed costs. Going ahead, the normal monsoon and the recent supply-side measures taken by the Government may help to ease the food price pressures to some extent.

- **Fuel and light inflation** remained high at 10.78% in August 2022 as a result of a hike in LPG cylinder prices (domestic: Rs. 53.5/cylinder; commercial: Rs. 102.5/cylinder) in the current fiscal and electricity tariff revisions by many states. Coal and natural gas prices have also skyrocketed in the past few months and have prompted domestic players to raise prices to maintain their margins. Rising fuel inflation had a cascading effect on inflation as it feeds into input costs due to higher transportation and logistics costs.

Core CPI

Core inflation (which excludes volatile components, such as food and energy prices) eased out but was still close to the 6.1% mark, indicating that inflation has become broad-based.

Chart 7: Core CPI (Y-o-Y Growth in %)



Source: MOSPI and XXXX

RBI tightening the monetary policy to tame the inflation

RBI hiked its policy repo rate by 50 basis points ("**bps**") to 5.90% in a meeting held between 28-30 September 2022. This was the another policy rate action after a hike of 50 bps thrice in August, June and May 2022 respectively. RBI maintained the liquidity adjustment facility ("**LAF**") corridor by adjusting the standing deposit facility ("**SDF**") rate at 5.65% as the floor and the marginal standing facility ("**MSF**") at the upper end of the band at 6.15%.

The RBI continued to maintain its stance as accommodative.

The consecutive rate hike by the RBI has come against the backdrop of intensifying inflationary pressures in the global and domestic economies. With the US dollar index appreciation to a two decade high in July 2022, both advanced and emerging economies witnessed weakening of their currencies against the US dollar. The RBI foresees this could lead to imported inflationary pressure. With domestic economic activities gaining traction, The RBI has shifted gear to prioritize controlling inflation. The RBI continues to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

1.2.5. Concluding Remarks

Despite the global growth uncertainties, Indian economy is relatively better placed. The major headwinds to economic growth are escalating geopolitical tensions, volatility in global commodity prices and shortages of key inputs. However, the bright spots for the economy are continued healthy demand, support from government capital expenditure and improving business confidence. Various high-frequency growth indicators including purchasing managers index, auto sales, bank credit, GST collections have shown improvement in the first few months of FY23.

Despite high food and fuel inflation pressure, the normalizing employment situation after the opening up of economy is expected to improve and provide support to consumption expenditure.

Public investment is expected to exhibit healthy growth as the government has budgeted for strong capital expenditure in FY23. The private sector's intent to invest is also showing improvement as per the data on new investment projects announced. However, the volatility in commodity prices and the economic uncertainties emanating from global turbulence is likely to slow down the pick-up in the private capex and investment cycle.

Among sectors, the industrial segment is expected to be negatively impacted due to high input prices. Nonetheless, with flagship programmes like 'Make in India' and the Production Linked Incentive (PLI) schemes, the government is continuing to provide the support to boost the industrial sector. Service sector are expected to see a bounce back in FY23 with good economic revival and growth. However, in the services sector, some segments like Information Technology would feel the pinch of slowdown in the US and European economy.

2. NBFCs

2.1. Introduction to NBFCs

The Indian banking industry is classified into scheduled and non-scheduled banks. Banks that are included in the Second Schedule to the Reserve Bank of India Act, 1934 are called scheduled banks. These banks are then further classified into scheduled commercial banks ("**SCBs"**) and scheduled co-operative banks. SCBs are banks that are permitted to conduct the normal business of banking, which entails collecting deposits, sanctioning loans and offering other banking services. SCBs are further divided into Public Sector Banks ("**PSBs**"), Private Banks ("**PVBs**"), Foreign Banks and Regional Rural Banks ("**RRBs**").

Apart from SCBs, there are non-banking financial companies ("**NBFCs**") that also play an important role in the Indian financial system by complementing and competing with banks, and by promoting efficiency and diversity into financial intermediation. NBFCs have evolved considerably in terms of operations, heterogeneity, asset quality and profitability, and regulatory architecture.

NBFCs can be classified on the basis of a) asset/liability structures; b) systemic importance; and c) the activities they undertake, according to the RBI. In terms of liability structures, NBFCs are subdivided into deposit taking NBFCs ("**NBFCs-D**") - which accept and –old public deposits - and non-deposit taking– NBFCs ("**NBFCs-ND**") - which source their funding from markets and banks. Among NBFCs-ND, those with asset size of ₹ 50000 lakh or more are classified as non-deposit taking systemically important NBFCs ("**NBFCs- ND-SI**"). As on July 31, 2022, there were 49 NBFCs-D and 415 NBFCs-ND-SI, according to RBI.

Since NBFCs cater to niche areas, they are also categorised on the basis of activities they undertake. Up until February 21, 2019, NBFCs were divided into 12 categories. Thereafter, these categories were harmonized by the RBI in order to provide NBFCs with greater operational flexibility. As a result, asset finance companies ("**AFCs**"), loan companies ("**LCs**") and investment companies ("**ICs**") were merged into a new category called Investment and Credit Companies ("**NBFC-ICC**"). Additionally, account aggregators has been added as category of NBFCs. At present, there are 12 categories of NBFCs in the activity- based classification.

Table 3: Types of NBFCs

Type of NBFC	Nature of activity / Principal business
Investment and Credit Company (ICC)	Lending and investments.
Infrastructure Finance Company (IFC)	Providing loans for infrastructure development.
Infrastructure Debt Fund (IDF)	Facilitate flow of long-term debt to infrastructure projects.
Core Investment Company (CIC)	Investment in equity shares, preference shares, debt, or loans of group companies.
NBFC- Micro Finance Institution (NBFC-MFI)	Collateral free loans and advances to small borrowers.
NBFC – Factor	Factoring business i.e., financing of receivables.
Non-Operative Financial Holding Company (NOFHC)	For setting up new banks in private sector through its promoter/promoter groups.
Mortgage Guarantee Company (MGC)	Providing mortgage guarantees for loans.
Asset Reconstruction Company (ARC)	Acquiring and dealing in financial assets sold by banks and financial institutions.
Peer-to-Peer Lending platform (P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise funds.
Account Aggregator (AA)	Collecting and providing information about a customer's financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer.
Housing Finance Company (HFC)	Financing for housing.

Source: RBI, CareEdge Research

In October 2021, RBI decided to classify NBFCs based on size and risk perception using Scale Based Approach – The Filtering Process by segregating NBFCs into four categories namely NBFC Base Layer (BL), NBFC Middle Layer (ML), NBFC Upper Layer (UL), and NBFC Top Layer (TL).

Classification of NBFCs

NBFC BL	NBFCs with asset size of not more than Rs. 1000 crores, Type 1 NBFC, Peer to Peer (P2P), Account Aggregator (AA), and Non-Operative Financial Holding Company (NOFHC)
NBFC ML	NBFC-ND that are systematically important (SI) having an asset size of less than Rs. 1000 crores and also NBFC-HFCs, IFCs, IDFs, CICs, and Standalone Primary Dealers irrespective of their asset size
NBFC UL	Top NBFCs to be filtered based on their size & leverage, inter-connectedness, complexity, and superior inputs (including group structure, liability mix, and segment penetration).
NBFC TL	Top Layer will remain empty unless RBI takes a view on specific NBFCs in the Upper Layer

Source: RBI, CareEdge Research

Additionally, Investment and Credit Companies (NBFC-ICC), Micro Finance Institution (NBFC-MFI), NBFC-Factors and Mortgage Guarantee Companies (NBFC-MGC) that can be classified under any layer of the regulatory structure depending on the parameters of the scale based regulatory framework. Government owned NBFCs can only be classified under base layer or middle layer.

Further, as per RBIs notification as on October 11, 2022 titled "Multiple NBFCs in a Group: Classification in Middle Layer". NBFCs that are part of a common Group or are floated by a common set of promoters are required to be viewed on a consolidated basis. For the consolidation of assets of the NBFCs in a Group, the total assets of all the NBFCs in a Group shall be consolidated to determine the threshold for their classification in the Middle Layer.

Recognition of NBFCs in Upper Layer:

NBFC categorization is based on an annual review. The paper recognizes two parameters; quantitative and qualitative:

- The quantitative parameters will have 70% weightage.
- The qualitative parameters will have 30% weightage.

The table below represents quantitative and qualitative parameters as proposed:

Parameter	Sub-parameter	Sub weight	Weights
Quantitative Parameters (70%)			
Size & Leverage	Size: Total exposure (on-and off-balance sheet) Leverage: total debt to total equity	20+15	35
Interconnectedness	i) Intra-financial system assets: – Lending to FIs – Securities of other FIs – Mark to market REPO – OTC derivatives ii) Intra-financial system liabilities –Borrowings from FIs – Marketable securities issued by the finance company to FI – Mark to market OTC derivative with FIs iii) Securities outstanding (issued by NBFC)	10 10 5	25
Complexity	i) Notional amount of OTC derivatives – CCP centrally – Bilateral OTC ii) Trading and available for sale securities	5 5	10
Qualitative Parameters/Supervisory inputs (30%)			
Nature and type of liabilities	– Degree of reliance on short term funding – Liquid asset ratios – Callable debts – Asset-backed funding Vs. other funding – Asset liability duration and gap analysis – Borrowing split (secured debt, CCPS, CPs, unsecured debt)	10	30
Group Structure	– Total number of entities – Total number of layers – Total intra-group exposure	10	
Segment Penetration	Importance of NBFC as a source of credit in a specific segment or area	10	

Source: RBI, CareEdge Research

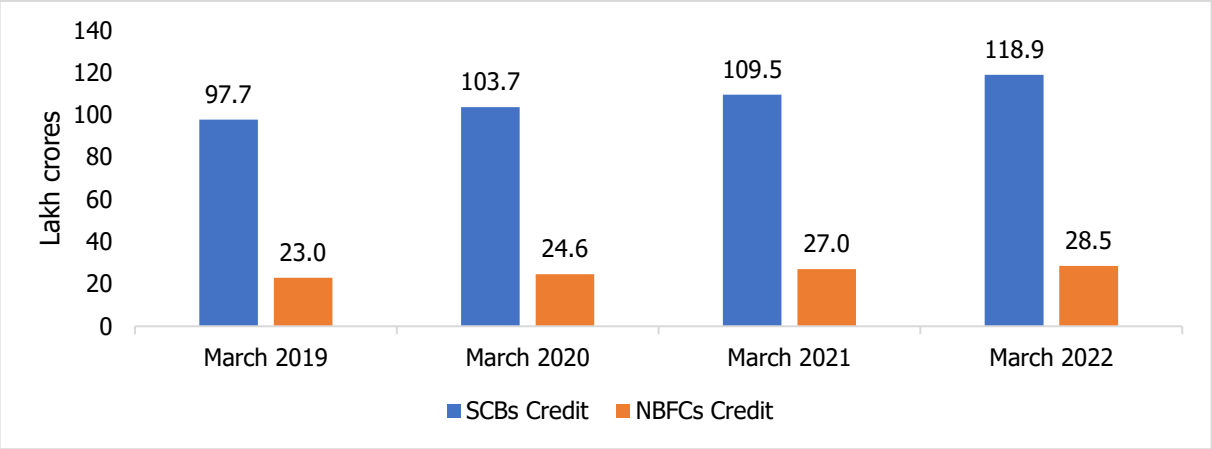
Further, as per RBI's notification as on June 06, 2022 titled "Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer". NBFCs classified as NBFC-UL shall maintain provisions in respect of 'standard' assets at the following rates for the funded amount outstanding:

Category of Assets	Rate of Provision
Individual housing loans and loans to Small and Micro Enterprises (SMEs)	0.25%
Housing loans extended at teaser rates	2%, which will decrease to 0.4% after 1 year from the date on which the rates are reset at higher rates (if the accounts remain 'standard')
Advances to Commercial Real Estate – Residential Housing (CRE - RH) Sector	0.75%
Advances to Commercial Real Estate (CRE) Sector (other than CRE-RH)	1%
Restructured advances	As stipulated in the applicable prudential norms for restructuring of advances
All other loans and advances not included above, including loans to Medium Enterprises	0.4%

2.2. Credit growth of SCBs and NBFCs

Credit disbursed by SCBs and NBFCs is broadly classified into two parts – food and non-food credit. Food credit accounts for a fraction of total credit disbursed. Non-food credit makes up close to 99% of total credit extended by SCBs and NBFCs and the movement in overall credit growth therefore hinges on the movement in non-food credit growth.

Chart Error! Bookmark not defined.**: SCBs' and NBFCs' Credit Deployed**

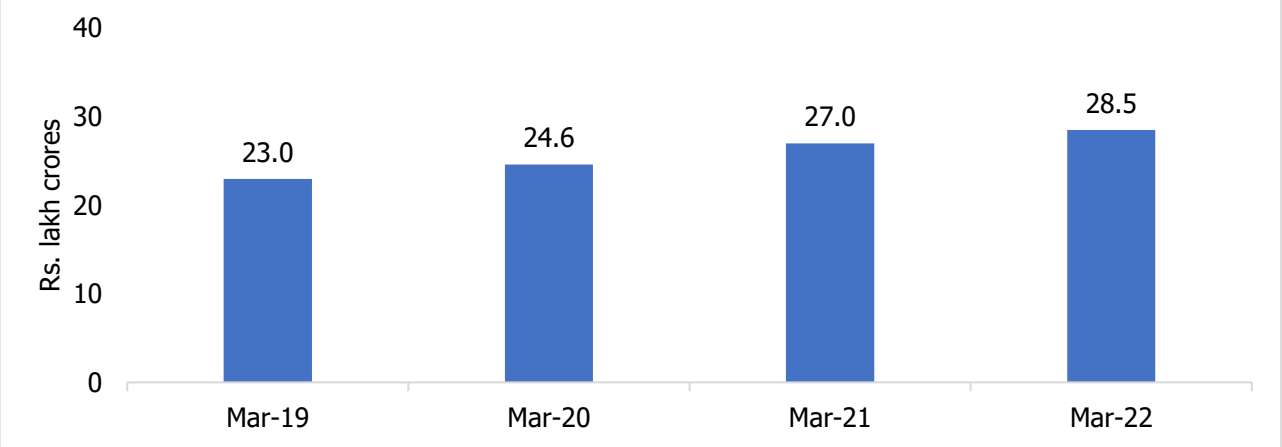


Source: CMIE, RBI, CareEdge Research, Data are provisional

Bank credit growth, including food and non-food credit growth, witnessed a slowdown in Fiscal 2020 on account of a gradual slowdown in the economy and the resultant fall in demand. Credit growth declined to 6.1% as of March 2020. The outbreak of COVID-19 led to a further easing of credit growth to 5.6% as of March 2021. Following the end of COVID-19-related lockdowns, the credit growth registered a pick up and ended Fiscal 2022 at Rs. 118.9 lakh crores, 8.6% higher than at end of Fiscal 2021.

A default in debt repayments by a large NBFC in India in 2018 led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This led to some tightening in liquidity available to certain NBFCs and, as a result, it become more difficult for certain NBFCs to access debt and raise equity capital. NBFCs recorded a similar trajectory in their credit growth over the past three years. NBFCs' credit grew by 9.6% in Fiscal 2021, it moderated to 5.6% as of March 2022 over March 2021. CareEdge Research believes that the moderation was partly due to caution on the part of NBFCs in deploying credit while maintaining asset quality, and largely due to the second wave of the pandemic, which impacted rural and semi-urban India – and this demographic group forms the large chunk of NBFCs' customer base.

Chart 4: Gross credit deployed by NBFCs

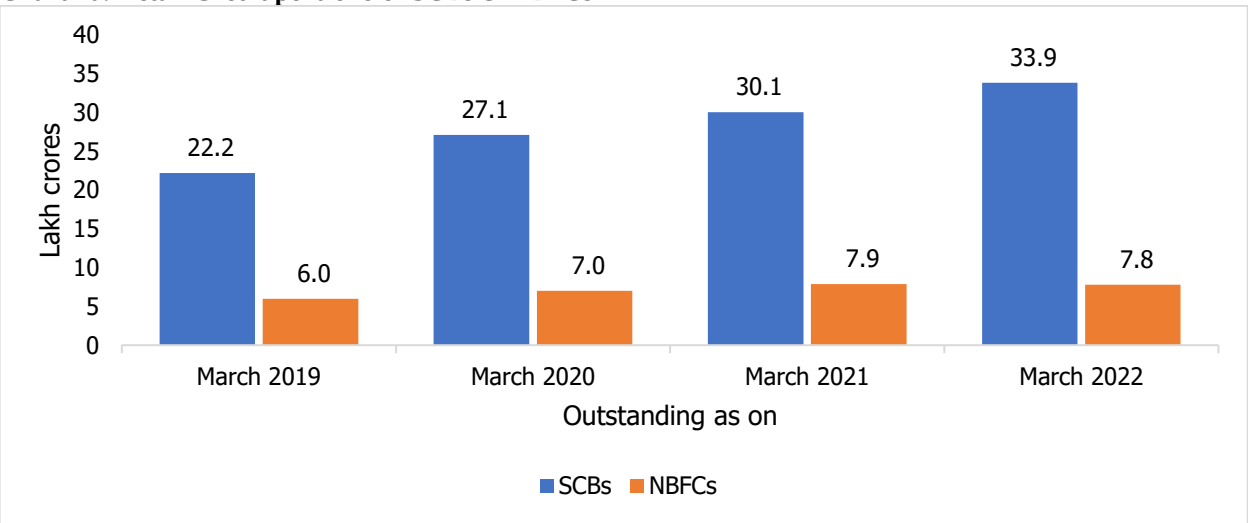


Source: CMIE, RBI, CareEdge Research

To maintain the asset quality post the moratorium in the first half of FY22, NBFCs were more cautious while deploying any fresh credit, which led to a slight decline in NBFCs' total credit deployed. As of March 2022, NBFCs' credit deployed reached Rs. 28.5 lakh crores, this increase was on account of ramp-up in economic activity, improved liquidity and strong balance sheets coupled

with high provisions, which supported the asset quality and credit growth for NBFCs.

Chart 10: Retail Credit portfolio of SCBs & NBFCs



Source: CMIE, RBI, CareEdge Research

As of March 2022, retail credit was approximately 26% of NBFCs' gross credit deployed and nearly 29% of SCBs' gross credit deployed. Banks and NBFCs are shifting their focus towards retail lending due to an increase in demand for retail credit. There has been a shift in consumer behaviour towards borrowing, consumers want to create a better standard of living and are ready to borrow personal loans to fulfil those needs.

2.3. Growth Drivers

Last mile financing & unbanked population

NBFCs have a strong presence in unorganized and under-served areas where banks may not have a strong foothold. This is on account of the absence of necessary infrastructure of banks in these areas as well as an aversion on the part of banks to disburse loans to smaller companies. The ease of internet access and affordable data packs have not only contributed to increased spending and demand for retail credit from these areas, but have also increased the potential consumer base of NBFCs.

Focus on informal customer base

Traditional banks may not be very keen on lending to retail borrowers from semi-urban and rural areas or small companies with weaker credit scores and lack of documentation, when compared to larger borrowers. However, in terms of volume, the number of potential customers in this category is higher and NBFC have created niche segment by having customized credit assessment method based on cash flow assessment and field verification. This gives NBFCs an opportunity to extend credit to the financially weaker set of customers, a growing customer base in the informal customer segment opens up avenues for NBFCs' growth.

Technological adoption and Co-lending arrangements:

NBFCs deploy technological solutions to develop innovative products and lower operational costs. Since NBFCs are fairly new in the financial landscape as compared to most banks, they are more agile and better positioned to leverage technology to enhance their reach while increasing efficiency.

NBFCs also partner with various alternative financiers and commercial banks, which enables them to diversify their income avenues and reach their targeted customer base through different channels.

Shift in buying behaviour

Over the years, there has been significant change is perception of consumers towards borrowing. With the need to improve lifestyle, more and more people especially the younger population are moving towards borrowing to attain a certain standard of living.

Rising demand from retail customers

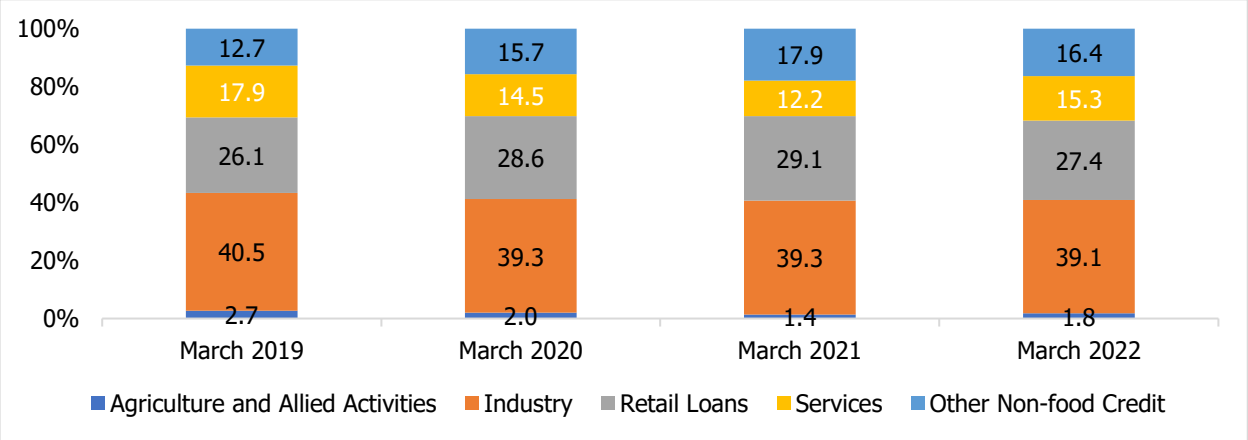
Retail borrowers accounted for around 26% of total credit disbursed by NBFCs as on 31 March 2022, as per data published by the RBI. Along with being a significant chunk of the customer base of NBFCs, the retail segment has shown a consistent growth in credit demand throughout the pandemic. Going forward, CareEdge Research believes that the demand for consumer durables, consumption of services, home loans and gold loans are likely to support the growth in retail demand and, consequently, aid in the new business of NBFCs.

Increased demand from MSME and agriculture

Favourable Government policies aimed at boosting agriculture, small-scale industries and consumption are likely to act as long-term growth catalysts in improving demand for MSME and agricultural credit. The "Make in India", "Start-up India" initiatives, for example, are likely to support industrial activity and contribute to the demand for credit from NBFCs. As on 28 November 2022, more than 12,244,823 micro, small and medium enterprises (MSMEs) have registered on the Udyam portal, of which 11.778,071 are micro enterprises; 427,267 are small enterprises; and 39,485 are medium enterprises. Micro and small enterprises represent 99.7% of the total registered MSMEs as of 28 November 2022. The coverage of the formal banking system in MSMEs still remains low, which provides a major opportunity to NBFCs to expand their reach.

2.4. Distribution between segments

Chart 5: Sectoral distribution of NBFCs' credit



Source: RBI, CareEdge Research
Note: Industry includes credit to micro, small, medium and large enterprises;
Retail loans are personal loans for housing loans, consumer durables, auto loans, and other personal loans;
Services include credit towards commercial real-estate, retail trade and other such loans

The industry sector has remained the largest recipient of credit extended by NBFCs followed by retail loans, services, other non-food credit, and agriculture & allied activities. Following the IL & FS crisis, NBFCs' exposure to the manufacturing declined, as per data published by RBI, as NBFCs were facing liquidity crunch and were hesitant to deploy long term credit to industry. However, after recovering from the IL & FS crisis and the impact of the COVID-19 pandemic, NBFCs have improved liquidity and stronger balance sheets. NBFCs have increased the amount of credit deployed to industry on account of an improved demand for credit amid the reopening of the economy and resumption of manufacturing activities. As of March 2022, industry credit contributed to Rs. 11.1 lakh crores that is around 40% of NBFCs gross credit deployed, according to the RBI.

While NBFCs' credit to industry is growing, their credit to services is declining majorly on account of the decline in credit to the commercial real estate sector and retail trade. The commercial real estate sector and the retail trade sector were highly impacted during the COVID-19 pandemic as the nationwide lockdown halted construction activities and the movement of people and goods. However, in FY22 NBFCs credit to services has increased on account of improved demand from transport operators, professional services and other NBFCs. As of March 2022, as per data published by RBI, credit deployed to the service sector contributed to Rs. 4.4 lakh crores that is around 15.3% of NBFCs gross credit deployed.

Retail loans comprise housing loans, vehicle loans, loans against gold, consumer durables loans and other such personal loans. In 2019, retail credit accounted for around 26% of total credit deployed by NBFCs. As of March 2022, the contribution of retail loans increased to nearly a third of NBFCs gross credit deployed, which stood at Rs. 28.5 lakh crores.

2.5. Outlook

CareEdge Research believes assets under management of NBFCs is expected to be higher at around 6-9% in Fiscal 2023 driven by an increased focus on extending credit to customers belonging to segments where the penetration of bank credit is low, ease of access to internet and investments made in technology infrastructure due to the COVID-19 pandemic. In terms of segmental growth, CareEdge Research expects the retail segment to continue its growth momentum, while credit to industry will likely remain a laggard.

CareEdge Research believes that NBFCs are shifting their focus towards retail financing, which is anticipated to show a healthy growth with a pick-up in economic activity and increased penetration of financial institutions providing convenient financing options to borrowers. The retail segment comprises vehicle loans, consumer durable loans, advances against golds, real estate loans and other such individual loans.

The retail segment is likely to significantly contribute to NBFCs' growth, especially in case of housing loans and vehicle loans. These segments are likely to continue their growth momentum on the back of steady demand. Growth in vehicle segment is anticipated to see growth on the back of automotive industry's growth. In the near term, the growth is likely to be supported by new model launches and sustained demand for vehicles during the first four months of FY23, supported by improved availability of semi-conductors.

Gold loans are a highly secured and liquid asset class that generates high returns with minimal credit losses and encourages financial institutions to extend their credit towards gold loans. CareEdge Research believes that with the rise in the price of gold amidst geopolitical unrest, a large geographic reach and the fast turnaround time on loan application, the demand for gold loans to fund the working capital of micro enterprises and an individual's personal requirements will grow.

CareEdge Research believes that real estate financing will grow with the sustained demand for affordable housing. However, the hike in interest rates and high property prices will continue to be a key monitorable for the real estate finance segment as a whole.

In the coming months, CareEdge Research expects NBFCs to grow on account of improved demand for credit that will facilitate disbursements. In addition to this, CareEdge Research expects high provisions against non-performing assets and improved capital positions will aid this growth.

3. Loan against Property

3.1. Overview of Sector

The housing finance company's (HFC) plays a vital role in the Indian financial sector. HFC financing has gained significant traction in the last couple of years. It's assets under management improved by around 11% y-o-y in FY22. Housing finance accounts for more than 70% of housing finance companies (HFCs') loan book. The Indian HFC segment is worth around Rs. 9,82,758 crores (as on March 31, 2022). The sector witnessed improvement in the asset quality in FY22 on account of good recoveries, healthy growth in assets under management and improved demand post the ramp up in economic activity. In FY23, the asset quality of HFCs is likely to further improve on account of increased collections efforts and high provisions.

The loan against property (LAP) segment is one of the major sectors in terms of its direct, indirect, and induced impacts on all the sectors of the economy. Healthy growth of LAP portfolio in HFCs over the last few years has resulted in LAP segment becoming a significant contributor to the overall loan portfolio of HFCs. LAPs fall under the secured loan category in which the borrower pledges his commercial, industrial or residential property as collateral and uses the loan amount for various purposes such as- education, medical expenses, marriage and personal needs.

The housing finance sector in India comprises financial institutions, scheduled commercial banks, regional rural banks, agriculture, and rural development banks, housing finance companies, state-level apex cooperative housing finance society, Non-banking financial companies (NBFCs), Finance institutions (MFIs), and self-help groups. These institutions provide loan against properties after evaluating the borrower's credit history, income and property's current value. LAP is one of the feasible options as it offers benefits like- managing big ticket expenses, longer repayment term and augmentation of business.

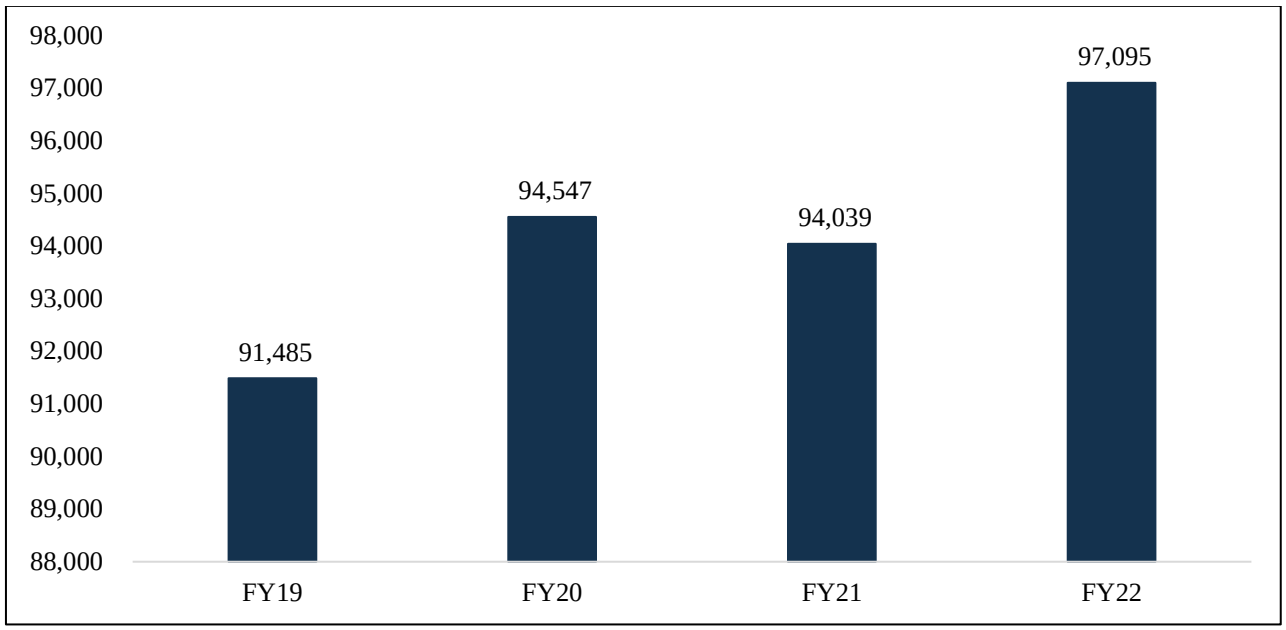
3.2. Overview & Trends in Loan against Property

For the last couple of years, the LAP segment witnessed a steady increase in the disbursal of loans. The growth momentum was supported by the improvement in business climate, recovery in housing segment and leveraging on technology. On an average, the HFCs LAP sector saw an average portfolio growth of 52% within last 5 years (from FY18 to FY22). During the same period, the average share of LAP segment in the product-wise AUM grew from 14% (in FY18) to 16% (in FY22).

Following the slowdown during the Covid-19 outbreak, the situation has significantly improved on account of government vaccination drives and policies. Where, home loan segment saw an improvement in the portfolio due to higher demand in urban area, and better affordability, the LAP portfolio witnessed muted growth in FY20 and FY21 in light of pricing and repayments risks. However, the loan book portfolio of HFCs- LAP segment showed a growth of 3% on y-o-y basis in FY22, after witnessing disruptions in business volumes due to pandemic.

The segment observed a decline in the GNPAs after the increased efforts that HFCs are taking under the SARFAESI Act. The same has helped the industry to improve the collection efficiency.

Chart 6: HFCs LAP Portfolio (Rs. Crores)



Source: Company's Financials, CareEdge Research
Note: Data comprises of HFCs LAP portfolio amount of 4 companies- HDFC, LIC, PNB Housing Finance and Repco Home Finance.

3.3. Outlook

The growth momentum in the HFC LAP portfolio is expected to continue as financial institutions aim to maintain healthy balance sheet by tapping the untouched market of tier- 3 and tier-4 areas. Other factors driving up the LAP loan portfolio includes- decrease in the average age of home loan borrowers, controlled credit cost and expansion in scale of operations. Technologies and new age lending platforms will play a crucial role in scrutinizing the borrower's profile to eliminate credit risk, improve collections and resolve financial emergencies. The enhanced use of digital solutions adopted during the pandemic (such as easy payments and marketing through digital platforms), increased demand for loan products and the same has strengthened the LAPs and resulted in healthy business growth.

While the LAP segment is envisioned to flourish, certain macro- economic factors like- high inflation, surge in interest rates and NPAs can dampen the loan portfolio growth. Further, layoff and wage decline scenario also put pressure on the loan portfolio growth. Nonetheless, as India as on a road to become USD 5 trillion economy, real estate sector will fuel the demand for the same.

Government has taken various steps to promote real estate industry growth, such as smart city project that aims to build 100 smart cities and the Pradhan Mantri Awas Yojana (PMAY) that will accelerate the process of loan approvals. Thus, massive amount of government spending, easing of FDI regulations, mega infrastructure projects will bolster the growth

of loan against property segment in the medium term.

4. MSME Finance

4.1. Introduction

The micro, small and medium enterprises ("**MSME**") sector is a vibrant and dynamic sector with crucial linkages to employment. The MSME sector is considered the growth engine of the Indian economy, with significant contribution to the GDP, exports and employment generation. The sector contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and the sector therefore contributes significantly in the inclusive industrial development of the country.

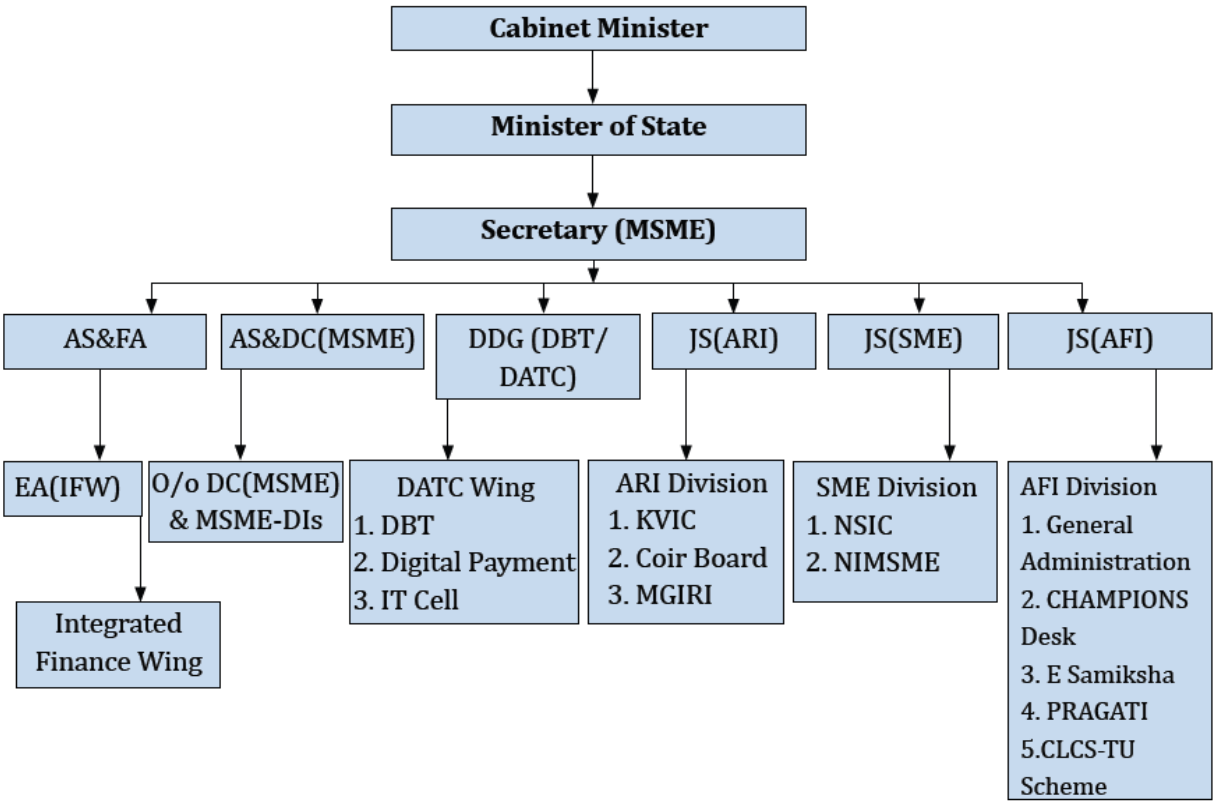
MSMEs are widening their domain across sectors of the economy, producing a diverse range of products and services to meet demands of domestic as well as global markets.

In accordance with the provision of Micro, Small & Medium Enterprises Development ("**MSMED**") Act, 2006 MSMEs are classified as follows:

Enterprise Category	Investment in Plant & Machinery or Equipment	Annual Turnover
Micro Enterprises	Does not exceed 1 crore	Does not exceed Rs. 5 crores
Small Enterprises	More than Rs. 1 crore but does not exceed Rs. 10 crores	More than Rs. 5 crores but does not exceed Rs. 50 crores
Medium Enterprises	More than Rs. 10 crores but does not exceed Rs. 50 crores	More than Rs. 50 crores but does not exceed Rs. 250 crores

4.2. Organisational Structure of MSMEs

The Ministry of MSME consists of Small & Medium Enterprises (SME) Division, Agro & Rural Industry (ARI) Division, Integrated Finance (IF) Wing and Data Analytics and Technical Coordination (DATC) Wing, besides the Office of the Development Commissioner (DCMSME) as an attached office and other subordinate organisations. The organisational structure of the Ministry is depicted below:



Source: GOI

4.3. Statutory bodies under MSME ministry

Khadi and Village Industries Commission (KVIC)	Khadi and Village Industries Commission (KVIC) is a statutory organisation engaged in promoting and developing khadi and village industries for providing employment opportunities in rural areas, thereby strengthening the rural economy.
Coir Board	The Coir Board is a statutory body established for promoting overall development of the coir industry and improving living conditions of workers in this industry.
National Small Industries Corporation Limited (NSIC)	Established in 1955, the National Small Industries Corporation Limited (NSIC) is responsible for promoting, aiding and fostering growth of micro and small enterprises in the country, generally on commercial basis
National Institute for Micro, Small and Medium Enterprises, (NI-MSME)	Established in 1960, the National Institute for Micro, Small and Medium Enterprises (NI-MSME) is responsible for enterprise promotion and entrepreneurship development, enabling enterprise creation, performing diagnostic development studies for policy formulation, etc.
Mahatma Gandhi Institute for Rural Industrialisation (MGIRI)	The objectives of the Mahatma Gandhi Institute for Rural Industrialisation (MGIRI) are to accelerate rural industrialisation for sustainable village economy, empower traditional artisans, encourage innovation through pilot study and R&D for alternative technology using local resources.

4.3.1. Estimated Number of MSMEs (Activity Wise)

Activity Category	Estimated Number of Enterprises (in crores)			Share (%)
	Rural	Urban	Total	
Manufacturing	1.14	0.83	1.97	31
Electricity*	0.00	0.00	0.00	0
Trade	1.09	1.22	2.30	36
Other Services	1.02	1.05	2.07	33
All	3.25	3.09	6.34	100

Source: MSME Annual Report 2021-22, CareEdge Research
*Note:*Non-captive electricity generation and transmission*

4.3.2. Number of MSMEs registered in Udyam portal in India

Category	Number of MSMEs
Micro	1,17,78,071
Small	4,27,267
Medium	39,485
Total	**1,22,44,823**

Source: Udyam portal, Data as of 28th November 2022.

As per the Udyam portal, around 12 million MSMEs are registered under Udyam portal, of which around 96.2% enterprises are micro category and around 3.8% of the enterprises fall under small category and the remaining are medium enterprises.

As per the National Sample Survey (NSS) 73rd round, conducted by National Sample Survey Office, Ministry of Statistics & Programme Implementation during the period 2015-16, there were 63,388 thousand unincorporated non-agriculture MSMEs in the country engaged in different economic activities (manufacturing, electricity, trade and other services). Of this, micro enterprises sector with 63,052 thousand accounts for more than 99% of total estimated number of MSMEs. While the small enterprise sector with around 331 thousand makes up 0.52% of total estimated number of MSMEs and medium enterprise sector with around 5 lakh that is around 0.01% of total estimated MSMEs, respectively.

4.3.3. Distribution of Enterprises Category Wise

(Rs. Lakhs)

Sector	Micro	Small	Medium	Total	Share (%)
Rural	48.9	0.8	0.1	49.8	45
Urban	58.7	2.4	0.1	61.2	55
Total	107.6	3.2	0.2	111.0	100

Source: MSME Annual Report 2021-22, CareEdge Research

MSME sector has created about 11 crore jobs in the country as per National Sample Survey 73rd Round (2015-16). (Source MSME Annual Report 2021-22).

4.4. State-wise Distribution of estimated MS^{ME}s

State/UT	NSS 73rd round*	
	Number (in crores)	Share (in %)
Uttar Pradesh	0.90	14%
West Bengal	0.89	14%
Tamil Nadu	0.49	8%
Maharashtra	0.48	8%
Karnataka	0.38	6%
Bihar	0.34	5%
Andhra Pradesh**	0.34	5%
Gujarat	0.33	5%
Rajasthan	0.27	4%
Madhya Pradesh	0.27	4%
Total of above ten States	4.69	74%
Other State/UTs	1.65	26%
TOTAL	**6.34**	**100%**

Source: MSME Annual Report 2021-22, CareEdge Research
*Note: **Including Telangana in Fourth All India Census of MSME*

4.5. Credit growth in MSME lending

Table 4: SCBs and NBFCs credit exposure to MSMEs

(Figures in Rs. crores)

Outstanding as on	NBFCs			SCBs		
	Micro and Small Enterprise	Medium Enterprise	Total	Micro and Small Enterprise	Medium Enterprise	Total
Mar-19	37,360	16,020	53,380	375,508	106,392	481,900
Mar-20	36,441	13,931	50,372	392,265	105,095	497,360
Mar-21	44,294	15,037	59,331	433,192	138,599	571,792
Mar-22	44,574	11,144	55,718	532,792	213,996	746,788

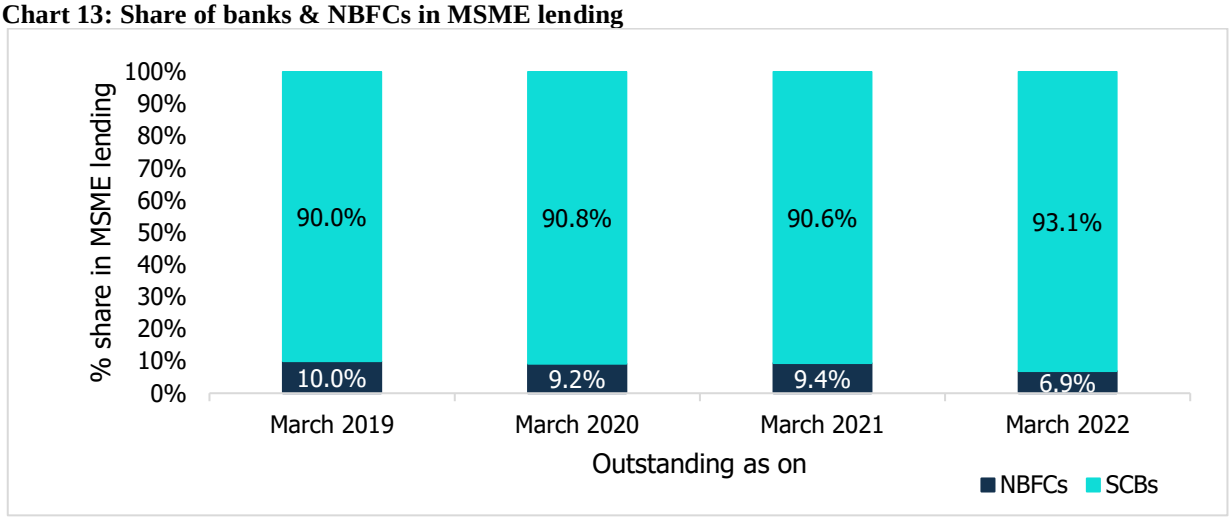
Source: RBI, CareEdge Research
Note: The credit exposure for MSMEs is NBFCs and SCBs credit exposure to `Micro & Small' and `Medium' enterprises under 'Industrial Sector' only.

NBFCs' credit deployed to MSMEs engaged in the manufacturing sector as per RBI was on a downtrend and stood at Rs. 50,372 crores as of March 2020 due to a combination of weakened demand from MSMEs and nagging liquidity issues of NBFCs. NBFCs mainly deploy credit to MSMEs belonging to the services and agricultural sectors. In comparison, bank credit to MSMEs witnessed a consistent growth. Bank credit deployed to MSMEs witnessed an improvement in the year ending March 2021 and strengthened further in the first half of Fiscal 2022 on account of a resurgence in demand from MSMEs as well as support from the Central Government by way of credit guarantee. The emergency credit line guarantee scheme or the ECLGS scheme announced by the Government in May 2020 after the pandemic hit the country in March 2020 revived credit offtake by MSMEs. The scheme was introduced to help mitigate the economic distress faced by MSMEs by providing them additional funding in the form of a fully guaranteed emergency credit line.

The credit extended towards MSME has increased significantly as during the COVID-19 pandemic, the Government encouraged banks to extend credit to MSMEs and aid them to buffer the effects of the pandemic. And as micro and small enterprises were more vulnerable, the credit towards them during the pandemic increased significantly during the Fiscal 2021, as per data published by the RBI. On the other hand, medium enterprises were able to buffer the effects of pandemic to a certain extent. Although the credit towards medium enterprises increased over the previous Fiscal year, the growth was moderate compared to growth in credit extended to micro and small enterprises.

4.6. Share of Banks & Non-Banks in MSME lending

Chart 13: Share of banks & NBFCs in MSME lending



Source: RBI, CareEdge Research

Note: The credit exposure for MSMEs is NBFCs and SCBs credit exposure to `Micro & Small' and `Medium' enterprises under 'Industrial Sector' only.

The MSME sector is underpenetrated by NBFCs and there is a huge unmet credit demand in the sector, primarily due to lack of documentation and credit history required to access to financing from formal banking channels. There is also a significant gap between the original credit requirement and the actual credit exposure of formal channels to MSMEs, which provides a huge opportunity in MSME lending.

4.7. NPA Rates in MSME Segment

Table 5: Bank-wise SMA distribution of MSME Portfolio

Period ended	Public sector banks + Private sector banks				
	0 days past due	SMA-0	SMA-1	SMA-2	GNPA
March 2021	74.0%	7.3%	5.7%	2.2%	10.8%
June 2021	72.4%	8.6%	3.8%	3.4%	11.9%
September 2021	76.3%	6.6%	2.6%	3.1%	11.3%
December 2021	75.4%	8.8%	3.1%	2.3%	10.4%
March 2022	79.7%	6.4%	3.5%	1.1%	9.3%

Source: RBI, CareEdge Research

MSMEs have poor financial muscle and were severely impacted by the coronavirus pandemic. Since most MSMEs operate in the manufacturing sector, the nationwide lockdown which impacted production as well as demand caused increased stress to MSMEs. Additionally, MSMEs likely witnessed delayed payments on orders serviced and the inability to adopt digitization or accommodate higher costs on social distancing and limited workforce impaired MSMEs' operations. Many went out of business and some struggled to tide over the crisis with cash flow issues which translated into a strain on their ability to repay banks.

MSMEs seeking loans from banks also struggled to meet their obligations due to uncertainty and the second wave of the pandemic. As per data published by the RBI, GNPAs from the MSME segment witnessed a spike for the pandemic year of Fiscal 2021 and rose further to 18.8% towards the end of June 2021, which coincided with the second wave of the virus. GNPAs seemed to decline at the start of September 2021 as operations returned back to normalcy. GNPAs have further improved and declined to 9.3% in Fiscal 2022. CareEdge Research estimates GNPA levels to ease gradually over the next fiscal year.

4.8. Government Policies

The Government of India has designed various policies for the growth of MSMEs in the country.

- Budget allocation for MSMEs in FY22 more than doubled to Rs. 15,700 crores compared to Rs. 7,572 crores in FY21.

- The government also announced Rs. 3 lakh crores collateral-free automatic loans for businesses.
- In Union Budget 2021, the government announced funds worth Rs. 10,000 crores for Emergency Credit Line Guarantee Scheme (ECLGS) scheme which is now extended upto March 2023 as announced by Nirmala Sitaraman, Minister of Finance of India. This facility is provided to eligible MSME borrowers and help in boosting the sector.

4.9. Recent Developments in the sector

- The government has revised definition for micro, small and medium enterprises (MSMEs). The government will now accord MSME status to retailers and wholesale traders. The decision will benefit 2.5 crores retail and wholesale traders in the country. This is a positive move to provide easier access to credit and loans millions of retailers and wholesalers to modernise and expand their business. It will aid in boosting informal retail sector's contribution towards GDP & overall economic growth
- In April 2021, the non-banking finance companies (NBFCs) requested the Reserve Bank of India to extend the one-time restructuring scheme of MSME advances till March 31, 2022, as these players are unable to revive their businesses.
- In March 2021, the Ministry of MSME, through the Development Commissioner (DC-MSME) implemented the Technology Centre Systems Program (TCSP) to establish 15 new Technology Centres (TC). The centres provide assistance to the industry predominantly MSMEs in General Engineering, Automotive, Fragrance & Flavour and ESDM sectors.
- In March 2021, the Finance Ministry allowed private retirement funds to invest up to 5% in Category I & II AIFs regulated by SEBI; this will help widen the fundraising options for MSMEs and expand the domestic pool of capital
- Category 1 AIFs consists of infrastructure, venture capital, angel and social venture funds. Category II AIFs covers funds where at least 51% of the size can be invested in either infrastructure, SMEs, venture capital or social welfare entities
- In March 2021, MSME support and development organisation, National Small Industries Corporation (NSIC) announced that they will assist MSMEs working with the Agricultural and Processed Food Products Export Development Authority (APEDA) across multiple areas
- The relationship will also support promotion of green & sustainable manufacturing technology for MSME clusters, enabling units to switch to sustainable and green production processes and products
- In February 2021, Walmart's Vriddhi programme was extended to Uttar Pradesh, with launch of an e-institute to facilitate small businesses in granting access to skills and competencies across online and offline platforms such as Flipkart's marketplace and Walmart's global supply chain. The company stated that this new e-institute will benefit 50,000 MSMEs across the country to expand domestically and globally.
- In February 2021, Indian Bank signed a memorandum of understanding (MOU) with the Society for Innovation and Development (SID), a project of the Indian Institute of Science, to provide exclusive credit to start-ups and MSMEs.
- In February 2021, the Small Industries Development Bank of India (SIDBI), a financial institution dedicated to the promotion, financing, and development of micro, small, and medium enterprises (MSMEs), signed an agreement with the government of Andhra Pradesh to help expand the state's MSME ecosystem.
- Udyam Registration: In 2020, the Ministry classified MSMEs based on investment in plant & Machinery/equipment and turnover of MSMEs as a composite criterion for classification. Initially, the process was filed by Udyog Aadhaar Memorandum which is now replaced by 'Udyam' registration on a portal developed by this Ministry.
- Exemption from requirement of having GSTIN: The ministry has exempted from the requirement of having GSTIN shall be as per the provisions of the Central Goods and Services Tax Act, 2017, that will lead to increase in the registration on Udyam Registration portal.
- Also, the Government has included Retail and Wholesale Trades as MSMEs from 2nd July, 2021 and are allowed to be registered on Udyam Registration Portal. The Government has also included Street Vendors as Retail Trades as MSMEs from 2nd August, 2021.

4.10. Conclusion

The MSME sector is the driving force of the Indian economy and has major potential to spread industrialization across the economy. However, this sector is small in terms of scale of operations, business size. MSMEs employ a large number of people making the sector a key contributor to the economic development of the country. The sheer number of work force engaged also results in this sector receiving Government support and benefits.

Apart from Government initiatives, the improved use of digital solutions adopted during the pandemic (such as easy payments and marketing through digital platforms) increased demand for finished products have strengthen the MSMEs and resulted in recovery of their business.

In addition to this the extension of Emergency Credit Line Guarantee Scheme (ECLGS), that assists MSMEs in availing credit required to ensure recovery, until March 31, 2023 is likely to aid in the recovery and growth of this sector. In August 2022, the cabinet has approved the enhancement in the limit of ECLGS to Rs.5,00,000 crore from Rs. 4,50,000 crore. This increase in limit is expected to provide relief to businesses to meet their operational expenses in hospitality and related sectors. Besides, an additional Rs. 2 lakh crores provided by Government through the Credit guarantee trust for micro and small enterprises (CGTMSE) are expected to further encourage growth of the sector. These initiatives are expected to stimulate credit outreach to MSMEs, provide last-mile financial inclusion and promote job creation in the sector.

The MSME sector is expected to help India achieve its goal of becoming a USD 5 trillion economy by 2025 and in order to achieve this goal, MSMEs have to generate employment opportunities, improve performance, transform their business operations and carry out technology-based production and invest in research and development activities. In addition to this, MSMEs are expected to contribute more than 40% of India's nominal gross domestic product (GDP) by financial year 2025 for which it will require immense support from the Government, institutions and banks.

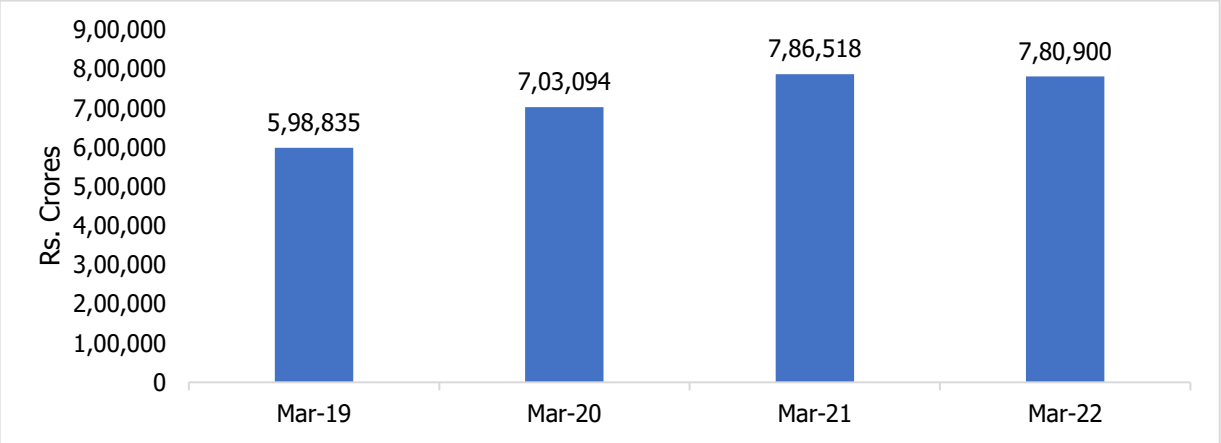
5. Personal Loans by NBFCs

5.1. Overview

Retail loans in India fall under the larger umbrella of credit provided to an individual by a certified financial institution, a commercial bank, or a credit union to fulfil their financial needs such as buying a property or house, paying for college education, owning a vehicle or other assets such as essential electronics and personal loans that are short term in nature. Personal loans are unsecured retail loans i.e collateral free in nature. Personal loans carry high interest rates owing to their risky nature as loans are given without any security. Additionally, the interest rates of these loans varies from individual to individual depending upon the income level, repayment capacity, professional and credit history of the borrower.

Personal loans are usually small ticket size loans that are borrowed for tenure ranging between one to five years. A personal loan can be availed for the purpose of meeting personal expenses such as traveling, marriage, medical expenses, or to meet any other immediate financial obligations. Financial institutions lend such loans with minimum documentations and quick approvals.

Chart 7: Credit deployed by NBFCs' towards Retail loans



Source: CMIE, RBI, CareEdge Research
Note: Retail loans include refers to loans given to individuals and consist of (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.) and other personal loans.
Note: Data for NBFCs for March 2022 is provisional

Retail loans comprise housing loans, vehicle loans, loans against gold, education loans and other personal loans. In 2019, retail credit accounted for around 26% of total credit deployed by NBFCs. As of March 2022, the credit deployed to retail loans by NBFCs has increased to nearly a third of their gross credit deployed, which stood at Rs. 28.5 lakh crores for NBFCs.

Over the last couple of years, Banks and NBFCs have shifted their focus on retail lending in order to grow their business in these times of pandemic. While, industry and services sector demand for credit remain muted, retail lending has shown tremendous growth. However, NBFCs were not able to bear the fruit of this growth as banks were aggressive in this space. Additionally, these loans have lower delinquencies when compared to MSME / corporate lending which is also a major factor for the shift.

The pandemic has certainly raised the criticality of this segment in the overall growth and more focussed growth is expected in this segment going forward.

6. Education Loans by NBFCs

6.1. Overview

Education loans are important to reduce the gap between educational degrees and financial constraints. It helps in skill formation required for enhancing productivity and efficiency in the country.

Although the government plays a vital role in providing primary education, the growing interest of young population in higher education are majorly being fulfilled by the private sector, even though public sector organizations continue to play a significant role.

With the rising cost of education, education loans are becoming crucial to pursue higher education in the country and yet education loan portfolio forms only a small fraction of retail loan portfolio of all commercial banks in India (3.3%).

According to the United Nation's human development data, gross enrolment ratio in tertiary education in India during 2014-19 was 28%, which was lower than the average of 33% for developing countries and the world average of 39%. Provided that higher education is important in attaining sustainable livelihoods, it is vital to bridge the resource gap for students with limited means, particularly in countries where private market for education loans is underdeveloped.

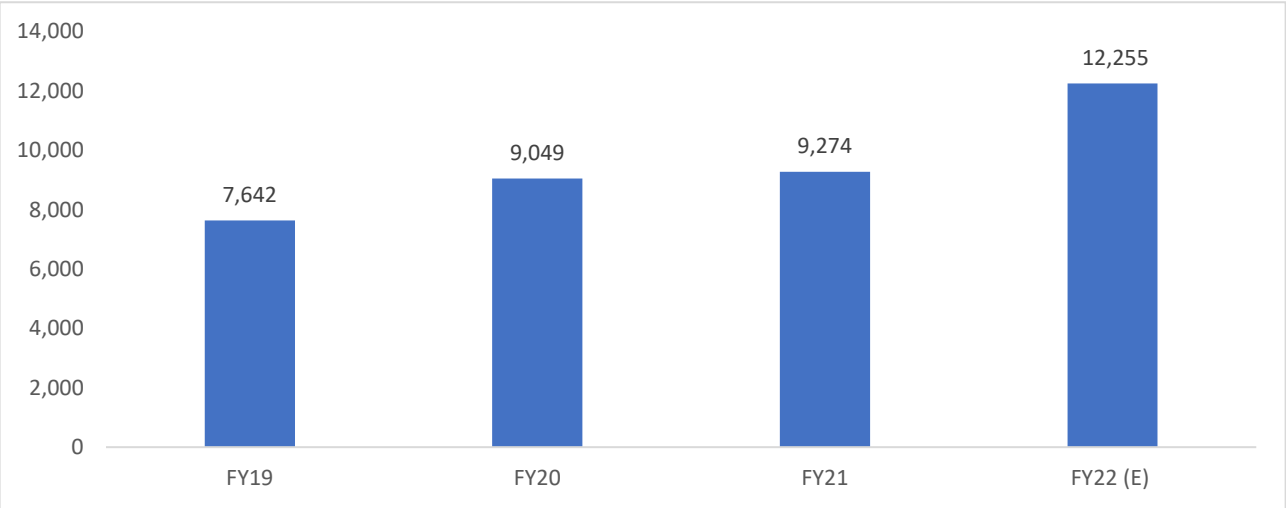
As on 31st December 2021, the total outstanding education loans of Public Sector Banks (PSBs) as on 31st December, 2021 stood at is Rs.77,902.9 crores in approximately 19 lakh accounts.

Education loans – NBFC

NBFC provides credit to various sectors and loan for education is one of them. The Industry segment's contribution is the highest in the NBFC credit followed by retail loans.

Although the share of Education loan portfolio is very low, it is increasing a steady pace.

Chart 8: Outstanding Education loans of NBFCs (Rs crore)



Source: RBI, CareEdge Research

The Aggregate credit extended by NBFCs stood at Rs 28.5 lakh crores in March 2022. Of which the education loans' contribution is at an average of 0.35% in the last 3 years. The loan portfolio stood at Rs 11,464 crores as of September 2022 and it is estimated at Rs 12,255 crores as of March 2022. The primary reason for increased loan portfolio may be on account of resumption of admissions after the Covid–19 period

Even though the industry benefits from the increased interest in higher education, the threat of high NPA's lingers around in this segment. These loans are often subject to failure as in most of these loans are not backed by any collateral. Also, the high repayment period in education loans is a barrier for lending in this segment.

In March 2022, there has been improvement in Scheduled Commercial Bank's asset quality in terms of personal loans segment, especially for credit card receivables and education loans. However, it still remains high as compared to other categories.

The SCB's high NPA in education loan segment, may result in lower sanctions of these loans which can divert the young population towards NBFC's in near future.

Education is a key element for every individual in the country and the increasing cost of education is the primary factor for increase in education loan in near future. Education loans will play a major role in reducing the gap between skill development and financial constraints of students. This along with pick up in admissions (offline as well as overseas) after the lull due to pandemic is further expected to grow the education loan portfolio.

OUR BUSINESS

Unless otherwise stated or the context requires otherwise, references in this section to "we", "us" or "our" refers to InCred Financial Services Limited (formerly known as KKR India Financial Services Limited) together with its Subsidiaries.

Some of the information in the following section, specifically the information in relation to our plans and strategies, contain certain forward looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" on page 18 for a discussion of risks and uncertainties related to those statements and also "Risk Factors" on page 19 for a discussion of certain factors that may affect our business, financial condition, cash flows or results of operations.

Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless stated otherwise, or unless context requires otherwise, (a) the financial data as at and for six months period ending September 30, 2022 has been derived from the Interim Financial Statements as at and for the half year ended September 30, 2022; (b) the financial data of our Company for the Fiscal 2022, 2021 and 2020 has been derived from Reformatted Financial Information, and (c) the financial data for Pre-demerger InCred for Fiscal 2022, 2021 and 2020 has been derived from Audited Financial Statements of Pre-demerger InCred.

We have included various operational and financial performance indicators in this section, some of which may not have been derived from the (a) Interim Standalone Financial Statements as at and for the half year ended September 30, 2022, (b) Interim Consolidated Financial Statements as at and for the half year ended September 30, 2022, (c) Reformatted Financial Information or (d) Audited Consolidated Financial Statements of Pre-demerger InCred. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours. Please see "Risk Factors - This Prospectus contains certain Non-GAAP measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the industry. You should consult your own advisors and evaluate such information in the context of the Interim Financial Statements as at and for the half year ended September 30, 2022, Reformatted Financial Information and Audited Financial Statements of Pre-demerger InCred and other information relating to our business and operations included in this Prospectus.

Pursuant to the Scheme the InCred Demerged Undertaking comprising of identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ('Pre-demerger InCred') merged with our Company. As per the terms of the Scheme, the Board of Directors of Pre-demerger InCred have been appointed as the directors of the our Company. Further, with the discharge of purchase consideration for demerger, the shareholders of Pre-demerger InCred hold majority shareholding of our Company. Accordingly, the business combination has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and Pre-demerger InCred' has been identified as the accounting acquirer and our Company being the accounting acquiree. For further details see "*Risk Factors- 5. We have limited operating history and evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance*" on page 21.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular the CareEdge Report. For further details see "Industry Overview" on page 74.

Overview

We are a non-deposit taking systemically important NBFC registered with the RBI. Our Company caters to lower middle class to middle class Indian households for their personal finance needs like education loans, personal loans. Correspondingly, it also offers secured and unsecured business loans to small businesses, secured loan to K12 Indian schools for their expansion plans, supply chain financing, lending to profitable financial Institutions and micro finance companies and escrow backed lending through its SME vertical.

Our Company was incorporated as Multiflow Financial Services Private Limited on February 3, 1995 as a private company incorporated under the Companies Act, 1956, as amended, with CIN U67190TN1995PTC030045 and was granted a certificate of incorporation by the Registrar of Companies, Chennai Tamil Nadu. The Company changed its name to KKR India Financial Services Private Limited and was issued fresh certificate of incorporation by Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands on August 13, 2010 consequent upon change of name. Later on, a fresh certificate of incorporation was received from Registrar of Companies, Chennai, Tamil Nadu on July 24, 2019 upon conversion of Company from private company to public company under section 18 of Companies Act, 2013

and consequently name of the Company was changed to KKR India Financial Services Limited. The registered office of the Company was subsequently changed from Regus Citi Centre, Level 6, 10/11 Dr. Radhakrishna Salai, Chennai, Tamil Nadu-600004 to 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Mumbai City, Maharashtra, 400013 and a fresh certificate of incorporation was issued by RoC w.e.f. April 1, 2021 with revised CIN U67190MH1995PLC360817. Pursuant to Composite Scheme of Amalgamation and Arrangement effective from April 01, 2022 the name of our Company was changed from KKR India Financial Services Limited to InCred Financial Services Limited, and a fresh certificate of incorporation was granted by the RoC on August 3, 2022. Further our registered office was changed to Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra-400051. Our Company is registered as a non-deposit accepting systemically important non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 bearing registration number B-13.02417 by way of a certificate of registration dated September 28, 2022.

Pre-demerger KKR was engaged in providing strucutred funding, promoter financing and mezzanine financing. To consolidate the non-banking financing business related to reail and SME lending and ancillary financing activites undertaken by Pre-demerger InCred, InCred Demerged Undertaking was merged with Pre-demerger KKR to achieve greater economies of scale, operational ratinalisation and organisational efficiency, wider market reach and customer base, pooling of knowledge and expertise, and to reduce redundant cost.

Pursuant to the Scheme, the identified NBFC business of retail and SME lending and ancillary financing activities of the of Pre-demerger InCred (Corporate Identification Number: U74899MH1991PLC340312) ("**InCred Demerged Undertaking**") was merged into our Company with effect from the Appointed Date i.e. April 1, 2022 and the name of our Company was changed to 'InCred Financial Services Limited') and a fresh Certificate of Incorporation was issued by RoC, Maharashtra at Mumbai on August 3, 2022. For details on demerger, please see '*History and Main Objects - Composite Scheme of Amalgamation and Arrangement*' on page 128.

Post the merger our Company continues to offer personal loans, education loans, MSME loans. As on September 30, 2022 our AUM was ₹ 5,05,217.0 lakh and catering to 3,30,059 number of customers.

Product wise break up AUM and average yield by our Company as on September 30, 2022:

Category	Product	AUM (₹ in lakh)	Average yield (%age)
Consumer Loans	Personal Loans	1,92,362.1	24.3%
Education Loans	Student Loans	80,992.8	13.0%
	Secured School Financing	52,824.4	14.7%
MSME Loans	Anchor & Escrow Backed Business Loans	96,983.6	15.5%
	Structured Lending	30,117.6	11.7%
	Lending to FIs	51,936.5	13.9%
	Total	**5,05,217.0**	**17.8%**

Product wise break-up of AUM and average yield of Pre-demerger InCred as of March 31, 2022, 2021 and 2020 is as follows:

Category	Product	As of March 31					
		2022		2021		2020	
		AUM (₹ in lakhs)	Average yield (% age)	AUM (₹ in lakhs)	Average yield (% age)	AUM (₹ in lakhs)	Average yield (%age)
Consumer Loans	Personal Loans	1,45,984.5	25.3%	80,556.6	25.0%	48,973.4	24.7%
Education Loans	Student Loans	49,141.8	12.7%	33,085.2	13.6%	34,928.1	13.8%
	Secured School Financing and LAP	55,140.2	14.6%	56,766.9	14.7%	45,084.7	14.9%
MSME Loans	Anchor and escrow backed business loans	80,035.3	15.1%	43,709.1	15.5%	26,346.9	16.1%
	Lending to FIs	52,422.0	13.6%	37,698.0	14.4%	16,271.5	15.2%
	Non Anchor Business Loans	1,651.7	19.0%	8,490.6	19.6%	18,763.7	19.4%
	Two wheeler loans*	-	-	4,158.4	21.5%	19,168.3	18.4%

Category	Product	As of March 31					
		2022		2021		2020	
		AUM (₹ in lakhs)	Average yield (% age)	AUM (₹ in lakhs)	Average yield (% age)	AUM (₹ in lakhs)	Average yield (%age)
	Total	**3,84,375.5**	**18.4%**	**2,64,464.8**	**18.0%**	**2,09,536.6**	**17.9%**

** The self-originated Two-wheeler loans business of outstanding balance of ₹ 2,085.9 lakh was sold w.e.f. from October 1, 2021 to Tatkal Loan India Private Limited.*

Our Company's total borrowings (debt securities and borrowings other than debt securities) on a standalone basis, as at September 30, 2022 amounted to ₹ 3,64,215.3 lakh. We rely on long-term, medium-term borrowings and short term borrowings from various sources. We take term loans, issue non-convertible debentures, market-linked debentures, and commercial papers and accept inter-corporate deposits. We have a diversified lender base comprising of public sector banks, private banks, financial institutions, development financial institutions, small finance banks and others.

Our total income and profit for the six months period ended September 30, 2022 on a standalone basis was ₹ 39,774.2 lakh and ₹ 6,469.2 lakh, respectively and on a consolidated basis was ₹ 39,812.4 lakh and ₹ 4,675.5 lakh, respectively. Our Gross Stage 3 assets and Net Stage 3 assets were 2.4% and 1.1%, respectively, of our loan portfolio under management for the six months period ended September 30, 2022on a standalone basis.

The total income on a standalone basis for the Fiscals 2022, 2021 and 2020 for Pre-demerger InCred was ₹ 52,121.7 lakh, ₹ 39,184.9 lakh and ₹ 33,156.6 lakh, respectively. The profit for the year on a standalone basis for Pre-demerger InCred, for the Fiscals 2022, 2021 and 2020 was ₹ 3,611.8 lakh, ₹ 1,023.4 lakh and ₹ 275.4 lakh, respectively.

Further Gross stage 3 assets for Pre-demerger InCred were 2.8%, 3.9% and 3.2% of the loans for the Fiscals 2022, 2021 and 2020, respectively, on a standalone basis for Pre-demerger InCred.

The following table sets forth certain key details of our Company, for September 30, 2022 on a standalone and consolidated basis:

(₹ in lakhs, except percentages)

	As at and for six months ended September 30, 2022	
	Standalone	**Consolidated**
Total AUM	5,05,217.0	5,05,217.0
Total Disbursements	3,31,396.3	3,31,396.3
Average AUM	4,47,143.3	4,47,143.3
Total income	39,774.2	39,812.4
Profit for the Period	6,469.2	4,675.5
Gross Stage 3 (GS3) (%)	2.4%	NA
Net Stage 3 (NS3) (%)	1.1%	NA

The following table sets forth certain key details of Pre-demerger InCred, for last three Fiscals on a standalone basis:

(₹ in lakhs, except percentages)

	As at and year ended March 31,		
	2022*	**2021***	**2020***
Total AUM	3,84,375.5	2,64,464.8	2,10,188.3**
Total Disbursements	4,78,335.7	2,42,275.7	2,26,508.9
Average AUM	2,94,406.5	2,17,985.1	1,91,027.8
Total income	52,121.7	39,184.9	33,156.6
Profit for the Year	3,611.8	1,023.4	275.4
Gross Stage 3 (GS3) (%)	2.8%	3.9%	3.2%
Net Stage 3 (NS3) (%)	1.4%	1.9%	1.5%

**pre-demerger*

******* Includes AUM of InCred Housing Finance Limited (IHFL) ₹ 651.7 lakh for comparative purpose. IHFL was merged with Pre-demerger InCred with effect from 01.04.2020 pursuant to amalgamation scheme approved by NCLT – Mumbai Bench vide its order dated October 29, 2020.*

The following table sets forth certain key details of Pre-demerger InCred, for last three Fiscals on a consolidated basis:

(₹ in lakhs, except percentages)

	As at and year ended March 31,		
	2022*	**2021***	**2020***
Total AUM	3,84,375.5	2,64,464.7	2,10,188.3**

	As at and year ended March 31,		
	2022*	**2021***	**2020***
Total Disbursements	4,78,335.7	2,42,275.7	2,26,508.9
Average AUM	2,94,406.5	2,17,985.1	1,91,027.8
Total income	**52,427.2**	**39,247.7**	**33,266.7**
Profit for the Year	**3,082.8**	**217.1**	**516.3**
Gross Stage 3 (GS3) (%)	NA	NA	NA
Net Stage 3 (NS3) (%)	NA	NA	NA

**pre-demerger*

******* Includes AUM of InCred Housing Finance Limited (IHFL) ₹ 651.7 lakh for comparative purpose. IHFL was merged with Pre-demerger InCred with effect from 01.04.2020 pursuant to amalgamation scheme approved by NCLT – Mumbai Bench vide its order dated October 29, 2020.*

Our Strengths

We believe that our position as an NBFC is founded on the following competitive strengths:

Prudent credit and collection policies aimed at maintaining strong asset quality

Our credit policies specify the types of loans to be offered, the documentary requirements and limits placed on loan amounts. We have separate policies tailored for separate product segments. These policies are aimed at supporting the growth of our business by minimising the risks associated with growth in our loan book. We have also established protocols and procedures to be followed when engaging with customers, as well as to determine the authority and levels to which credit decisions can be taken at various offices. Over the years, we have gained significant experience in loan underwriting and this is now a key contributor to our business.

We also have an experienced collections team which, with our legal team, have enabled us to maintain effective collection efficiencies through economic cycles. Our centralised credit & risk analysis processes combined with our dedicated collections team help maintain the quality and growth of our total AUM.

Effective use of technology

For our Consumer Loans, SME and Education Loans customers, we offer a technological platform that gives our customers access to paperless loans through their computers or mobile devices. With this technology, the entire process of loan origination (from loan application to final approval) is managed through computers and mobile devices so there is no need for our customers to visit a branch by the borrower. We believe that this results in significant customer convenience by providing a seamless loans approval process that is operable remotely and is accessible to customers at any time. This has also enhanced our access to customers in regions where we do not have physical branches. We believe that this has reduced our operational costs and overheads and that this use of technology is key to realising our strategy of transitioning to an asset light model.

Diversified credit profile, strong credit evaluation and risk management systems

We seek to diversify our credit risk and ensure that no individual credit product contributes a large portion to our overall credit book. We believe that this mitigates the risk of concentration to any particular product or sector and helps us to manage our risk exposure in a more effective manner. We also believe that the scale of our retail credit portfolio imparts stability to the credit book. Each of our key business processes is regularly monitored by the respective business or operations head.

Strong Corporate Governance Standards

We have successfully recruited and retained talented employees from a variety of backgrounds. Our Company has a strong Board comprising of experienced professionals and a management team comprising of qualified professionals heading different business verticals with adequate and relevant experience in their respective fields. This diversified experience provides us with diverse inputs in evaluating and managing our businesses. We have also created a leadership team for each of our business vertical tasked with various roles and responsibilities of operating and managing such businesses. We believe that our management structure and experienced team helps us to carefully nurture our culture of growth, innovation and high quality governance.

Reach across a varied Customer base and customer sourcing models

Our lending business is sourced digitally as well as through partners, direct selling agents and in-house sales team. We

partner with online, and offline, platforms to leverage business data for consumer lending. We quickly finance consumer loans, education loans and SME loans, resulting in customer delight, conversions, transactions, revenue, and profit for our platform. We also conduct site verification visits and interviews with the applicant before the disbursement of loan. On the sanction of a loan amount, repayment terms are set out up on completion of all documentation requirements by the applicant. With our presence across 24 locations, we have established a diverse customer base, situated across India.

Experienced Board and management Team

We are a professionally managed company, and our senior management team has an established track record in the financial services industry. Our senior managers have diverse experience in various financial services and functions related to our business. We believe that the knowledge and experience of our senior and mid-level management team members provides us with a significant competitive advantage as we seek to grow our business and expand to new geographies. At present, our Company has eight Directors on our Board, out of which three are Independent Directors, Bhupinder Singh is the Whole-time Director and Chief Executive Officer, Vivek Bansal is Whole-time Director and Chief Financial Officer and three Directors are Non-Executive Directors. For details, see "*Our Management*" on page 131. Further, as on September 30, 2022, we have 872 permanent employees and 53 employees on contract basis.

Our Growth Strategies

Leverage on technology and digital platforms to improve customer reach and operating efficiency

At InCred, we use technology and data-science to make lending quick, simple and hassle-free. We also intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We will continue to update our systems and use latest technology to streamline our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We believe that improvements in technology will also reduce our operational and processing time, thereby improving our efficiency and allowing us to provide better service to our customers.

Continue to follow prudent risk management policies to maintain strong asset quality

We believe that the success of our business is dependent on our ability to consistently implement and streamline our risk management policies. As we focus on growing our Loan Book with low credit risk, we will continue to maintain strict risk management standards to reduce credit risks and promote a robust recovery process. We also intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services.

Attract and retain talented professionals

We have been successful in attracting and retaining a team of professionals with experience in credit evaluation, risk management, technology and business. We believe, we have created the right balance of performance and other economic incentives for our employees so that they are motivated to develop business, achieve profitability targets and control risk. We will, from time to time, review our systems and procedures to enable us to respond effectively to changes in the business environment and enhance our overall performance.

Growth of the business through increasing geographical presence across India

We intend to continue to grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. A good reach to customers is very important in our business. Increased revenue, profitability and visibility are the factors that drive the branch network. Our strategy for branch expansion includes further strengthening our presence in various parts of India by providing higher accessibility to customers.

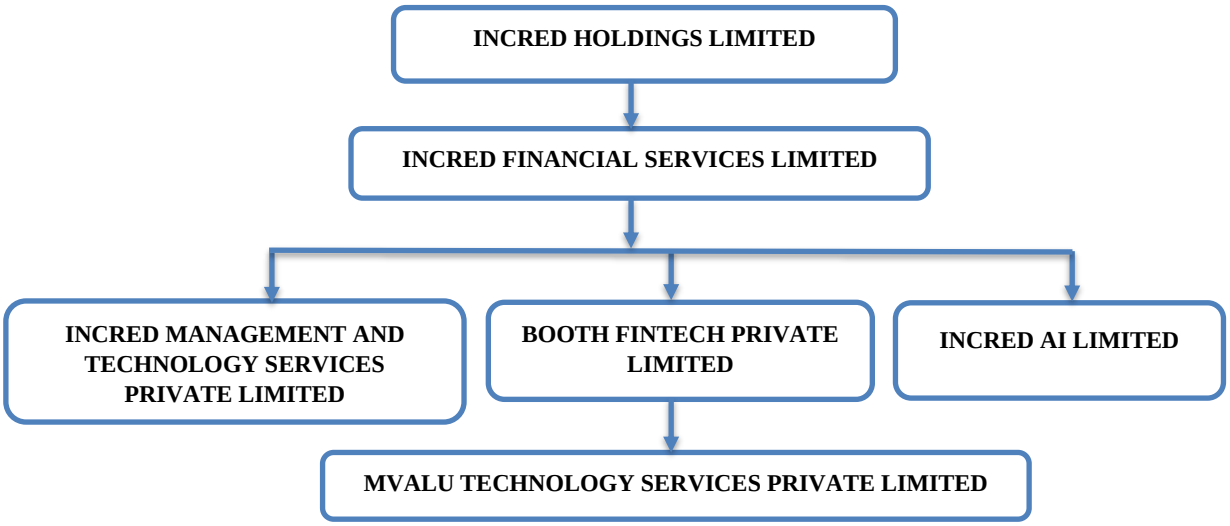
Diversify our assets and liabilities

As at September 30, 2022, our consolidated borrowings (other than debt securities) were ₹ 2,28,928.6 lakhs. Our primary sources of funding are long-term loans and issuances of non-convertible debentures. We intend to remain diversified in our loan book by strategically focusing on adjacent high growth and profitable lending businesses including education loans and escrow backed MSME lending and further expand our lending and other businesses. We intend to further diversify and strengthen our profile, strategically adding additional funding resources.

GEOGRAPHICAL PRESENCE

As of September 30, 2022, we had 32 branches and 925 employees spread across 9 states in India.

Our Corporate Structure as on the date of this Prospectus



BUSINESS DESCRIPTION

The Company offers secured and unsecured loans under various product segments such as consumer loans, education loans and MSME loans. Broad descriptions as under:

Category	Product segment	Description
Consumer Loans	Personal Loans	Short term unsecured loans for different needs incl. lifestyle purchases with focus on new to credit & underserved credit
Education Loans	Student Loans	Loans for students pursuing higher education in India and abroad
	Secured School Financing and LAP	Loans to educational institutions for expansion/ upgradation of infrastructure and loan against property for personal or business needs.
MSME Loans	Anchor and escrow backed business loans	Business Loans, Supply Chain Finance loans backed by Anchor Partners and escrow mechanism
	Lending to FIs	Term loans to MFIs and other NBFCs for onward lending purposes

The details of the products offered by our Company are as under:

A. Consumer Loans

We offer personal loans up to ₹ 10 lakh with contractual tenors of up to 84 months and average yield of 24 % as part of our consumer loans portfolio to largely salaried customers. The principal and interest payments are due on a monthly basis.

Technology is a key driver for growth for our personal loans business. We provide the personal loans through our in-house built Android application and through our website. Our consumer loans business is completely digital backed by deep data analytics which enables us to offer a transcendent customer experience. Central to the digital experience at InCred is our in-house built Android application which allows customers to apply for personal loans at their convenience and get in-principle approval in the matter of minutes.

We offer personal loans to help our customers address a large number of use cases such as: (a) planned personal expenses, e.g., weddings, home renovation expenses, domestic and foreign travel, high ticket purchases, (b) short-term business needs and (b) emergency medical expenses. We also service a large segment of "near-prime" customers who do not have access to credit from more traditional lenders. By combining data from a number of digital sources, we are able to draw a complete risk profile of these customers and offer them loans at the right risk reward.

In addition to term loans, we also offer our personal loan customers a line-of-credit facility. This facility once setup, is available on demand and customer can draw down on it with a single swipe. Customers also pay interest only when they utilise the line-of-credit and hence have full flexibility in managing their credit costs.

As on September 30, 2022, our personal loans business had an AUM of ₹ 1,92,362.1 lakh. During the six months ended September 30, 2022, we disbursed 52,831 personal loans amounting to ₹ 1,48,656.7 lakh, with an average ticket size of ₹ 0.6 lakh. For the six months period ended September 30, 2022, our personal loans collection efficiency was 94%. During the six months period ended September 30, 2022, the average tenor of loans disbursed in our personal loans business was 34 months.

Loan Origination and Evaluation

We collect KYC documents from the applicant through the online application which are sent automatically to the central underwriting system which allows a quick turnaround of loan assessment. The system runs various checks and uses number of proprietary scorecards including, a bureau scorecard, a banking scorecard, a device-data scorecard and a stability scorecard to sanction the loan applications. We supplement our score card based approach with regular customer research and sophisticated data analytics to provide tailored products to our customers.

B. Education Loans

Student loans

Our Company offers a specialised product offering of student loans up to ₹ 100 lakh with tenors of up to 180 months with an average yield of 12.6% to Indian students majorly going abroad for international study. These loans are primarily targeted at students pursuing post-graduate study and specifically at students pursuing a science, technology, engineering, mathematics (STEM) degree from the US. Extensive knowledge about the education sector, its finer nuances like accreditations, fees structures, entrance scores, evaluation systems, university/college/course rankings etc. give us the ability to predict the potential employability and income for any student that we fund. The customer here is highly qualified, demanding and has potential to be InCred customer for most of his/her financial needs for next 30-40 years.

As of September 30, 2022 we have funded over 5,093 talented Indian students, who have gone to over 1,000 plus universities across 25 countries.

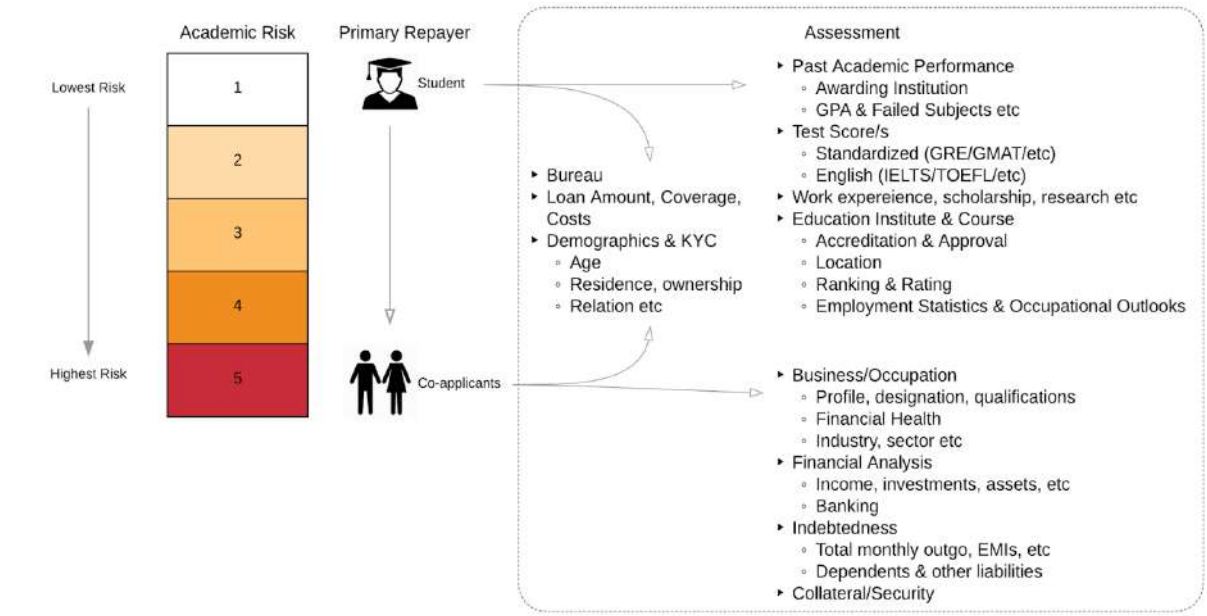
A bulk of our loans are collateral free, which is a unique product that we offer. Our proprietary risk model assesses the future potential income of students and uses that to determine the loan eligibility. This is the core need of many students who come from modest family backgrounds. We are able to provide 100% financing so that students are not required to provide their own funds.

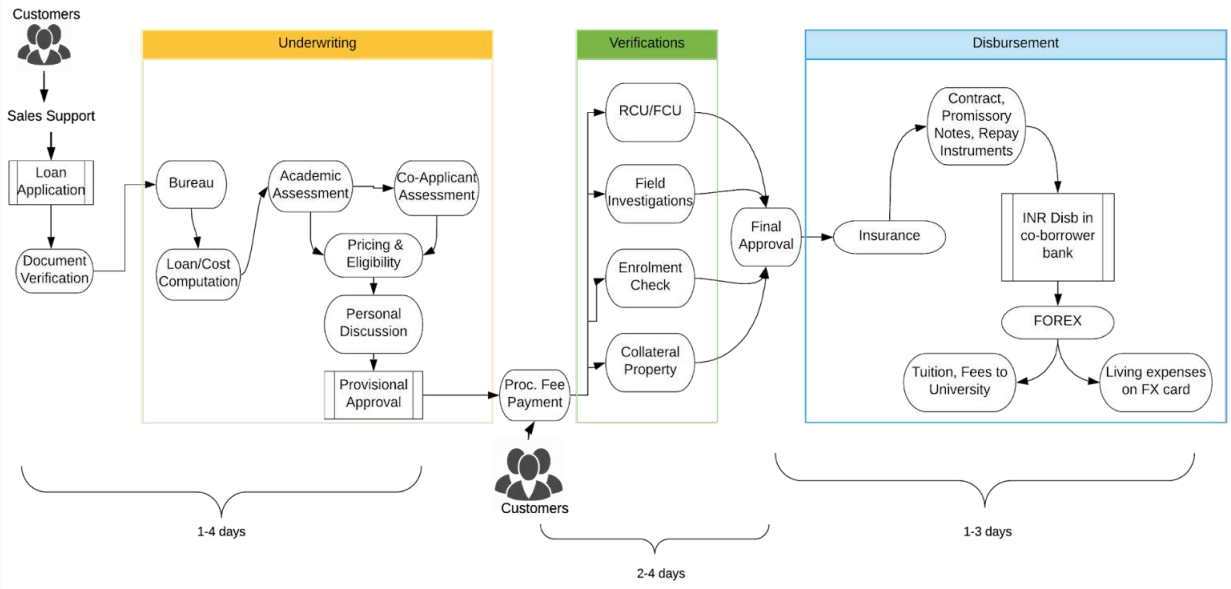
Loan Origination and Evaluation

- The underwriting and credit assessment model is centered on the academic risk categorisation. The academic risk categorisation is based on the quality of the student and program of studies
- The academic risk is based on the academic assessment score of the student on a scale of 100
- The program/university risk level is separately assessed as per InCred's internal master databases which are updated periodically based on internal and external data.
- Co-applicants have an inversely proportional relationship to the risk level
- The origination process involves
    - Login of Applicant and documents by sales/partners/customers
    - Document verification by Credit Process Associates (CPAs)
    - Academic and financial assessment by Credit Officers (COs)
    - Review and recommendation by Credit Managers (CMs)
        - CMs may Decline OR Hold an application instead of recommendation
        - CMs may Provisionally Approve cases whose decisions are decentralized
    - Provisional Approval by Credit Head (CH) for non-decentralized cases
    - Commercial Approval (RoI/PF) if any
    - Change Requests/Approvals (if any) such as changes to program, university, tenure, amount, etc.

- Processing fee payment by customer
- Final Approval (issuance of sanction letter)
- Verifications, field investigations
- Disbursement Request by customer

Loan Evaluation Framework





Secured School Financing and LAP

We provide funding of up to ₹ 1,000 lakh with tenors of up to 180 months, with an average yield of 14.6%, only to K-12 schools which are operational since last 10 years and for which class 10th verifiable results are available for last 5 years for increasing the existing infrastructure capacity. We focus on southern and western states in India for disbursement of secured school financing funding.

Such lending is based on hypothecation of fees income and the end use of the funds should be for increasing the existing infrastructure capacity not for building the new schools.

The Company provides loan against property mainly Individuals, Proprietorship firms, Partnership firms, LLP, Private

Limited Companies and closely held unlisted and listed companies. The primary objectives include but not restricted to Balance Transfer, Debt consolidation, Business Use etc. We provide funding of upto ₹ 100.00 Lakhs with tenors of up to 180 months. The maximum LTV under the segment is up to 75%.

Loan Origination and Evaluation

The target segment for Secured School Finance is small to mid-sized K-12 Schools / Colleges / Educational Institutions. The target market in LAP is both salaried and self-employed customers. Self-employed customers are individuals, professionals, Micro, small and medium enterprises.

The Loans are secured against acceptable real estate collateral as per Credit policy of IFSL. The loans are extended based on fair market value of the collateral (Loan To Value) and acceptable fixed obligation to income ratio (FOIR) as per defined parameters in the credit policy of our Company.

The origination of the target segment is done through direct and indirect channels. The indirect channels are direct sales agencies empaneled in accordance with the outsourcing guidelines of RBI. The leads are generated through various marketing activities and direct sourcing by business development teams.

The target market of LAP and SSF has unique characteristics of asymmetric financial information and unorganized income documents. The segment has its inherent risk of assessment and hence the credit policy has been framed to address the needs of the target market. The underwriting methodology is governed by the detailed standard operating procedure (SOP) and the credit policy manual of the company. The underwriting philosophy primarily relies on field verification-based income assessment and validation with available documents for determining the cash flow viability to service the proposed loan applied with IFSL.

The following activities are performed as part of our evaluation process:

- The income is assessed by the credit team based on the available documents and the information gathered at the time of personal discussion with the customer.
- Validation of information given in the loan application form by verifying the KYC documents including digital KYC checks and other documents submitted by the borrower.
- Perform the internal dedupe and credit bureau checks.
- Verifications (Field investigation / Document verification by external vendor and Risk Control Unit, Technical Valuation by qualified external vendor, title search and legal report by qualified external panel counsel)
- Review and assessment of applicable income documents, Salary slips, financials, GST statements and Bank statements
- Physical visit to the business premises / visit to collateral property by the credit team
- Preparation of Credit approval memorandum and recommendation as per the guidelines prescribed in the credit policy of our Company.
- Review and Approval by the competent authority as defined in the credit authority delegation grid.
- Collateral appraisal by Internal Legal and Technical team prior to disbursement. Original vetting of title documents by panel counsel prior to creation of mortgage in favour of our Company.

As on September 30, 2022, our education loans portfolio had an AUM of ₹ 80,992.8 lakh. During the six months ended September 30, 2022, we disbursed 2,149 student loans amounting to ₹ 35,884 lakh, with an average ticket size of ₹ 12 lakh and 10 secured school loans amounting to ₹ 651 lakh, with an average ticket size of ₹ 130 lakh.

C. MSME Loans

Anchor and Escrow Backed Business Loans

We provide secured and unsecured anchor backed business loans up to ₹ 1,000 lakh with tenors of up to 60 months with an average yield of 15.4% to businesses that are broadly engaged in IT distribution, Consumer business, pharmaceuticals, food processing and food and beverages. Such customers are sourced through anchor tie-ups (national distributors/OEM) with automated disbursements which acts as checks on limit utilization, overdue status and limit renewals.

We undertake proactive monitoring of portfolio and regular evaluation of cash flows of borrowers.

As on September 30, 2022, our anchor backed business loans business had an AUM of ₹ 96,951.6 lakh. During the six months ended September 30, 2022, we disbursed 5,836 anchor backed business loans amounting to ₹ 1,18,256.6 lakh, with an average ticket size of ₹ 20 lakh.

Lending to FIs

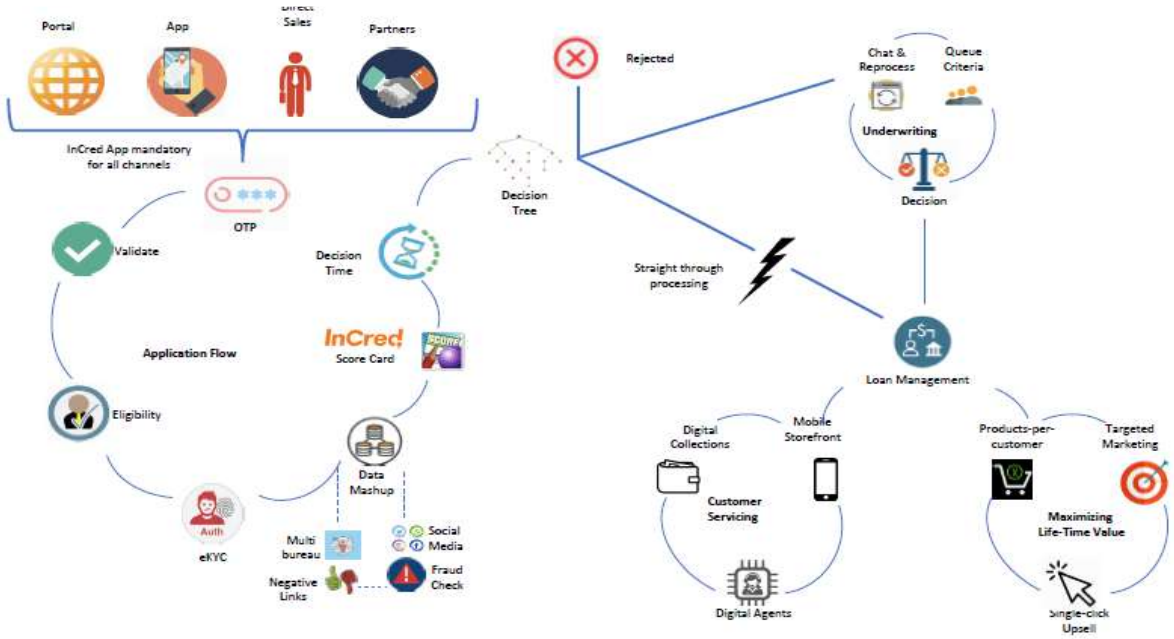
We also provide funding up to ₹ 1,500 lakh with tenors of up to 36 months with an average yield of 13.7 % to RBI regulated companies having NBFC / NBFC-MFI registration, with high proportion of cash collateral / liquid investments.

We focus on companies with robust ALM practices and undertake evaluation of past credit history, promoter/ management background, investor commitment and the amount of equity invested in the business to undertake credit assessment for such loans. The loans are secured by receivables of loans disbursed out of our facility. We also have discretion of defining borrower's credit criteria for their customer selection.

As on September 30, 2022, our Lending to FIs business had an AUM of ₹ 51,936.5 lakh. During the six months ended September 30, 2022, we disbursed 49 loans to FIs amounting to ₹ 24,335.0 lakh, with an average ticket size of ₹ 508.5 lakh.

Lending Policy

The standard process adopted by the company from sourcing to collection is enumerated as under:



1. Credit Appraisal Process

Our credit appraisal processes are based on:

- **Need for credit**: the borrower's need for credit are assessed, as per the context of the product segment. The intent is to ensure that the credit is targeted for use in a constructive way, to improvements to the borrower's earning or to improve the quality of life

- **Affordability**: an assessment of the borrower's ability to service the loan is conducted in all cases. While the assessment methodology vary across product, the intent is always to set product features such as the disbursal amount and tenure such that the loan is affordable (within the context of the product)

- **Credit rating**: the borrower's credit history, and track record in managing debt, is considered in all applications. Where appropriate, the credit history of linked parties, like a group company, spouse or guarantor are also

considered. In certain product, new to credit borrowers are targeted. Regardless, the absence of a credit history is a factor that is considered as an input into the credit process.

- **Holistic borrower understanding**: the credit appraisal process seeks to understand the borrower's situation, and therefore credit needs as holistically as possible. In some product, this is achieved by consuming more digital-data about the customer. In others, it is with in-depth interactions with the customer to assess their repayment plans. In all cases, InCred's approach is to have a holistic a customer understanding as possible, to provide services that are both relevant from a demand viewpoint, and appropriate from the risk viewpoint

2. **Credit Pricing**

- Credit is priced after considering our cost of funds, expected credit cost, the operational cost and expected return on assets ("**RoA"**)

- From a credit risk viewpoint, the pricing is linked to expected risk levels. This is at the product level, wherein product associated with a higher risk profile charge a higher price. This is also within each product segment, wherein lower risk customers are offered a lower price, and vice versa

- This principle is followed within the constraints of market and competitive conditions in the relevant product segment

- Pricing is varied through the term of the loan or credit facility, based on product needs. In addition to fixed rate loans, interest rates may be floating and reset to reflect market conditions during the term of the loan.

- Our Company also charges default interest rates on a loan or credit facility if the customer is delinquent of repayments. This reflects on the addition risk associated with serving such a customer.

3. Credit Approval and Denials

- The credit approval of small ticket loans largely runs under a straight through process of digital lending where credit underwriting is done through ML (machine learning) based credit algorithm / automated decision rule engine. Manual credit underwriting in small ticket loans is used if the credit process has steps outside the scope of automated decision rule engine or have deviations as per product specific credit policy of IFSL. The credit underwriting of large ticket loans is done by the Credit team as per risk boundaries, credit parameters and authority matrix defined in product specific credit policy of IFSL.

- The credit decision is communicated through the loan origination system (LOS) and other digital modes as per operational needs of each product.

- Each product has a different set of risk considerations for credit approval and deviations recorded in the credit approval memorandum (CAM) which are reviewed and approved by the appropriate authority as defined in the product specific credit policy of IFSL.

- Critical deviations observed during the underwriting process are considered as input factors for portfolio review and periodic revision of respective credit policy as per operating needs of each product. The review and approval of the respective credit policy along with new program launches is done after due consideration of all the recommendations which are evaluated and presented by the respective product, portfolio risk, credit, and business teams.

- The Risk Management Committee ("**RMC**") is periodically apprised on the new business, portfolio performance along with credit policy / new credit product programs or program withdrawals to ensure adequate risk oversight and guidance of the RMC on all critical credit risk and policy considerations.

- Programmatic approvals, for multiple loans that are targeting a new product, are presented to and approved by the RMC, along with the relevant Policy annexure. Similarly, any withdrawal from a product is also governed along similar lines through the RMC.

4. Security, insurance and charge

- Security management involves creation of enforceable charge over the borrower's/ third party assets in favour of our Company, before the disbursement of a loan.

- Proper valuation, storage and maintenance of the assets so charged is necessary, to ensure that our loans are appropriately covered by the value of the assets charged to it. To subserve this objective, the charged assets are valued at periodic intervals on a conservative basis, and stipulated margins are maintained at all times. Each product vertical has a detailed operating procedure for empanelment of valuers, covering aspects like qualifications and experience. Empanelled valuers are reviewed and renewed annually by the respective business heads.

- The specific details of the assets charged are clearly mentioned in the loan documentation. Enhanced provisions are required for the unsecured portion of any loan, compared to the secured portion.

- Assets charged to our Company are adequately insured against all applicable risks to protect us. The adequacy of insurance cover relative to the loan value is specified for each product segment, and is renewed periodically until our exposure to the borrower exists

- Monitoring of our collateral is specified as a part of the responsibilities of credit professional attached to each of the product "verticals". Deviations, if any, are to be brought to the notice of the respective product risk head and business head. Remedial measures are taken to set right any deviations.

5. Credit Documentation

- The purpose of credit documentation is to clearly establish the debt obligation of the borrower to us. Credit documents used in all products would be approved by the Legal department.

- In most cases, the credit documents are standardised. In cases where a standard format has not been prescribed, or is not appropriate, case to case loan documentation would be done in consultation with the Legal Department.

- The primary responsibility for ensuring that the loan documents are executed by the borrowers or guarantors typically lies with sales/ relationship management. Safekeeping of documents is the responsibility of the prescribed officer in Operations. Documents are reviewed, and searches effected to ensure continued safety of and legal enforceability of our documents

- Document checklists are maintained for all products. Sales/ Relationship Management and Operations refer to the checklist of documents to ensure completeness before loan disbursal, in line with the needs of each individual product

6. Credit Administration and Monitoring

- Credit administration and monitoring involves follow-up and supervision of InCred's individual loans, as well as the entire loan portfolio, with a view to maintaining asset quality at a desirable level, through proactive corrective actions aimed at controlling the risks to InCred. While the specific actions involved in credit administration vary by product-vertical, the general principles that apply across multiple verticals include the following:

- Ensure compliance with the terms and conditions of the loan sanctioned.

- Ensure end-use of InCred's funds as per the approved purposes, and prevent diversion of funds for unauthorized purposes, to the extent possible in the product-market context. This will include periodic on-site supervision of borrower operations in certain cases.

- Evaluate previous lending decisions through a process of hind-sighting, by a competent but independent party, to identify and implement opportunities for credit process improvement.

- Assess the financial health and credit worthiness of the borrower periodically. Metrics that many be considered include income trends, borrowing or indebtedness trends, and substantial changes in personal or business circumstances.

- Periodic review of the loan portfolio at the InCred and/or the product level, to guide changes or adjustments in credit strategy and portfolio design.

- The credit administration and monitoring process include an Early Warning Signal (EWS). The product specific algorithms or processes underlying the EWS are set out in the annexures. Actions or remedial measures taken as a result of identified early warning signs would vary by product, but would typically include the following:

- Reduction or curtailment of additional exposure to that borrower.

    - Enhanced supervision or monitoring of the borrower's business and financial activity, to guard against over-leverage, divergence of funds, etc.

    - Accelerated Collections activity, to maximize loan repayments while the borrower at risk is still able to make payments.

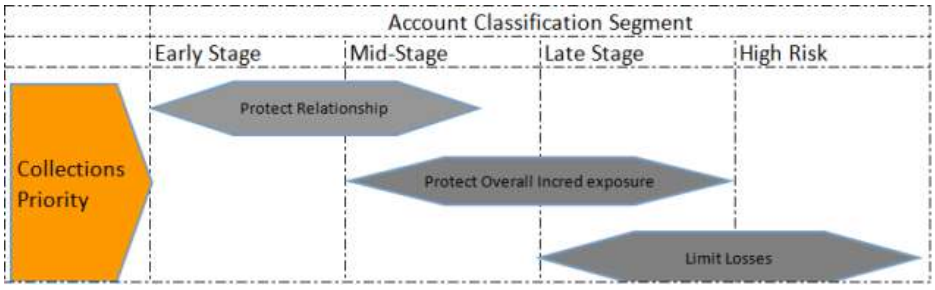
Collections and Recoveries

In line with InCred's customer and risk centric vision, and to increase the efficiency and intensity of collections activities, we have modelled our strategies of early stress accounts debt management covering broad areas of accountability, communications and feedback management, and reporting.

All Products	DPD Mapping	Account Classification	Bucket Status
	Current	Regular	0
	0-30 days or 1 EMI overdue	Early Stage Delinquency	1
	31 - 60 days or 2 EMI's overdue	Mid Stage Delinquency	2
	61 - 90 days or 3 EMI's overdue	Late Stage Delinquency	3
	91 – 120 days or 4 EMI's overdue	High Risk Stage / NPA	4
	> 120 days or 5 EMI's overdue	High Risk Stage / NPA	5 & above

We have segmented overdue accounts on the basis of the number of delinquent days as above.

This segmentation would be the basis for allocation and treatment strategies detailed below. The table highlights the accountability for each risk classification categories along-with the main collections priority.



For further details, please see "*Other Regulatory and Statutory Disclosure - Lending Policy*" on page 265.

a. Consumer loans and Education loans

For smaller ticket size accounts, all overdue accounts are allocated to collections on receipt of bounce / non-payment, post the cycle date. Operations would communicate the list of accounts which have not been cleared on the cycle date.

The collections team have empanelled tele-calling vendors in each zone that we operate in, and the accounts are allocated to them upon receipt of bounce information. The tele-calling agents (part of the empanelled tele-calling vendors) call on these overdue accounts for intimation of overdue and follow-up on collection.

Bucket	Mode of Collections	Party Responsible
B0	- SMS & Reminder Calling	Tele-calling Agencies
	- SMS & Calling post bounce	
	- Field Visits on broken PTP's and identified sticky accounts	
B1	- Legal Notices	Collections Managers & Field Agencies Litigation Team
	- Tele-Calling	
	- Intensive Field Visits	
B2-3	- Legal Notices & Sec 138 (case to case basis)	Collections Managers & Field Agencies
	- Intensive Field Visits	
B4 +	- Action under Arbitration / SARFAESI (if applicable)	Collections Managers & Field Agencies
	- Intensive field visits	

We also use various collection tools at different stages of delinquency as represented below:

Collections Tools	Early Stage	Mid Stage	Late Stage	High Risk
Tele-calling	Y			
Payment Gateway	Y	Y	Y	Y
Auto Cure (Representation)	Y	Y		
Field Collections Agencies	Y	Y	Y	Y
Skip Tracing Agencies	Y	Y	Y	Y
SMS Reminders	Y			
Dunning Letters	Y	Y		
Legal - Sec 138 / 25			Y	Y
Settlements			Y	Y
Restructuring		Y	Y	Y
Arbitration			Y	Y

We also have a tele-calling set up augmenting our field efforts in the early delinquency bucket. For all cases where we have a NACH registered, we have representation done on all non-technical bounces.

Intimation of overdue to customers is being done through SMS, Dunning Letters and Lawyer notices. Lawyer notices typically would be sent once an account crosses 30 dpd.

Once an account flows in Bucket 1 (>1 emi overdue), typically the accounts gets allocated to Field Collections Agencies (external vendors empanelled by our collections team basis thorough pre-empanelment checks and market references) for field follow-up.

All vendors need to comply with stipulated code of conduct pertaining to debt-management efforts.

When an account moves into sub-standard asset classification, we begin arbitration proceedings to take possession of the mortgaged property (if available). even in unsecured, we will proceed with arbitration to attach collaterals of clients to augment recovery.

In late stage / high risk stage delinquency, settlement tools are used in order to precipitate recovery and limit our losses on such accounts. typically, the settlement waivers are approved by the chief risk officer & head of collections, basis recommendation of national collections manager.

b. *MSME Loans*

In SME and institutional products, business and risk teams would be directly managing overdue collection activity in the Early Stage Delinquency phase. With focus in early delinquency being on managing and nurturing the relationships, we would have the business and risk teams to coordinate with the clients for follow up and collection of overdue monies.

When an account is overdue between 30-60 days, the Business RM would hand-over the case to Collections team. During this stage, Business RM would conduct joint visits with Collections as part of the Hand-over activity. Collections would handle the account with robust liaison with Legal team. Here, the focus on collections would be to stabilize and rollback the overdues and to protect the exposure of InCred.

Collections team would, however, would continue to take the help of Business team as and when required in collection efforts irrespective of stage of delinquency.

In Late or High Stage Delinquency, we would employ legal tools to help recovery of overdue money. This would include actions under Sec 138 / 25 under Negotiable Instruments Act and actions under SARFAESI Act (for exposures > ₹100 lakhs) and arbitration.

Collections Tracking & MIS

Daily MIS of accounts resolved and resolution MIS are shared by the Central Collections Team, basis receipt of confirmation of payments received on overdue accounts.

Risk Management Framework

Risk management forms an integral part of our business operations and monitoring activities. We are exposed to various risks related to our businesses and operating environment. Our objective is to evaluate and monitor various risks that we are subject to and follow stringent policies and procedures to address these risks. Our Risk Management Committee assists the Board in addressing various risks and discharging duties relating to corporate accountability. We have formulated comprehensive risk management policies and processes to identify, evaluate and manage risks that are encountered during conduct of business activities in an effective manner. A documented, systematic assessment of processes and outcomes surrounding key risks including internal control is undertaken periodically. The Board reviews the effectiveness of risk management systems in place and ensures that they are effectively managed. Additionally, independent internal auditor is also appointed to review and report on the business processes and policies in all operating\ companies. Reports of internal auditors are reviewed and discussed by the Audit Committee. Further, observations made by external and regulatory agencies are also addressed and complied with. In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through the Audit Committee, the Asset Liability Committee and the Risk Management Committee.

A summary of our asset and liability maturity (ALM) profile on a standalone basis as of September 30 2022, which is based on certain estimates, assumptions and our prior experience of the performance of its assets, is set out below:

Particulars	Upto One Month	Between One Month and One Year	Between One and Three Years	Between Three and five Years	Over Five Years	Total
Liabilities						
Equity Capital	-	-	-	-	46,022.7	46,022.7
Reserves and Surplus	-	-	-	-	1,94,602.8	1,94,602.8
Total Borrowings	19,851.9	1,64,681.6	1,56,394.4	23,287.4	-	3,64,215.3
Current Liabilities and Provisions	4,026.0	5,408.8	1,037.4	205.3	5,007.2	15,684.7
Contingent Liabilities	-	7,966.9	24,047.9	-	-	32,014.8
Total	23,877.9	1,78,057.3	1,81,479.7	23,492.7	2,45,632.7	6,52,540.3
Assets						
Fixed Assets	-	-	-	-	3,730.4	3,730.4
Investment	11,676.3	198.6	282.0	-	4,245.2	16,402.1
Cash and Bank Balance	36,767.5	2,300.5	150.0	-	-	39,218.0
Inflow from Loans and Advances	28,260.6	1,70,363.6	1,47,159.6	42,686.1	84,490.0	4,72,959.9
Other Assets	2,431.5	3,609.3	7,444.0	66.1	74,664.2	88,215.1
Undrawn lines from lenders	28,009.1	-	-	-	-	28,009.1
Total	1,07,145.0	1,76,472.0	1,55,035.6	42,752.2	1,67,129.8	6,48,534.6
Surplus / (Deficit)	83,267.1	(1,585.3)	(26,444.1)	19,259.5	(78,502.9)	(4,005.7)
Cumulative Surplus (Deficit)	83,267.1	81,681.2	55,237.7	74,497.2	(4,005.7)	-

Credit Rating

Our current credit ratings are set forth below:

Rating Agency	Instrument	Rated Limit (₹ in lakh)	Ratings
CRISIL Limited	Bank Loan Facilities	6,60,000.00	CRISIL A+/Stable
	Principal Protected Market Linked Debenture	60,000.00	CRISIL PP-MLD A+ r/Stable
	Non-convertible debentures	1,22,500.00	CRISIL A+/Stable
	Commercial paper	20,000.00	CRISIL A1+
	Principal Protected Market Linked Debenture	10,000.00	CRISIL PP-MLD AA+r (CE)/Stable
	Principal Protected Market Linked Debenture	7,500.00	CRISIL PP-MLD AA+r (CE)/Stable
CARE Ratings Limited	Long Term Bank Facilities	31,284.00	CARE A+/Stable
	Principal Protected Market Linked Debenture	14,566.00	CARE PP- MLD A+/Stable
	Non-convertible debentures	15,000.00	CARE A+/Stable
	Commercial paper	5,000.00	CARE A1+

Information Technology

At InCred - we have 4 key technology pillars. First up, we are mobile first with our applications accessible from anywhere via the internet. Next, our technology stack is fully cloud native built to be modular and secure from the ground up using APIs. This allows us to scale horizontally to millions of users seamlessly. Third - our stack allows custom workflows for different products to be built and release– rapidly and finally - we have a modern data lake and analytics engine that allows near real time data to be aggregated and available to all business functions to drive continuous improvement. We have a 150+ product, tech and analytics teams powering continuous improvement to our funnel conversion metrics, our business performance and operating leverage. For example, this has allowed us to scale our operations 100X while keeping our operations team flat in size. Finally to give an idea of our scale, our tech stack is now powering upwards of 1.2 Cr API requests per day.

Intellectual Property

We do not own trademark "InCred", which is registered in the name of our Subsidiary viz. InCred Management and Technology Services Private Limited vide certificate of registration dated February 08, 2022. InCred Management and Technology Services Private Limited has given a right to use under no-objection certificate dated July 11, 2022.

Competition

The financial services industry is highly competitive and we expect competition to intensify in the future. We face competition in the lending business from domestic and international banks as well as other NBFCs, fintech lending platforms and private unorganized lenders. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that these banks continue to expand their operations into the markets in which we operate, which would result in greater competition and lower spreads on our loans. In particular, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalising related operational costs.

Insurance

We maintain a director's and officers' liability policy covering our directors and officers against claims arising out of legal and regulatory proceedings and monetary demands for damages. We also maintain a group personal accident, mediclaim policy for employees and business travel accident policy for our employees. These insurance policies are generally valid for a year and are renewed annually.

Employees

We believe our human capital is one of our most important strengths and a key driver of growth, efficiency and productivity. We invest in developing our talent and leadership through various initiatives aimed at strengthening the ability of our managers to bring together people, strategies, and execution to drive business results. We also have a leadership programme with the objective of multiplying leadership capability, developing internal leaders and ensuring seamless execution of our future growth. As on September 30, 2022, we have 872 permanent employees and 53 employees on contract basis.

Corporate Social Responsibility

The Company's CSR mission is to contribute to the social and economic development of the community through a series of efforts. Company's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations. The Company, for Corporate Social Responsibility activities, strives to promote education and ensure environmental sustainability/ ecological balance etc.

Awards and Accolades

i. Most Preferred Workplace in BFSI 2022-23: The recognition is to laud InCred's efforts in succeeding to create an employee experience that is meaningful, collaborative, and inspiring.
ii. ET Best Brands: InCred has won "ET Best Brand Award" over four consecutive years for building a strong brand identity and'presence among all it's stakeholders for the years 2019, 2020, 2021 and 2022.
iii. Best Educational Content on Social Media 2021: InCred was recognized for our educational content about studying abroad, tech trends and educating people about loans and credit history.
iv. India Fintech Award 2021: InCred was awarded the "Best Fintech Lender" award amongst the industry leader which stands to support our aim to use technology & data science to make lending quick, simple & hassle-free.
v. Star Startup Asia 2019: Asia's Largest democratically voted startup award.
vi. LinkedIn's top Startup of 2018: InCred was chosen for its exceptional service in the lending space. Making lending quick and hassle-free for the lenders.
vii. Asia One: Bhupinder Singh was recognized as the AsiaOne Young Asian Entrepreneur 2020-21 for building InCred Group as one of the fastest-growing and most exciting Diversified Financial Services groups in the region.

Properties

Our registered office, which is located at Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai - 400 051, Maharashtra, India, is on leased premises. As of September 30, 2022, we conducted our operations through 32 branches and the premises of all our branches have been taken on a lease or leave and license basis.

Further, our Company owns the following freehold immovable property and the same has been pledged against debt securities issued by us:

Address of Property	Area (in sq. ft.)
Flat No.702, 7th Floor, Maruti Prakruti Dham-1 Co-Op. Hsg. Soc. Ltd., E-Wing, Near Mohan Green Woods, Manjarlee, Badlapur (W) - 421 503	481

Key Operational and Financial Parameters

A. Summary of our key operational and financial parameters as at and for the six months period ended September 30, 2022 on standalone and consolidated basis are as follows:

(₹ in lakhs, except in percentages)

Particulars	As at and for six months ended September 30, 2022	
	Standalone	Consolidated
Balance Sheet		
Net Fixed assets [1] (Note 1)	3,505.4	3,599.3
Current assets [2]	2,55,607.9	2,57,791.6
Non-current assets [3]	3,61,412.2	3,58,037.4
Total assets	**6,20,525.5**	**6,19,428.3**
Non-Current Liabilities [5] (including maturities of long term borrowings and short term borrowings)		
Financial Liabilities (borrowings, trade payables, and other financial liabilities) (Note 2)	1,85,633.0	1,92,136.6
Provisions	298.6	299.8

(₹ in lakhs, except in percentages)

Particulars	As at and for six months ended September 30, 2022	
	Standalone	Consolidated
Deferred Tax Liabilities	-	332.3
Current Liabilities [4] (including maturities of long-term borrowings)		
Financial Liabilities (borrowings, trade payables, and other financial liabilities) (Note 2)	1,92,061.9	1,85,633.0
Other non-financial liabilities	630.2	631.1
Provisions	1,276.3	1,276.3
Current tax liabilities (net)	-	-
Equity	**2,40,625.5**	**2,39,119.2**
Total liabilities and equity	**6,20,525.5**	**6,19,428.3**
Profit and Loss		
Total revenue [9]	39,774.2	39,812.4
From operations [13]	39,193.0	39,227.2
Other income	581.2	585.2
Total Expenses[18]	28,568.3	29,221.1
Exceptional Items	2,489.8	4,065.5
Profit / (Loss) before tax	**8,716.1**	**6,525.8**
Profit / (Loss) after tax [10]	**6,469.2**	**4,675.5**
Other comprehensive income	76.4	76.6
Total comprehensive income	**6,545.6**	**4,752.1**
EPS [14]		
(a) Basic (₹) (Not Annualised)	1.4	1.0
(b) Diluted (₹) (Not Annualised)	1.4	1.0
Cash Flow		
Net cash (used in) / generated from operating activities	(35,851.5)	(40,951.2)
Net cash (used in) / generated from investing activities	26,562.2	31,415.7
Net cash (used in)/ generated from financing activities	39,966.3	40,246.6
Add: Opening cash and cash equivalents as at the beginning of the period	5,203.1	5,506.0
Cash and cash equivalents at the end of the period as per cash flow statement	35,880.1	36,217.1
Additional information		
Net worth [6] (Note 3)	2,40,625.5	2,39,119.2
Cash and Cash Equivalents	35,880.1	36,217.1
Assets under Management [7]	5,05,217.0	5,05,217.0
Off Balance Sheets Assets [8]	-	-
Total Debts to Total assets [16] (Note 4 for Total Debts)	58.7%	58.8%
Debt Service Coverage Ratios	NA	NA
Interest Income	37,535.3	37,550.5
Interest Expense[17]	17,031.2	17,031.2
Interest service coverage ratio	NA	NA
Provisioning & Write-Offs [15] (Note 6)	(1,627.4)	(1,445.7)
Gross Stage 3 (%) [11] (Note 2)	2.4%	NA
Net Stage 3 (%) [12] (Note 2)	1.1%	NA
Tier I Capital Adequacy Ratio (%) (Note 5)	31.9%	NA
Tier II Capital Adequacy Ratio (%) (Note 5)	0.9%	NA

1. *"Net fixed assets" refers the net carrying value of "property, plant and equipment (PPE)" as per Ind AS 16. Net carrying value is computed as gross carrying value less accumulated depreciation of PPE.*
2. *"Current assets" includes all financial assets and non-financial assets which are expected to be realised within twelve months after the reporting date.*

3. *"Non-current assets" includes all assets other than "Net fixed assets" and "Current assets" defined above.*
4. *"Current liabilities (including maturities of long-term borrowings)" includes all financial and non-financial liabilities which are due to be settled within twelve months after reporting date.*
5. *"Non-current liabilities (including maturities of long-term borrowings and short-term borrowings)" includes all financial and non-financial liabilities other than current liabilities.*
6. *"Net worth" refers to the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as per Section 2(57) of Companies Act, 2013*
7. *Assets under Management refers to the sum of gross carrying amount of loans and co-lent loans managed by the Company.*
8. *Off Balance Sheets Assets refers to Non-Fund Based Exposures (Principal outstanding excluding retained principal).*
9. *Total revenue refers to the total income.*
10. *Profit/(Loss) after tax refers to profit for the year.*
11. *Gross Stage 3 (%) refers Gross stage 3 to Loan book %*
12. *Net Stage 3 (%) refers Net stage 3 to Net Loan Book %*
13. *From operations refer to revenue from operations*
14. *EPS refer to Earnings Per Equity Share*
15. *Provisioning & write off refers to addition of Net loss/ (gain) on fair value changes, Net loss/ (gain)on derecognition of financial instruments under amortised cost category and Impairment on financial instruments*
16. *Total debts to total assets = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities) / total assets.*
17. *Only Finance costs*
18. *Total Expenses (Consolidated) includes share of loss of associates of ₹ 10.1 lakh*

Note 1: ***Reconciliation of Net fixed assets***

(₹ in lakh)

Particulars	As at and for six months ended September 30, 2022	
	Standalone	Consolidated
Gross Carrying Value of Property Plant and equipments	5,799.6	6,075.8
Accumulated Depreciation	2,294.2	2,476.5
Net Fixed assets	3,505.4	3,599.3

Note 2:

(₹ in lakh)

Particulars	As at and for six months ended September 30, 2022			
	Standalone		Consolidated	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Derivative financial instrument	-	967.7	-	967.7
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	-	-	-	-
Other payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
Debt securities	86,650.6	48,636.1	86,650.6	48,636.1
Borrowings (other than debt securities)	97,882.9	1,31,045.7	97,882.9	1,31,045.7
Subordinated liabilities	-	-	-	-
Other financial liabilities	7,528.4	4,983.5	7,603.1	4,983.5
Total	**1,92,061.9**	**1,85,633.0**	**1,92,136.6**	**1,85,633.0**

Reconciliation of Gross Stage 3, Net Stage 3 and Provision coverage ratio

(₹ in lakh, except in percentages)

Particulars	As at and for six months ended September 30, 2022	
	Standalone	Consolidated
Loans (Gross)*	4,86,753.5	4,86,753.5
Impairment loss allowance	(13,793.6)	(13,793.6)
Net Loans (Loan (gross) net off impairment loss allowance)	4,72,959.9	4,72,959.9
Stage 3 Loans*	11,686.1	11,686.1
Gross Stage 3 % (Stage 3 Loans/Loans (Gross))	2.4%	NA
Gross Stage 3 Provision/ Impairment loss allowance	6,317.2	6,317.2
Net stage 3 (Stage 3 Loans net off Gross Stage 3 Provision)	5,368.9	5,368.9

(₹ in lakh, except in percentages)

Particulars	As at and for six months ended September 30, 2022	
	Standalone	Consolidated
Net Stage 3 % (Net Stage 3 Loans / Net Loans)	1.1%	NA
Provision Coverage Ratio % - (Stage 3 Provision/Stage 3 Loans)	54.0%	54.0%

**Loans at Gross carrying value*

Note 3: *Reconciliation of networth*

(₹ in lakh, except in percentages)

Particulars	As at and for six months ended September 30, 2022	
	Standalone	Consolidated
Equity share capital	46,022.7	46,022.7
Special reserve	1,379.1	1,379.1
Securities premium	62,498.5	62,498.3
Retained earnings	9,842.8	8,711.0
Other Reserves*	1,20,882.4	1,20,508.1
Net Worth	**2,40,625.5**	**2,39,119.2**

***** *includes capital contribution from parent, debt instruments through OCI, cash flow hedge, equity instruments through OCI, Loss on change in proportion held by NCI, merger reserve*

Note 4 - Reconciliation of Total Debts to Total Assets

(₹ in lakh, except in percentages)

Particulars	As at and for six months ended September 30, 2022	
	Standalone	Consolidated
Debt securities	1,35,286.7	1,35,286.7
Borrowings (other than debt securities)	2,28,928.6	2,28,928.6
Subordinated liabilities	-	-
Total (A)	3,64,215.3	3,64,215.3
Total assets (B)	6,20,525.5	6,19,428.3
Total Debts/ Total assets (A/B)	58.7%	58.8%

Note 5

(₹ in lakh, except in percentages)

Particulars	As at and for six months ended September 30, 2022	
	Standalone	Consolidated
CRAR – Tier I capital	31.9%	NA
CRAR – Tier II capital	0.9%	NA
CRAR (%)	32.8%	NA

Note 6 - Reconciliation of provisioning & write-offs

(₹ in lakh, except in percentages)

Particulars	As at and for six months ended September 30, 2022	
	Standalone	Consolidated
Impairment on financial instruments (A)	(879.4)	(678.6)
Net gain on derecognition of financial instruments under amortised cost category (B)	393.6	393.6
Net gain on fair value changes (C)	354.4	373.5
Total Provisioning & write off (A-B-C)	(1,627.4)	(1,445.7)

B. Summary of the key operational and financial parameters of Pre-demerger KKR as at and for the last three Fiscals are as follows:

(₹ in lakh, except in percentages)

Particulars	Fiscal 2022	Fiscal 2021	Fiscal 2020
Balance Sheet			
Net Fixed assets [1] (Note 1)	0.0	730.4	950.5
Current assets [2]	43,780.3	87,109.3	1,46,592.8
Non-current assets [3]	1,08,732.0	1,63,712.9	3,08,366.4
Total assets	**1,52,512.3**	**2,51,552.6**	**4,55,909.7**
Non-Current Liabilities [5] (including maturities of long term borrowings and short term borrowings)			
Financial Liabilities (borrowings, trade payables, and other financial	5,879.5	33,982.8	1,14,653.5

(₹ in lakh, except in percentages)

Particulars	Fiscal 2022	Fiscal 2021	Fiscal 2020
liabilities) (Note 2)			
Current tax liabilities (net)			
Other non-financial liabilities	-	-	-
Provisions	32.2	196.3	144.3
Current Liabilities[4] (including maturities of long-term borrowings)			
Financial Liabilities (borrowings, trade payables, and other financial liabilities) (Note 2)	39,936.7	1,09,575.1	2,19,543.9
Other non-financial liabilities	242.0	682.4	434.1
Provisions	35.9	30.6	30.4
Current tax liabilities (net)	6.5	51.3	149.5
Equity	1,06,379.5	1,07,034.1	1,20,954.0
Non-controlling interest	-	-	-
Total liabilities and equity	**1,52,512.3**	**2,51,552.6**	**4,55,909. 7**
Profit and Loss			
Total revenue [9]	16,802.4	39,517.9	73,773.3
From operations [13]	15,846.5	39,043.2	73,746.3
Other income	955.9	474.7	27.0
Total Expenses	**39,365.6**	**36,114.7**	**2,37,621.4**
Exceptional Item	-	-	-
Profit / (Loss) before tax	**(22,563.2)**	**3,403.2**	**(1,63,848.1)**
Profit / (Loss) after tax [10]	**(719.6)**	**(13,940.1)**	**(1,25,583.8)**
Other comprehensive income	65.0	20.2	(34.6)
Total comprehensive income	**(654.6)**	**(13,919.9)**	**(1,25,618. 4)**
EPS [14]			
(a) Basic (₹)	-0.2	-3.0	-27.3
(b) Diluted (₹)	-0.2	-3.0	-27.3
Cash Flow			
Net cash (used in) / generated from operating activities	47,748.6	1,73,793.8	1,01,185.3
Net cash (used in) / generated from investing activities	412.3	(10.1)	(214.2)
Net cash (used in)/ generated from financing activities	(82,286.1)	(1,63,711.7)	(58,288.7)
Add: Opening cash and cash equivalents as at the beginning of the year	70,927.2	60,855.2	18,172.8
Cash and cash equivalents at the end of the year as per cash flow statement	36,802.1	70,927.2	60,855.2
Additional information			
Net worth [6] (Refer Note 3)	1,06,379.5	1,07,034.1	1,20,954.0
Cash and Cash Equivalents	36,802.1	70,927.2	60,855.2
Assets under Management [7]	72,340.3	1,47,498.1	2,84,706.6
Off Balance Sheets Assets [8]	-	-	-
Total Debts to Total assets [16] (Refer Note 4 for Total Debts)	28.4%	49.9%	63.5%
Debt Service Coverage Ratios	NA	NA	NA
Interest Income	15,846.5	38,965.3	73,701.6
Interest Expense [17]	9,174.9	22,875.0	38,757.5
Interest service coverage ratio	NA	NA	NA
Provisioning & Write-Offs [15]	22,551.4	2,411.1	1,91,282.5
Gross Stage 3 (%) [11]	0.0%	0.0%	9.3%
Net Stage 3 (%) [12]	0.0%	0.0%	2.3%
Tier I Capital Adequacy Ratio (%) (Note 5)	81.8%	51.1%	20.0%
Tier II Capital Adequacy Ratio (%) (Note 5)	1.3%	2.4%	1.2%

1. *"Net fixed assets" refers the net carrying value of "property, plant and equipment (PPE)" as per Ind AS 16. Net carrying value is computed as gross carrying value less accumulated depreciation of PPE.*
2. *"Current assets" includes all financial assets and non-financial assets which are expected to be realised within 12 months after the reporting date.*

3. *"Non-current assets" includes all assets other than "Net fixed assets" and "Current assets" defined above.*
4. *"Current liabilities (including maturities of long-term borrowings)" includes all financial and non-financial liabilities which are due to be settled within twelve months after reporting date.*
5. *"Non-current liabilities (including maturities of long-term borrowings and short-term borrowings)" includes all financial and non-financial liabilities other than current liabilities.*
6. *"Net worth" refers to the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as per Section 2(57) of Companies Act, 2013*
7. *Assets under Management refers to sum of gross carrying amount of loans and co-lent loans managed by the Company*
8. *Off Balance Sheets Assets refers to Non-Fund Based Exposures (Principal outstanding excluding retained principal).*
9. *Total revenue refers to the total income.*
10. *Profit/(Loss) after tax refers to profit for the year.*
11. *Gross Stage 3 (%) refers Gross stage 3 to Loan book %*
12. *Net Stage 3 (%) refers Net stage 3 to Net Loan Book %*
13. *From operations refer to revenue from operations*
14. *EPS refer to Earnings Per Equity Share*
15. *Provisioning & write off refers to addition of Net loss/ (gain)on fair value changes, Net loss/ (gain)on derecognition of financial instruments under amortised cost category and Impairment on financial instruments*
16. *Total debts to total assets = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities) / total assets.*
17. *Only Finance costs*

Note 1 : *Reconciliation of Net fixed assets*

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Gross Carrying Value of Property Plant and equipments	31.3	1,374.6	1,327.5
Accumulated Depreciation	31.3	644.2	377.0
Net Fixed Assets	0.0	730.4	950.5

Note 2

(₹ in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Derivative financial instrument	-	-	-	-	-	-
Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	1.2	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,674.8	-	599.3	-	662.2	-
Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	-	-	19,500.0	6,440.3	70,434.4	33,406.6
Borrowings (other than debt securities)	37,500.0	5,879.5	75,286.0	24,345.0	1,20,775.1	65,042.4
Subordinated liabilities						
Finance Lease Obligation	-	-	156.0	461.7	141.9	617.8
Other financial liabilities	760.7	-	14,033.8	2,735.8	27,530.3	15,586.7
Total	**39,936.7**	**5,879.5**	**1,09,575.1**	**33,982.8**	**2,19,543.9**	**1,14,653.5**

Reconciliation of Gross Stage 3, Net Stage 3 and Provision coverage ratio

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Loans (Gross)*	72,340.3	1,47,498.1	2,84,706.6
Impairment loss allowance	(13,056.5)	(9,232.1)	(29,126.9)
Net Loans (Loan (gross) net off impairment loss allowance)	59,283.8	1,38,266.0	2,55,579.7
Stage 3 Loans*	-	-	26,483.5
Gross Stage 3 % (Stage 3 Loans/Loans (Gross))	-	-	9.3%
Gross Stage 3 Provision/ Impairment loss allowance	-	-	20,502.1
Net stage 3 (Stage 3 Loans net off Gross Stage 3 Provision)	-	-	5,981.4
Net Stage 3 % (Net Stage 3 Loans / Net Loans)	-	-	2.3%
Provision Coverage Ratio % - (Stage 3 Provision/Stage 3 Loans)	-	-	77.4%

**Gross carrying value*

Note 3: Reconciliation of networth

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Equity share capital	46,022.7	46,022.7	46,022.7
Special reserve	16,122.4	16,122.4	16,122.4
Securities premium	1,24,367.6	1,24,367.6	1,24,367.6
Retained earnings	(80,133.2)	(79,478.6)	(65,558.7)
Net Worth	**1,06,379.5**	**1,07,034.1**	**1,20,954.0**

Note 4: Reconciliation of Total Debts to Total Assets

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Debt securities	-	25,940.3	1,03,841.0
Borrowings (other than debt securities)	43,379.5	99,631.0	1,85,817.5
Subordinated liabilities	-	-	-
Total (A)	**43,379.5**	**1,25,571.3**	**2,89,658.5**
Total assets (B)	**1,52,512.3**	**2,51,552.6**	**4,55,909.7**
Total Debts/ Total assets (A/B)	**28.4%**	**49.9%**	**63.5%**

Note 5

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
CRAR – Tier I capital	81.8%	51.0%	20.0%
CRAR – Tier II capital	1.2%	2.4%	1.1%
CRAR (%)	83.0%	53.4%	21.1%

C. Summary of the key operational and financial parameters of Pre-demerger InCred as at and for the last three Fiscals are as follows:

(₹ in lakh, except in percentages)

Particulars (on a standalone basis)	Fiscal 2022	Fiscal 2021	Fiscal 2020
Balance Sheet			
Net Fixed assets [1] (Note 1)	3,384.8	3,276.4	2,975.1
Current assets [2]	1,88,138.2	1,34,947.7	91,889.0
Non-current assets [3]	2,10,866.3	1,40,916.4	1,25,569.6
Total assets	**4,02,389.3**	**2,79,140.5**	**2,20,433.7**
Non-Current Liabilities [5] (including maturities of long term borrowings and short term borrowings)			
Financial Liabilities (borrowings, trade payables, and other financial liabilities) (Note 2)	1,76,856.1	72,594.3	55,264.4
Current tax liabilities (net)	-	-	-
Other non-financial liabilities	-	-	-
Provisions	264.2	169.5	132.7
Current Liabilities[4] (including maturities of long-term borrowings)			
Financial Liabilities (borrowings, trade payables, and other financial liabilities) (Note 2)	1,13,078.0	98,886.7	60,505.1
Other non-financial liabilities	900.5	2,905.2	2,078.2
Provisions	59.1	-	25.7
Current tax liabilities (net)	-	-	-
Equity	1,11,231.4	1,04,584.8	1,02,427.6
Non-controlling interest	-	-	-
Total liabilities and equity	**4,02,389.3**	**2,79,140.5**	**2,20,433.7**
Profit and Loss			
Total revenue [9]	52,121.7	39,184.9	33,156.6
From operations [13]	48,791.7	38,537.8	32,374.3
Other income	3,330.0	647.1	782.4
Total Expenses	**47,304.5**	**37,943.9**	**31,852.1**
Exceptional Item	-	-	645.8

(₹ in lakh, except in percentages)

Particulars (on a standalone basis)	Fiscal 2022	Fiscal 2021	Fiscal 2020
Profit / (Loss) before tax	**4,817.2**	**1,241.1**	**658.8**
Profit / (Loss) after tax [10]	**3,611.8**	**1,023.4**	**275.4**
Other comprehensive income / (loss)	(83.4)	69.4	28.7
Total comprehensive income	**3,528.4**	**1,092.8**	**304.1**
EPS [14]			
(a) Basic (₹)	0.9	0.3	0.1
(b) Diluted (₹)	0.9	0.3	0.1
Cash Flow			
Net cash (used in) / generated from operating activities	(1,12,086.4)	(49,611.4)	(26,280.2)
Net cash (used in) / generated from investing activities	1,395.9	(10,009.8)	(4,535.3)
Net cash (used in)/ generated from financing activities	1,13,822.3	58,161.9	32,530.1
Add: Opening cash and cash equivalents as at the beginning of the year	(645.7)	813.5	(901.0)
Cash and cash equivalents at the end of the year as per cash flow statement	2,486.1	(645.7)	813.5
Additional information			
Net worth [6] (Refer Note 3)	1,11,231.4	1,04,584.8	1,02,427.6
Cash and Cash Equivalents	5,203.1	1,323.4	3,772.8
Assets under Management [7]	3,84,375.5	2,64,464.7	2,10,188.3
Off Balance Sheets Assets [8]	-	-	-
Total Debts to Total assets [16] (Refer Note 4 for Total Debts)	70.0%	59.9%	51.0%
Debt Service Coverage Ratios	NA	NA	NA
Interest Income	47,334.5	37,711.8	31,103.3
Interest Expense [17]	21,951.9	15,271.4	11,605.7
Interest service coverage ratio	NA	NA	NA
Provisioning & Write-Offs [15] (Note 6)	4,962.5	8,596.5	5,169.7
Gross Stage 3 (%) [11] (Note 2)	2.8%	3.9%	3.2%
Net Stage 3 (%) [12] (Note 2)	1.4%	1.9%	1.5%
Tier I Capital Adequacy Ratio (%) (Note 5)	27.4%	36.5%	46.3%
Tier II Capital Adequacy Ratio (%) (Note 5)	0.6%	0.7%	0.6%

1. *"Net fixed assets" refers the net carrying value of "property, plant and equipment (PPE)" as per Ind AS 16. Net carrying value is computed as gross carrying value less accumulated depreciation of PPE.*
2. *"Current assets" includes all financial assets and non-financial assets which are expected to be realised within 12 months after the reporting date.*
3. *"Non-current assets" includes all assets other than "Net fixed assets" and "Current assets" defined above.*
4. *"Current liabilities (including maturities of long-term borrowings)" includes all financial and non-financial liabilities which are due to be settled within twelve months after reporting date.*
5. *"Non-current liabilities (including maturities of long-term borrowings and short-term borrowings)" includes all financial and non-financial liabilities other than current liabilities.*
6. *"Net worth" refers to the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as per Section 2(57) of Companies Act, 2013*
7. *Assets under Management refers to the sum of gross carrying amount of loans and co-lent loans manged by the Company.*
8. *Off Balance Sheets Assets refers to Non-Fund Based Exposures (Principal outstanding excluding retained principal).*
9. *Total revenue refers to the total income.*
10. *Profit/(Loss) after tax refers to profit for the year.*
11. *Gross Stage 3 (%) refers Gross stage 3 to Loan book %*
12. *Net Stage 3 (%) refers Net stage 3 to Net Loan Book %*
13. *From operations refer to revenue from operations*
14. *EPS refer to Earnings Per Equity Share*
15. *Provisioning & write off refers to addition of Net loss/ (gain) on fair value changes, Net loss/ (gain) on derecognition of financial instruments under amortised cost category and Impairment on financial instruments*
16. *Total debts to total assets = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities) / total assets.*
17. *Only Finance costs*

Note 1 : Reconciliation of Net fixed assets

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Gross Carrying Value of Property Plant and equipments	5,472.8	4,621.8	3,749.6
Accumulated Depreciation	2,088.0	1,345.4	774.5
Net Fixed Assets	3,384.8	3,276.4	2,975.1

Note 2 : Reconciliation of Financial Liabilities (borrowings, trade payables, and other financial liabilities)

(₹ in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Derivative financial instrument	186.9	-	-	-	-	-
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	-	-	-	-	-	-
Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	40,463.1	66,060.7	51,024.5	22,802.6	24,700.7	17,405.0
Borrowings (other than debt securities)	69,333.9	1,05,731.6	47,610.3	45,811.7	35,358.7	34,962.6
Subordinated liabilities	-	-	-	-	-	-
Other financial liabilities	3,094.1	5,063.8	251.9	3,980.0	445.8	2,896.8
Total	**1,13,078.0**	**1,76,856.1**	**98,886.7**	**72,594.3**	**60,505.1**	**55,264.4**

Reconciliation of Gross Stage 3, Net Stage 3 and Provision coverage ratio

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Loans (Gross)*	3,82,323.9	2,64,464.7	2,10,188.3
Impairment loss allowance	(9,097.4)	(9,104.9)	(5,339.1)
Net Loans (Loan (gross) net off impairment loss allowance)	3,73,226.4	2,55,359.8	2,04,849.2
Stage 3 Loans*	10,811.4	10,206.0	6,815.7
Gross Stage 3 % (Stage 3 Loans/Loans (Gross))	2.8%	3.9%	3.2%
Gross Stage 3 Provision/ Impairment loss allowance	5,406.9	5,229.8	3,675.8
Net stage 3 (Stage 3 Loans net off Gross Stage 3 Provision)	5,404.5	4,976.2	3,139.9
Net Stage 3 % (Net Stage 3 Loans / Net Loans)	1.4%	1.9%	1.5%
Provision Coverage Ratio % - (Stage 3 Provision/Stage 3 Loans)	50.0%	51.2%	53.9%

**Gross carrying value*

Note 3: Reconciliation of networth

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Equity share capital	35,450.3	30,772.8	30,763.7
Preference share capital	3,348.0	7,851.6	7,851.6
Special reserve	1,379.1	656.7	452.0
Securities premium	62,498.5	61,730.2	61,702.8
Share based payment reserve	3,900.6	1,751.3	734.8
Retained earnings	4,469.3	1,627.8	828.7
Other reserves*	185.6	194.4	94.0
Net Worth	**1,11,231.4**	**1,04,584.8**	**1,02,427.6**

** includes deemed equity, capital contribution from parent, debt instruments through OCI, cash flow hedge reserve, equity instruments through OCI*

Note 4: Reconciliation of Total Debts to Total Assets

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Debt securities	1,06,523.8	73,827.0	42,105.6

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Borrowings (other than debt securities)	1,75,065.5	93,422.1	70,321.3
Subordinated liabilities	-	-	-
Total (A)	**2,81,589.3**	**1,67,249.1**	**1,12,426.9**
Total assets (B)	**4,02,389.3**	**2,79,140.5**	**2,20,433.7**
Total Debts/ Total assets (A/B)	**70.0%**	**59.9%**	**51.0%**

Note 5

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
CRAR – Tier I capital	27.4%	36.5%	46.3%
CRAR – Tier II capital	0.6%	0.7%	0.6%
CRAR (%)	28.0%	37.2%	46.9%

Note 6 - Reconciliation of provisioning & write-offs

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Impairment on financial instruments (A)	4,351.6	8,865.4	5,634.7
Net loss on derecognition of financial instruments under amortised cost category (B)	1,045.9	0.0	0.0
Net gain on derecognition of financial instruments under amortised cost category (C)	336.7	0.0	0.0
Net gain on fair value changes (D)	98.3	268.9	465.0
Total Provisioning & write offs (A+B-C-D)	4,962.5	8,596.5	5,169.7

(₹ in lakh, except in percentages)

Particulars (on a Consolidated basis)	Fiscal 2022	Fiscal 2021	Fiscal 2020
Balance Sheet			
Net Fixed assets [1] (Note 1)	3,479.7	3,440.9	3,145.5
Current assets [2]	1,88,611.0	1,35,300.4	91,708.7
Non-current assets [3]	2,11,373.8	1,41,712.0	1,28,355.7
Total assets	**4,03,464.6**	**2,80,453.3**	**2,23,209.9**
Non-Current Liabilities [5] (including maturities of long term borrowings and short term borrowings)			
Financial Liabilities (borrowings, trade payables, and other financial liabilities) (Note 2)	1,76,856.0	72,594.3	55,686.1
Current tax liabilities (net)	-	-	-
Other non-financial liabilities	-	-	-
Provisions	265.3	169.9	132.7
Deferred Tax Liabilities	728.9	832.3	1,069.7
Current Liabilities[4] (including maturities of long-term borrowings)			
Financial Liabilities (borrowings, trade payables, and other financial liabilities) (Note 2)	1,13,118.4	98,550.0	60,144.2
Other non-financial liabilities	918.1	2905.7	2,101.1
Provisions	59.1	-	25.7
Current tax liabilities (net)			
Equity	1,11,518.7	1,05,401.2	1,04,050.4
Non-controlling interest	-	-	-
Total liabilities and equity	**4,03,464.6**	**2,80,453.3**	**2,23,209.9**
Profit and Loss			
Total revenue [9]	52,427.2	39,247.7	33,266.7
From operations [13]	48,803.2	38,549.5	32,362.3
Other income	3,624.1	698.1	904.3
Total Expenses[18]	**48,241.7**	**38,895.2**	**32,552.9**
Exceptional Item	-	-	-
Profit / (Loss) before tax	**4,185.5**	**352.5**	**713.8**
Profit / (Loss) after tax [10]	**3,082.8**	**217.1**	**516.3**

(₹ in lakh, except in percentages)

Particulars (on a Consolidated basis)	Fiscal 2022	Fiscal 2021	Fiscal 2020
Other comprehensive income	-83.4	69.4	28.7
Total comprehensive income	**2,999.4**	**286.4**	**545.0**
EPS [14]			
(a) Basic (₹)	0.8	0.1	0.1
(b) Diluted (₹)	0.8	0.1	0.1
Cash Flow			
Net cash (used in) / generated from operating activities	(1,12,244.3)	(52,691.1)	(29,628.0)
Net cash (used in) / generated from investing activities	1,321.9	(6,466.2)	(4,269.9)
Net cash (used in)/ generated from financing activities	1,14,222.5	57,761.7	35,405.5
Add: Opening cash and cash equivalents as at the beginning of the year	(511.2)	884.3	(623.3)
Cash and cash equivalents at the end of the year as per cash flow statement	2,788.9	(511.2)	884.4
Additional information			
Net worth [6] (Refer Note 3)	1,11,518.7	1,05,401.2	1,04,050.4
Cash and Cash Equivalents	5,506.0	1,457.9	3,843.6
Assets under Management [7]	3,84,375.5	2,64,464.7	2,10,188.3
Off Balance Sheets Assets [8]	-	-	-
Total Debts to Total assets [16] (Refer Note 4 for Total Debts)	69.8%	59.5%	50.4%
Debt Service Coverage Ratios	NA	NA	NA
Interest Income	47,340.1	37,723.4	31,091.4
Interest Expense [17]	21,946.8	15,275.7	11,605.7
Interest service coverage ratio	NA	NA	NA
Provisioning & Write-Offs [15] (Note 5)	4,957.0	8,599.7	5,169.5
Gross Stage 3 (%) [11]	NA	NA	NA
Net Stage 3 (%) [12]	NA	NA	NA
Tier I Capital Adequacy Ratio (%)	NA	NA	NA
Tier II Capital Adequacy Ratio (%)	NA	NA	NA

1. *"Net fixed assets" refers the net carrying value of "property, plant and equipment (PPE)" as per Ind AS 16. Net carrying value is computed as gross carrying value less accumulated depreciation of PPE.*
2. *"Current assets" includes all financial assets and non-financial assets which are expected to be realised within 12 months after the reporting date.*
3. *"Non-current assets" includes all assets other than "Net fixed assets" and "Current assets" defined above.*
4. *"Current liabilities (including maturities of long-term borrowings)" includes all financial and non-financial liabilities which are due to be settled within twelve months after reporting date.*
5. *"Non-current liabilities (including maturities of long-term borrowings and short-term borrowings)" includes all financial and non-financial liabilities other than current liabilities.*
6. *"Net worth" refers to the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as per Section 2(57) of Companies Act, 2013*
7. *Assets under Management refers to the sum of gross carrying amount of loans and co-lent loans manged by the Company.*
8. *Off Balance Sheets Assets refers to Non-Fund Based Exposures (Principal outstanding excluding retained principal).*
9. *Total revenue refers to the total income.*
10. *Profit/(Loss) after tax refers to profit for the year.*
11. *Gross Stage 3 (%) refers Gross stage 3 to Loan book %*
12. *Net Stage 3 (%) refers Net stage 3 to Net Loan Book %*
13. *From operations refer to revenue from operations*
14. *EPS refer to Earnings Per Equity Share*
15. *Provisioning & write off refers to addition of Net loss/ (gain) on fair value changes, Net loss/ (gain) on derecognition of financial instruments under amortised cost category and Impairment on financial instruments*
16. *Total debts to total assets = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities) / total assets.*
17. *Only Finance costs*
18. *Total expenses includes share in loss of Associates of ₹ 420.9 lakh, ₹ 349.6 lakh and ₹ 491.6 lakh in Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively.*

Note 1 : Reconciliation of Net fixed assets

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Gross Carrying Value of Property Plant and equipments	5,800.9	5,210.6	4,274.8
Accumulated Depreciation	2,321.2	1,769.6	1,129.4
Net Fixed Assets	3,479.7	3,440.9	3,145.5

Note 2 Reconciliation of Gross Stage 3, Net Stage 3 and Provision coverage ratio

(₹ in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Derivative financial instrument	186.9	-	-	-	-	-
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	-	-	-	-	-	-
Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	23.1	-	58.1	-
Debt securities	40,463.1	66,060.7	51,024.5	22,802.6	24,700.7	17,405.0
Borrowings (other than debt securities)	69,334.0	1,05,731.5	47,210.1	45,811.7	35,358.7	34,962.6
Subordinated liabilities						
Other financial liabilities	3,134.5	5,063.8	292.3	3,980.0	26.8	3,318.6
Total	**1,13,118.4**	**1,76,856.0**	**51,024.5**	**72,594.3**	**60,144.2**	**55,686.1**

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Loans (Gross)*	3,82,323.9	2,64,464.7	2,10,188.3
Impairment loss allowance	-9,097.4	-9,104.9	-5,339.1
Net Loans (Loan (gross) net off impairment loss allowance)	3,73,226.4	2,55,359.8	2,04,849.2
Stage 3 Loans*	10,811.4	10,206.0	6,815.7
Gross Stage 3 % (Stage 3 Loans/Loans (Gross))	NA	NA	NA
Gross Stage 3 Provision/ Impairment loss allowance	5,406.9	5,229.8	3,675.8
Net stage 3 (Stage 3 Loans net off Gross Stage 3 Provision)	5,404.5	4,976.2	3,139.9
Net Stage 3 % (Net Stage 3 Loans / Net Loans)	NA	NA	NA
Provision Coverage Ratio % - (Stage 3 Provision/Stage 3 Loans)	50.0%	51.2%	53.9%

**Gross carrying value*

Note 3: Reconciliation of networth

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Equity share capital	35,450.3	30,772.8	30,763.7
Preference share capital	3,348.0	7,851.6	7,851.6
Special reserve	1,379.1	656.7	452.0
Securities premium	62,498.3	61,730.0	61,702.6
Share based payment reserve	4,170.9	1,751.3	734.8
Retained earnings	5,130.9	3,088.9	3,096.3
Other Reserves*	(458.7)	(450.1)	(550.6)
Net Worth	**1,11,518.7**	**1,05,401.2**	**1,04,050.4**

** includes capital contribution from parent, debt instruments through OCI, cash flow hedge, equity instruments through OCI, Loss on change in proportion held by NCI*

Note 4: Reconciliation of Total Debts to Total Assets

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Debt securities	1,06,523.8	73,827.0	42,105.6
Borrowings (other than debt securities)	1,75,065.5	93,021.9	70,321.3
Subordinated liabilities	0.0	0.0	0.0
Total (A)	**2,81,589.3**	**1,66,848.9**	**1,12,426.9**
Total assets (B)	**4,03,464.6**	**2,80,453.3**	**2,23,209.9**

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Total Debts/ Total assets (A/B)	**69.8%**	**59.5%**	**50.4%**

Note 5: Reconciliation of provisioning & write-offs

(₹ in lakh, except in percentages)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Impairment on financial instruments (A)	4,352.0	8,868.6	5,634.5
Net loss on derecognition of financial instruments under amortised cost category (B)	1,045.9	0.0	0.0
Net gain on derecognition of financial instruments under amortised cost category (C)	336.7	0.0	0.0
Net gain on fair value changes (D)	104.2	268.9	465.0
Total provisioning and write offs (A+B-C-D)	4,957.0	8,599.7	5,169.5

HISTORY AND MAIN OBJECTS

Corporate Profile

Pre-Demerger

(a) Prior to demerger, our Company was incorporated as Multiflow Financial Services Private Limited on February 3, 1995 as a private company incorporated under the Companies Act, 1956, as amended, with CIN U67190TN1995PTC030045, registered office at Regus Citi Centre, Level 6, 10/11 Dr. Radhakrishna Salai, Chennai. Tamil Nadu and was granted a certificate of incorporation by the Registrar of Companies, Chennai Tamil Nadu. The Company changed its name to KKR India Financial Services Private Limited and was issued fresh certificate of incorporation by Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands on August 13, 2010 consequent upon change of name. Later on, a fresh certificate of incorporation was received from Registrar of Companies, Chennai, Tamil Nadu on July 24, 2019 upon conversion of Company from private company to public company under section 18 of Companies Act 2013 and consequently name of the Company was changed to KKR India Financial Services Limited ("**Pre-demerger KKR**"). The registered office of the Company was subsequently changed to 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Mumbai City, Maharashtra, 400013 and a fresh certificate of incorporation was issued by RoC w.e.f. April 1, 2021 with revised CIN U67190MH1995PLC360817.

Our Company is a non-deposit accepting, non-banking financial company and was originally issued certificate of registration from RBI dated October 25, 2000 in the name of Multiflow Financial Services Private Limited. Upon change of name of the Company from Multiflow Financial Services Private Limited to KKR India Financial Services Private Limited, a fresh certificate of registration bearing number B-07-00498 dated September 03, 2010 was issued by RBI in respect to such change in name of the Company. Later on upon conversion of the Company from private limited company to public limited company another fresh certificate of registration bearing number B-07.00498 dated November 14, 2019 in name of the company 'KKR India Financial Services Limited' which was issued by RBI pursuant to such conversion. Subsequently upon shifting of registered office from State of Tamil Nadu to Maharashtra a fresh certificate of registration dated August 02, 2021 bearing registration number B-13.02417 was issued by RBI.

Pre-demerger KKR was engaged in providing strucutred funding, promoter financing and mezzanine financing.

(b) Prior to demerger, Pre-demerger InCred was incorporated as 'Visu Leasing and Finance Private Limited' under the Companies Act, 1956 on January 08, 1991 with the Registrar of Companies, Delhi and Haryana. The name of the company was subsequently changed from 'Visu Leasing and Finance Private Limited' to 'InCred Financial Services Private Limited' and a fresh Certificate of Incorporation was issued by Registrar of Companies, Delhi on August 30, 2018. Pre-demerger InCred was subsequently converted to a public limited company pursuant to the fresh Certificate of Incorporation issued by the Registrar of Companies, Delhi on November 01, 2018. Thereafter, its registered office was shifted from the state of National Capital Territory of Delhi to state of Maharashtra and Certificate of Registration of Regional Director order was received from ROC, Mumbai on June 05, 2020. The CIN of Pre-demerger InCred *(now known as InCred Prime Finance Limited)* is U74899MH1991PLC340312.

Pre-demerger InCred was classified as non-deposit accepting, systemically important, non-banking financial company as defined under Section 45-IA of the Reserve Bank of India Act, 1934 and registered with effect from August 30, 2000 with Registration No. B-14.01801. A fresh certificate of registration bearing the same number was issued by the RBI dated October 15, 2018, effecting the change of name of our Company from "Visu Leasing and Finance Private Limited" to "InCred Financial Services Private Limited". Thereafter, RBI issued a new certificate of registration bearing the abovementioned number, on February 26, 2019, consequent to the conversion of our Company to a public limited company. Thereafter, a fresh certificate of registration bearing registration No. B-13.02395 was issued by RBI on November 04, 2020, effecting shifting of regional office (RO) from New Delhi Regional Office, RBI to Mumbai Regional Office, RBI.

Pre-demerger InCred was engaged primarily in the business of providing personal loans, education loans, SME business loans and in providing ancillary services related to the said business activities.

Post Demerger

InCred Demerged Undertaking of the Pre-demerger InCred with corporate identification number: U74899MH1991PLC340312 was merged into our Company, KKR India Financial Services Limited (which was

subsequently renamed as 'InCred Financial Services Limited'). Further the name of the Pre-demerger InCred is changed to "InCred Prime Finance Limited" and a fresh Certificate of Incorporation was issued by registrar of companies, Mumbai on August 03, 2022. Subsequently upon change of name from InCred Financial Services Limited to InCred Prime Finance Limited a fresh certificate of registration dated September 28, 2022 bearing registration number B-13.02395 was issued by RBI.

Post implementation of the Scheme the name of our Company was changed from KKR India Financial Services Limited to InCred Financial Services Limited, and a fresh certificate of incorporation was granted by the RoC on August 3, 2022. Further our registered office was changed to Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra-400051. Our Company was subsequently issued a duly registered certificate of registration by the RBI under our new name InCred Financial Services Limited, vide certificate dated September 28, 2022 bearing registration number B-13.02417.

Our Company received no-objection in relation to the Scheme from RBI on December 8, 2021 and in-principle approval under Regulation 59 of SEBI Listing Regulations from BSE vide its letters dated December 24, 2021 and April 21, 2022 and from NSE vide letters dated March 04, 2022 and October 10, 2022.

For details on demerger, please see *'History and Main Objects - Composite Scheme Of Amalgamation And Arrangement'* on page 128.

Registered Office and changes in Registered Office of our Company

At present our Registered Office is situated at Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C – 70, G Block, Bandra - Kurla Complex– Bandra East, Mumbai - 400 051**.** Other than disclosed below there are no change in the registered office of our Company.

The details of change in the registered office of our Company (including Pre-demerger KKR) are as under:

Date of change of Registered Office	Details of changes in the address of registered office
September 9, 2015	From A2 Happy Home Apartment No 9, 4th Main Road, United India Colony, Kodambakkam, Chennai – 600024 to No. 8/3, Shreyas Apartments, 1st street, Race View Colony, Guindy, Chennai - 600 032, India.
February 04, 2016	From No. 8/3, Shreyas Apartments, 1st street, Race View Colony, Guindy, Chennai - 600 032, India, to No 7/2, Second street, Race view Colony, Guindy, Chennai 600032, India
December 9, 2016	From No 7/2, Second street, Race view Colony, Guindy, Chennai 600 032, India to Regus Citi Centre, Level 6, 10/11 Dr. Radhakrishna Salai, Chennai 600 004, Tamil Nadu, India
January 15, 2021	From Regus Citi Centre, Level 6, 10/11 Dr. Radhakrishna Salai, Chennai 600 004, Tamil Nadu, India to 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Mumbai City, Maharashtra, 400013.
July 26, 2022	From 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Mumbai City, Maharashtra, 400013 to Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex- Bandra (East), Mumbai, Maharashtra -400 051

The details of change in the registered office of Pre-demerger InCred are as under:

Date of change of Registered Office	Details of changes in the address of registered office
August 1, 2019	From 87 - B, 2nd Floor, Shahpur Jat, New Delhi - 110 049 to 406, 4th Floor, Competent House Middle Circle, F – Block Connaught Place, New Delhi -110 001
April 9, 2020	From 406, 4th Floor, Competent House Middle Circle, F – Block Connaught Place, New Delhi - 110 001 to 150 - A, The Capital, C - 70, "G" Block Bandra–Kurla Complex Mumbai - 400 051
August 1, 2020	From 150 - A, The Capital, C - 70, "G" Block, Bandra Kurla Complex Mumbai - 400 051 to Unit No. 1203, 12th Floor B Wing, The Capital, Plot No. C – 70 G Block, Bandra Kurla Complex –Bandra (East), Mumbai - 400 051

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. To act as and carry on the business of Consultants, Brokers, Dealers, Agents, Intermediaries dealing in sharebroking and trading in shares, debenture stocks, bonds and Government Securities.

2. To provide all types of Services of managing of issues of various securities financial instruments by Companies/Institutions, making arrangements regarding selling, buying or subscribing to securities/financial instruments, managing, consulting, advising and for rendering corporate advisory services in relation to such issue management, arranging, procuring or obtaining short/long term finance by way of project finance, term loans, deposits, venture capital finance, asset credits, lease, hire purchase, bills of exchange for and on behalf of Government undertaking, companies and corporations, individuals and firms from various agencies, institutions, corporates, firms, individuals and others.

3. To engage in business of rendering corporate advisory service / manage portfolio of securities.

4. To borrow or raise money in such manner as the Company shall think fit including by way of issue of debentures and to secure the repayment of any money borrowed, raised or owed, create a mortgage, charge or lien upon all or any of the Company's property (present and future) including on its uncalled capital and also to secure and guarantee the performance by the Company of any obligation undertaken by the Company.

5. To promote, sponsor and/or manage any funds, schemes, companies or other bodies to carry on any business of asset management, portfolio management, merchant banking, advisory services, venture capital, private equity and/or lending and to undertake any and all activities in connection with such management, promotion and sponsorship.

6. To undertake and carry on the business of advancing, depositing or lending money, securities and properties to or with any company, body corporate, firm, trust, person, association or other entity whether falling under the same management or otherwise, in accordance with and to the extent permissible under the provisions of the Companies Act, 1956, with or without security and on such terms as may be determined from time to time, including by way of subscribing to debentures, bonds or other securities of any nature.

7. To undertake (a) the financing, whether by way of making loans or advances or otherwise, of any activity other than its own; (b) the acquisition of shares, stock bonds, debentures or securities issued by a Government or local authority or other marketable securities of a like nature; (c) letting or delivering of any goods to a hirer under a hire-purchase agreement; (d) any class of insurance business; (e) managing, conducting or supervising, as foreman, agent or in any other capacity, of chits or kuries as defined in any law which is for the time being in force in any State, or any business, which is similar thereto; (f) collecting, for any purpose or under any scheme or arrangement by whatever name called, monies in lump sum or otherwise, by way of subscriptions or by sale of units, or other instruments or in any other manner and awarding prizes or gifts, whether in cash or kind, or disbursing monies in any other way, to persons from whom monies are collected or to any other person.

Key Events, Milestones and Achievements of Pre-demerger InCred and our Company

Year	Particulars
2016-17	Acquisition of Visu Leasing and Finance Private Limited by the Promoter
2018 - 19	Change of name of the company Visu Leasing and Finance Private Limited to InCred Financial Services Private Limited
2018 - 19	Conversion of company from private limited to public limited and consequent change of name of the Company to InCred Financial Services Limited
	Certificate of recognition to the InCred Group as ET Best brand
2019 - 20	Super Startup Asia-2019
	Certificate of recognition to the InCred Group as ET Best brand
2021 - 22	IFTA Award for Best Fintech Business Lender - 2021
	Certificate of recognition to the InCred Group as ET Best brand
2022-23	Asset under Management crossed ₹ 5,00,000 lakh.
	Credit rating upgrade by CRISIL & CARE to 'A+' – Outlook : Stable
	Merger of InCred Demerged Undertaking and Pre-demerger KKR completed after all necessary approvals
	Awarded the Most Preferred Workplace 2022-23 (BFSI Sector)
	Group CFO has been recognized among the TOP 10 Best CFO's in Asia 2022 by CEO insights Asia.
	Vivek Bansal, our Group CFO was recognized as one of the top 100 CFO in 2022 by CFO 100 programme.

For details on Certifications and Awards, please see "*Our Business*" on page 96.

Details of any acquisition or amalgamation in the last one year

Our Company has not made any acquisition during previous one financial year.

Composite Scheme of Amalgamation and Arrangement

The Board of Directors of the Company at their meeting held on September 3, 2021, had approved the Composite Scheme of Amalgamation and Arrangement (the '**Scheme'**) with KKR Capital Markets India Private Limited (the "**Transferee Company**"), Bee Finance Limited (Mauritius) (the "**Transferor Company**"), Pre-demerger InCred *(now known as InCred Prime Finance Limited)* and the Company. The said Scheme was filed with various regulatory authorities and National Company Law Tribunal, Mumbai bench ("**NCLT**").

Pre-demerger InCred received no-objection in relation to the Scheme from RBI on December 8, 2021 and in-principle approvals from BSE on December 24, 2021 and April 21, 2022 and from and NSE on March 4, 2022. The Scheme was approved by the Hon'ble National Company Law Tribunal ('NCLT'), Mumbai Bench on May 6, 2022 and the certified true copy of order received on June 6, 2022 and the 'Appointed Date' for the Scheme is April 1, 2022. The Scheme was made effective by the Board of Directors of the Company, InCred Prime Finance Limited and InCred Holdings Limited *(formerly KKR Capital Markets India Limited)* at their meetings held on July 26, 2022 and the relevant filing were done with the Registrar of Companies, Mumbai on July 26, 2022.

Pursuant to the Scheme, Bee Finance Limited, the holding company of Pre-demerger InCred merged into KKR Capital Markets India Limited, the holding company of Pre-demerger KKR, and the resulting company was renamed as InCred Holdings Limited. InCred Holdings Limited together with Bhupinder Singh became our Promoters.

Further, pursuant to the Scheme, the InCred Demerged Undertaking including Retail NBFC Business of Pre-demerger InCred is merged with our Company. The remaining NBFC business of unsecured loans (which accounted for less than 1% of the business (after excluding identified NBFC business demerged under the Scheme) shall continue to be carried out by Pre-demerger InCred *(now known as InCred Prime Finance Limited)*.

For details of the business of our Company, see "*Our Business*" beginning on page 96.

As per the terms of the Scheme, the Board of Directors of Pre-demerger InCred have been appointed as the directors of our Company constituting majority. Further, with the discharge of purchase consideration for demerger, the shareholders of Pre-demerger InCred is holding majority shareholding in our Company.

The Transferor Company, a major shareholder in the Pre-demerger InCred, merged with the Transferee Company to streamline the post Scheme shareholding structure of the Transferee Company, by reducing the number of layers of shareholding and optimising value to shareholders. The shareholders of Pre-demerger InCred were issued shares in the Transferee Company, i.e. the holding company of our Company, pursuant to the consolidation.

Further, as the said Scheme has come into effect, the listed non-convertible debentures issued and allotted by Pre-demerger InCred, prior to the Scheme coming to effect, stand transferred to and vest in our Company and the obligations towards payment of interest or repayment of the principal amounts vest in our Company. Our Company has received in-principle approval under Regulation 59 of SEBI Listing Regulations from BSE vide its letters dated December 24, 2021 and April 21, 2022 and from NSE vide letters dated March 04, 2022 and October 10, 2022 for final listing of the aforementioned debentures. For details on existing indebtedness of our Company, please see "*Financial Indebtedness*" on page 166.

The copy of Scheme is available as material document available for inspection.

Also please see, "*Risk Factors*" on page 19.

Details of any reorganization or Reconstruction undertaken by our Company in the last one year

Our Company has not made any reorganization/reconstruction in the last one year prior to the date of this Prospectus.

Material Agreements and Material Contracts

Other than the below-mentioned agreements, our Company has not entered into any other material agreements and material contracts which are not in the ordinary course of business, in the last two years.

1. ***Shareholders' Agreement, dated August 16, 2021 executed between KKR Capital Markets India Private Limited ((now known as InCred Holdings Limited) "KCM"), Pre-demerger KKR, KKR India Financial Investments Pte. Ltd., Bhupinder Singh, B Singh Holdings Limited, Effective Date Major Investors, Effective Date Other Investors and Pre-demerger InCred (the "Shareholders' Agreement")***

   The parties have entered into Shareholders' Agreement in order to define their mutual rights and obligations and relationship in relation to the management and governance of KCM and the other Investee Entities (collectively (a) KCM, (b) Pre-demerger KKR, (c) each Subsidiary of KCM, and (d) any person directly or indirectly controlled by KCM, other than mValu, Pre-demerger InCred and any person controlled by Pre-demerger InCred) on and from the effective date and to set out the terms and conditions governing their relationship, inter se, as shareholders of, as well as with, the KCM and the other Investee Entities on and from the effective date.

2. ***Implementation Agreement, dated August 16, 2021 executed between InCred Financial Services Limited (Pre-Demerger InCred), Booth Fintech Private Limited, InCred Management and Technology Services Private Limited, InCred.AI Limited, Bee Finance Limited, KKR Capital Markets India Private Limited (now known as InCred Holdings Limited), KKR India Financial Services Limited (our Company) and KKR India Financial Investments Pte. Ltd. (the "Implementation Agreement")***

   The parties have entered into Implementation Agreement in order to consolidate the InCred NBFC business and KKR India Financial Services Limited (our Company) business, such that the integrated business is housed in KKR India Financial Services Limited (our Company), so as to achieve economies of scale, operational rationalization and organizational efficiency, wider market reach and customer base, pooling of knowledge and expertise, reduction in redundant costs, and thereby creating an enhanced value for all stakeholders, as well as with the objective of jointly owning and participating in the KKR Capital Markets India Private Limited (now known as InCred Holdings Limited) business.

Holding Company

As on date of this Prospectus, InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited) together with the nominees shareholders holds 46,02,26,538 Equity Shares equivalent to 100% of the Equity Share capital of our Company.

Subsidiary Companies

As on the date of this Prospectus, our Company has the following subsidiaries:

1. InCred Management and Technology Services Private Limited (IMTSPL), a company within the meaning of the Companies Act, 2013, incorporated on February 17, 2016, having its Registered Office at Unit No. 1203, 12th Floor, B- Wing, The Capital, Bandra Kurla Complex, Mumbai, Mumbai City, Maharashtra- 4000051 under the corporate identification number U72900MH2016PTC273211provides new-age financial services platform that leverages technology and data-science to make lending quick and easy. As at September 30, 2022 our Company holds 2,28,99,999 shares in IMTSPL which amounts to 99.99 % of the total shareholding of IMTSPL.

2. Booth Fintech Private Limited, a company within the meaning of the Companies Act, 2013, incorporated on July 06, 2015, having its Registered Office at Unit No. 1203, 12th Floor, B- Wing, The Capital, Bandra Kurla Complex, Mumbai, Mumbai City, Maharashtra- 400051 under the corporate identification number U67190MH2015PTC355907 provides financial advise and assist in all financial, costing, accounting internal control and other similar matters. As at September 30, 2022 our Company holds 39,297 shares in Booth Fintech Private Limited which amounts to 99.99% of the total shareholding of Booth Fintech Private Limited.

3. InCred.AI Limited, a company within the meaning of the Companies Act, 2013, incorporated on April 05, 2021, having its Registered Office at 1203, 12 Floor, B-Wing, The Capital, C-70, G Block behind ICICI Bank, Bandra Kurla Complex, Mumbai, Mumbai City, Maharashtra – 400 051 under the corporate identification number U74999MH2021PLC358271 provides to offer training, consultancy, advisory and all related services in all areas of

information technology. As at September 30, 2022 our Company holds 9,994 shares in InCred.AI Limited which amounts to 99.94 % of the total shareholding of InCred.AI Limited.

4. mValu Technology Services Private Limited, a company within the meaning of the Companies Act, 2013, incorporated on August 31, 2018, having its Registered Office at 1203, 12th Floor, B-Wing, The Capital, C-70, G Block, Bandra Kurla Complex, Bandra (East),Mumbai, Mumbai City, Maharashtra- 400051 under the corporate identification number U74999MH2018PTC313289 provides Software designing, development, customisation, implementation, maintenance, testing and benchmarking, designing, developing and dealing in computer software and solutions. As at September 30, 2022 our subsidiary namely Booth Fintech Private Limited holds 1,19,990 shares in mValu Technology Services Private Limited which amounts to 75.82 % of the total shareholding of mValu Technology Services Private Limited.

Associates

As on the date of this Prospectus, our Company has no associates.

Joint Venture

As on the date of this Prospectus, our Company has no joint ventures.

Enterprises over which control is exercised by the Company

As on the date of this Prospectus, our Company does not exercise control over any of the enterprises, other than on its subsidiaries.

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors, which exercises its power subject to the Memorandum and Articles of Association of our Company and the requirements of the applicable laws.

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations. It is governed by the Articles of Association of our Company and the relevant directions issued by the RBI.

The Articles of Association of our Company require us to have upto but not more than 9 directors. As of the date of this Prospectus, we have eight Directors on the Board, out of which one Director is Whole-time Director and Chief Executive Officer, one Director is Whole-time Director and Chief Financial Officer, three Directors are Non-Executive Directors and three Directors are Independent Directors, including one women director on the Board.

***Details of Board of Directors as on the date of this Prospectus*:**

Name, designation, and DIN	Age (in years)	Address	Date of Appointment/ Re-appointment	Details of Other directorships
Bhupinder Singh Designation: Whole Time Director and Chief Executive Officer DIN: 07342318	48	West 5801/5901 World Villa The World Towers, Senapati Bapat Marg, VTC: Mumbai - 400013	Date of Appointment- July 26, 2022	1. InCred Prime Finance Limited 2. InCred Holdings Limited 3. InCred Capital Financial Services Private Limited 4. InCred AI. Limited 5. InCred Global Wealth Limited 6. InCred Management and Technology Services Private Limited 7. Booth Fintech Private Limited 8. InCred Wealth Private Limited 9. InCred Wealth and Investment Services Private Limited 10. mValu Technology Services Private Limited 11. B Singh Holdings Limited 12. B Singh & Partners PTE 13. InCred Global Wealth Pte Limited 14. InCred Global Wealth Limited 15. Zennia United Limited
Vivek Bansal Designation: Whole Time Director and Chief Financial Officer DIN: 07835456	45	C-23, Kalpataru Sparkle, Gandhi Nagar, Near MIG Club, Bandra East, Mumbai-400051	July 26, 2022	1. InCred Prime Finance Limited 2. InCred Capital Financial Services Private Limited 3. InCred Holdings Limited 4. InCred Management and Technology Services Private Limited
Sanjay Omprakash Nayar Designation: Non-Executive Director DIN: 00002615	62	Flat No. 9, 17/C, The Rushilla Co-op Housing Society Ltd., Carmichael Road, Mumbai – 400026	July 26, 2022	1. Nykaa Foundation 2. Sanjay & Falguni Navar Foundation 3. FSN Distribution Private Limited 4. FSN International Private Limited 5. Seynse Technologies Private Limited 6. Sealink View Probuild Private

Name, designation, and DIN	Age (in years)	Address	Date of Appointment/ Re-appointment	Details of Other directorships
				Limited 7. Epimoney Private Limited 8. Grameen Impact Investments India Private Limited 9. Indian School of Business 10. Pratham Education Foundation 11. Sea View Probuild Private Limited 12. CSEP Research Foundation 13. FSN E-Commerce Ventures Limited 14. Pratham Institute for Literacy Education and Vocational Training 15. InCred Holdings Limited 16. Avendus Capital Private Limited 17. Radiant Life Care Private Limited 18. Heritage View Developers Private Limited 19. Nykaa International UK Limited
Gaurav Trehan Designation: Non-Executive Director DIN: 03467781	47	Flat no. 101A, 10th Floor, Embassy Apartments, (opposite HP Petrol Pump), 46–Nepean Sea Road, Mumbai - 400026, India.	July 26, 2022	1. Vini Cosmetics Private Limited 2. InCred Holdings Limited 3. J B Chemicals and Pharmaceuticals Limited 4. Advanta Enterprises Limited 5. Livspace Pte. Ltd.
Debashish Dutta Gupta Designation: Independent Director DIN: 08950317	54	41, Windmills of Your Mind, EPIP Road 5B, Near KTPO Whitefield, Bangalore North Karnataka – 560 066	July 26, 2022	1. InCred Prime Finance Limited 2. InCred Holdings Limited
Rupa Rajul Vora Designation: Independent Director DIN: 01831916	61	8, Hyde Park 227 Sher E Punjab Society, Mahakali Caves Road, Andheri East, Mumbai – 400 093	July 26, 2022	1. InCred Holdings Limited 2. India Alternatives Investment Advisors Private Limited 3. JM Financial Asset Reconstruction Company Limited 4. Volkswagen Finance Private Limited InCred Prime Finance Limited 5. Omniactive Health Technologies Limited
Vivekanand Suryaprakash Periayapatnam Designation: Non-Executive Director DIN: 02363239	42	Plat No. 19, National High School Road, VV Puram, Bangalore South, Bangalore Karnataka – 560 004	July 26, 2022	1. InCred Holdings Limited 2. Inara Capital Advisors Private Limited 3. Oaks Asset Management Private Limited
Sekar Karnam Designation: Independent Director	62	House No. 72, Hi Rise, KVR Paradise, Bachupally, Mallampet, Medchal-Malkajgiri, Telangana – 500 090	July 26, 2022	1. Ugro Capital Limited 2. InCred Holdings Limited 3. National Asset Reconstruction Company Limited

Name, designation, and DIN	Age (in years)	Address	Date of Appointment/ Re-appointment	Details of Other directorships
DIN: 07400094				

Brief profile of the Directors of our Company

Bhupinder Singh

Bhupinder Singh, Whole-time Director & Chief Executive Officer is the Founder of the InCred Group. Prior to the InCred, he co-headed the Investment Banking and Securities division of Deutsche Bank for the Asia Pacific region with a USD 3 billion top line. In this role, he managed the Bank's Fixed Income, Equities and Investment Banking divisions.

He was also the head of the Corporate Finance division for Deutsche Bank in the Asia Pacific region managing the bank's corporate coverage, investment banking, capital markets, advisory and treasury solutions businesses. His professional odyssey has spanned across two decades in the financial services sector, with more than 7 years in running and supervising Indian businesses. He holds a Post Graduate Diploma in Management (PGDM) from IIM Ahmedabad.

Vivek Bansal

Vivek Bansal, Whole-time Director & Chief Financial Officer of the Company has several years' experience in the field of banking & finance. He was previously associated with Yes Bank where he worked from 2011 till 2018, with his last designation being Senior President and Deputy Chief Financial Officer. Prior to Yes Bank, he worked with Fidelity Investments and Standard Chartered. He is a Chartered Accountant and has cleared CFA.

Sanjay Omprakash Nayar

Sanjay Omprakash Nayar has 38 years of experience in the financial services (with Citibank for ~25 years and ~13 years with KKR in India). He served as Chief Executive Officer of Citigroup's in various positions in India.

Sanjay Omprakash Nayar joined KKR India Advisors Private Limited in 2009 and was Partner and Chief Executive Officer till December 2020. He is now Advisor to KKR India effective January 01, 2021. He is on the board of KKR's portfolio companies.

In addition, he now serves as a non-Executive Director of FSN E-Commerce Ventures Ltd. (NYKAA). He hold a post graduate degree in management from Indian institute of Management Ahmedabad.

Currently, he is a member of the Board of US-India Strategic Partnership Forum (USISPF), Governing Board of Indian School of Business (ISB), Executive Member of CII PE/VC Committee. He is on the Advisory Board of Habitat for Humanity; Chairman of Grameen Impact Investments India (GIII); Ministry of Commerce and Industry, Government of India, has recently nominated him as one of the Non-official Members of Board of Trade (DGFT).

Gaurav Trehan

Gaurav Trehan is Partner, CEO of India of KKR India. Prior to joining KKR, he worked in TPG Capital Limited, where he spent more than 15 years and was a Partner in its India office. He has evaluated and executed private equity transactions across a diverse range of sectors in India. Prior to joining TPG, he worked in the mergers, Acquisitions and Restructuring Department of Morgan Stanley with a focus on the technology sector. He is a member of the Board of US-India Strategic Partnership Forum (USISPF).

Debashish Dutta Gupta

Debashish Dutta Gupta joined banking in 1992 with Citibank in India. Over the years he has worked with Citibank in different roles in quantitative research, structuring, fixed income trading, structured credit, proprietary trading and most recently in private banking. His different roles in Citibank have been based in Singapore, Hong Kong and London. He was also with Lehman Brothers in London managing their Emerging Market Credit group for 2 years from 2006 to 2008. In 2018, he left Citibank to pursue his interest in quantitative trading research. He is also a co-founder of a family office advisory company based in Singapore. He has B. Tech in Computer Science and Engineering from IIT Madras and a PGDM from IIM Calcutta.

Rupa Rajul Vora

Rupa Rajul Vora has an experience of over 3 decades with 11 years spent with IDFC Group managing Finance, Risk Management, Audit, Tax and Compliance in the capacity of Group Director & Chief Financial Officer – IDFC Alternatives Ltd. Prior to IDFC, she was associated with Antwerp Diamond Bank N.V. Her earlier banking experience was with KBC Bank N.V. Before joining the corporate world, she ran an independent practice as a Chartered Accountant for almost a decade. She was conferred with the "Women Leadership Excellence Award" at the IPE - BFSI Awards 2013 by the Institute of Public Enterprise and has also featured among India's 10 most influential women in finance by Rediff.com in 2012. She holds bachelor's degree in Commerce from Mumbai University and is a Chartered Accountant by profession.

Vivekanand Suryaprakash Periayapatnam

Vivekanand Suryaprakash Periayapatnam has over 20 years of experience in Banking & Financial Services. He is the Founder and Managing Director of OAKS Asset Management, a Private Equity Fund based in Mumbai.

He began his career at the Kotak Mahindra Bank Limited and spent about 8 years and left at the position of Associate Vice President in Wealth Management division of Kotak Mahindra Bank Limited. He is an alumnus of The Sri Sathya Sai Institutions, Prashanti Nilayam & The Nilgiris and Mahaveer Jain College, Bangalore.

Sekar Karnam

Sekar Karnam is a professional banker with rich experience in all the facets of Indian Banking at a very senior level. He joined as a Probationary Officer with State Bank of India in 1983 and rose to the level of Deputy Managing Director. Selected as Managing Director of public sector bank and has the rare distinction of heading two public sector banks. As the Deputy Managing Director of SBI, contributed in the board level deliberations at State Bank of India for more than four years. He has operated as nominee director on the Boards of Clearing Corporation of India Ltd, National e-Governance Services Ltd (NeSL) etc.

Relationship between Directors

As on the date of this Prospectus, none of our Directors are related to each other.

Remuneration of Directors

The terms of remuneration of the Whole-time Director and Chief Executive Officer are as below:

1. Bhupinder Singh

The following table sets forth terms of remuneration to Bhupinder Singh, Whole-time Director and Chief Executive Officer, with effect from July 26, 2022, as approved by the Shareholders in the extra-ordinary general meeting of the Company held on August 25, 2022.

For appointment as Whole-time Director and Chief Executive Officer:

Particulars	Terms of remuneration
Period	5 years
Remuneration	₹ 6,00,00,000 per annum, no eligibility for variable pay component; Company provided car and driver benefit (on actual basis)

The following table sets forth all compensation recorded by our Company to the Whole-time Director and Chief Executive Officer during the current year and Fiscals 2022, 2021 and 2020:

(₹ in lakh)

Name of Director	Current year (till September 30, 2022)		For Fiscal 2022		For Fiscal 2021		For Fiscal 2020	
	Salary	Perquisites	Salary	Perquisites	Salary	Perquisites	Salary	Perquisites
Bhupinder Singh[(1)]	109.6 [(2)]	-	-	-	-	-	-	-

Notes:

1. *Prior to Bhupinder Singh being appointed a director of our Company pursuant to the Scheme of Demerger being made effective, he was a whole time director and CEO on the board of Pre-demerger InCred and received a salary of ₹ 339.5 lakh, ₹ 372.0 lakh*

and ₹ 294.3 lakh for Fiscal 2022, 2021 and 2020, respectively and received additional perquisites of ₹ 19.2 lakh in the Fiscal 2020.

2. *Bhupinder Singh received a compensation of ₹ 126.7 lakh as salary drawn from Pre-demerger InCred from April 1, 2022 till July 25, 2022 and ₹ 109.6 lakh was drawn as salary from our Company from July 26, 2022 till September 30, 2022.*

The terms of remuneration of the Whole-time Director and Chief Financial Officer are as below:

2. Vivek Bansal

The following table sets forth terms of remuneration to Vivek Bansal, Whole-time Director and Chief Financial Officer, with effect from July 26, 2022, as approved by the shareholders in the extra-ordinary general meeting held on August 25, 2022.

For appointment as Whole-time Director and Chief Financial Officer:

Particulars	Terms of remuneration
Period	5 Years
Remuneration	₹ 3,50,00,000* per annum

**Excluding child's school fees reimbursement of ~₹ 25 lakh p.a.*

The following table sets forth all compensation recorded by our Company to the Whole-time Director and Chief Financial Officer during the current year and Fiscals 2022, 2021 and 2020:

(₹ in lakh)

Name of Director	Current year (till September 30, 2022)		For Fiscal 2022		For Fiscal 2021		For Fiscal 2020	
	Salary	Perquisites	Salary	Perquisites	Salary	Perquisites	Salary	Perquisites
Vivek Bansal[(1)]	60.2 [(2)]	Nil [(2)]	-	-	-	-	-	-

Notes:

1. *Prior to Vivek Bansal being appointed as director of our Company pursuant to the Scheme of Demerger being made effective, he was a whole time director and CFO on the board of Pre-demerger InCred and received a salary of ₹ 186.6 lakh, ₹ 132.4 lakh and ₹ 138.6 lakh for Fiscal 2022, 2021 and 2020, respectively and received additional perquisites of ₹ 24.8 lakh, ₹ 24.8 lakh and ₹ 42.0 lakh for Fiscal 2022, 2021 and 2020, respectively.*
2. *Vivek Bansal received a compensation of ₹ 104.4 lakh as salary and ₹ 26.6 lakh as additional perquisites drawn from Pre-demerger InCred from April 1, 2022 till July 25, 2022 and ₹ 60.2 lakh was drawn as salary from our Company from July 26, 2022 till September 30, 2022.*

Details of remuneration paid to the Executive Directors during current year, and the Fiscals 2022, 2021 and 2020 by our Company:

(₹ in lakh)

Name of Director	Current year (till September 30, 2022)		For Fiscal 2022		For Fiscal 2021		For Fiscal 2020	
	Salary	Perquisites	Salary	Perquisites	Salary	Perquisites	Salary	Perquisites
Sanjay Omprakash Nayar[(1)]	-	-	-	-	37.5	-	15.3	-

Notes:

1. *Sanjay Omprakash Nayar was redesignated as Managing Director w.e.f. December 10, 2019 and ceased to be associated with the Company w.e.f. December 30, 2020. Sanjay Omprakash Nayar was re-appointed as Non-Executive Director in our Company w.e.f. July 26, 2022.*

No remuneration has been paid to the Directors for the current year and Fiscals 2022, 2021 and 2020 by our subsidiaries and associates.

Remuneration of Non-Executive Directors

No remuneration is paid to the Non-Executive Directors of the Company for attending the meetings of the Board and Committees.

Remuneration of Independent Directors

The Independent Directors are paid remuneration by way of sitting fees.

Our Company pays sitting fees per meeting to the Independent Directors for attending the meetings of the Board and Committees thereof, as under:

(₹ in lakh)

Particulars	Board		Committees	
	Chairman	Members	Chairman	Members
Full Board Meetings				
Physical / Electronic Participation	1.0	1.0	0.6	0.6
Shorter Notice/Special Purpose Meetings				
Physical / Electronic Participation	1.0	1.0	0.6	0.6

The following table sets forth all compensation recorded by our Company to the Independent Directors during the current year and Fiscals 2022, 2021 and 2020:

(₹ in lakh)

Name of Director	For September 30, 2022		For Fiscal 2022		For Fiscal 2021		For Fiscal 2020	
	Commission	Sitting Fees	Commission	Sitting Fees	Commission	Sitting Fees	Commission	Sitting Fees
Rupa Rajul Vora[(1)]	-	4.2 [(2)]	-	-	-	-	-	-
Sekar Karnam[(3)]	-	3.6[(4)]	-	-	-	-	-	-
Debashish Dutta Gupta [(5)]	-	4.2[(6)]	-	-	-	-	-	-

Notes:

1. *Prior to Rupa Rajul Vora being appointed an independent director of our Company pursuant to the Scheme of Demerger being made effective, she was an independent director on the board of Pre-demerger InCred and received siting fee of ₹ 14.1 lakh, ₹ 5.30 lakh and ₹ 6.2 lakh for Fiscal 2022, 2021 and 2020, respectively.*
2. *Rupa Rajul Vora received a sitting fee of ₹ 6.6 lakh from Pre-demerger InCred from April 1, 2022 till July 25, 2022 and ₹ 4.2 lakh was received as sitting fee from our Company from July 26, 2022 till September 30, 2022.*
3. *Prior to Sekar Karnam being appointed an independent director of our Company pursuant to the Scheme of Demerger being made effective, he was an independent director on the board of Pre-demerger InCred and received siting fee of ₹ 2.9 lakh, for Fiscal 2022.*
4. *Sekar Karnam received a sitting fee of ₹ 6.0 lakh from Pre-demerger InCred from April 1, 2022 till July 25, 2022 and ₹ 3.6 lakh was received as sitting fee from our Company from July 26, 2022 till September 30, 2022.*
5. *Prior to Debashish Dutta Gupta being appointed an independent director of our Company pursuant to the Scheme of Demerger being made effective, he was an independent director on the board of Pre-demerger InCred and received siting fee of ₹ 12.6 lakh, for Fiscal 2022.*
6. *Debashish Dutta Gupta received a sitting fee of ₹ 5.4 lakh from Pre-demerger InCred from April 1, 2022 till July 25, 2022 and ₹ 4.2 lakh was received as sitting fee from our Company from July 26, 2022 till September 30, 2022.*

Other understandings and confirmations

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list as categorized by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority and/or bank or financial institutions.

None of our Directors is, or was, a director or person in control of any company which has been or was delisted from any recognised stock exchange within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI (Delisting of Equity Shares) Regulations, 2021.

None of our Directors are in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

We also confirm that none of our Directors is restrained or prohibited or debarred from accessing the securities market or dealing in securities by the Board. Further, none of our Directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by SEBI.

None of our Directors have committed any violation of securities laws in the past and no proceedings in such regard by SEBI or, RBI are pending against any of our Directors.

No Director of our Company is a fugitive economic offender, as defined in the SEBI NCS Regulations.

We confirm that the PAN of the Directors of the Company has been submitted to the Stock Exchanges at the time of

filing this Prospectus.

Borrowing Powers of the Board:

Pursuant to a special resolution passed by the extra ordinary general meeting of shareholders of our Company on August 25, 2022 in accordance with provisions of 180(1)(c) of the Companies Act, 2013 and other applicable provisions and rules made thereunder, the Board has been authorised to borrow, from time to time such sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) and securities premium account of the Company, provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceeding ₹ 8,00,000 lakh at any time.

The aggregate value of the NCDs offered under this Prospectus, together with the existing borrowings of the Company, is within the approved borrowing limits as abovementioned.

Interest of the Directors:

As on the date of this Prospectus, except Bhupinder Singh, no other Directors of our Company are interested in the promotion of the Company.

All the Directors of our Company, including our Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them, if any. All the Independent Directors of our Company are entitled to sitting fees for attending every meeting of the Board or a Committee thereof. Whole-time Director and Chief Executive Officer and Whole-time Director and Chief Financial Officer is interested to the extent of remuneration paid for services rendered / ESOP granted, if any, reimbursement of expenses payable to them as an officer or employee of our Company.

All the Directors of our Company, including Independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Prospectus, statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them. None of our Company's Directors have taken any loan from our Company.

As of the date of this Prospectus, except as disclosed in the Section "*Related Party Transactions*" on page 152 none of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body-corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them to become, or to help them qualify as a director, or otherwise for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.
No contribution has been made by the directors as part of the Issue or separately in furtherance of the Objects of the Issue

None of our Directors' relatives have been appointed to an office or place of profit of our Company.

The Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as stated in the sections titled "*Related Party Transactions*" on page 152 and to the extent of compensation and commission if any, and their shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any immovable property acquired or proposed to be acquired by our Company in the preceding two years of filing this Prospectus with BSE and NSE nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company.

No benefit/interest will accrue to our Promoters/Directors out of the objects of the issue.

***Debenture / Subordinated Debt holding of Directors*:**

As on September 30, 2022, none of the Directors of our Company hold any debentures / subordinated debt issued by our Company.

Details of change in Directors of our Company during last three years preceding the date of this Prospectus:

Sr. No.	Name of Director, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
1.	Anil Maharaj Narayan Nagu Executive Director and Chief Financial Officer DIN: 00110529	June 28, 2019	July 26, 2022	NA	Cessation
2.	Tashwinder Singh Director DIN: 06572282	December 2, 2013	June 28, 2019	NA	Cessation
3.	Krishnan Venkatasubramanian Brahmadesham Director and Chief Executive Officer DIN: 02787983	September 23, 2019.	October 29, 2019	NA	Cessation
4.	Brian Wesley Dillard Non-Executive Director DIN: 08626376	December 10, 2019	July 26, 2022	NA	Cessation
5.	Jigar Shah Whole-time Director DIN: 08496153	December 10, 2019	June 30, 2022	NA	Cessation
6.	Diane Raposio Non-Executive Director[(1)] DIN: 07522686	May 19, 2016	June 29, 2020	NA	Cessation
7.	John Empson Independent Director DIN: 07821965	July 28, 2017	March 2, 2020	NA	Cessation
8.	Karthik Krishna Independent Director DIN: 06993503	March 12, 2020	July 26, 2022	NA	Cessation
9.	Aparna Ravi Independent Director DIN: 07935533	February 24, 2021	July 26, 2022	NA	Cessation
10.	Bhupinder Singh Whole-time Director and CEO DIN: 07342318	July 26, 2022	NA	NA	Appointment
11.	Vivek Bansal Whole-time Director and CFO DIN: 07835456	July 26, 2022	NA	NA	Appointment

Sr. No.	Name of Director, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
12.	Rupa Rajul Vora Independent Director DIN: 01831916	July 26, 2022	NA	NA	Appointment
13.	Sekar Karnam Independent Director DIN: 07400094	July 26, 2022	NA	NA	Appointment
14.	Debashish Dutta Gupta Independent Director DIN: 08950317	July 26, 2022	NA	NA	Appointment
15.	Vivekanand Suryaprakash Periayapatnam Non-Executive Director DIN: 02363239	July 26, 2022	NA	NA	Appointment
16.	Gaurav Trehan Non-Executive Director DIN: 03467781	July 26, 2022	NA	NA	Appointment
17.	Sanjay Omprakash Nayar Non-Executive Director[(1)] DIN: 00002615	July 26, 2022	NA	NA	Appointment

Notes:

[1]. Sanjay Omprakash Nayar was initially appointed as Director on December 23, 2009 and ceased to be Director on March 1, 2011. He was re-appointed as Director on August 08, 2013 and was redesignated as Managing Director w.e.f. December 10, 2019. He ceased to be Managing Director of our Company w.e.f. December 30, 2020

Shareholding of Directors as on the date of this Prospectus:

As on the date of this Prospectus, none of the Directors have shareholding in our Company.

***Shareholding of Directors in Subsidiaries, including details of qualification shares held by Directors as on the date of this Prospectus*:**

Other than disclosed in "*Capital Structure- Details of shareholding of our Directors in our Subsidiaries, Associate or Joint Ventures as of date of this Prospectus*" on page 59, none of the Directors have shareholding in any of the Subsidiaries.

Key Managerial Personnel of our Company:

In addition to Bhupinder Singh, Whole-Time Director & Chief Executive Officer, and Vivek Bansal, Whole Time Director and Chief Financial Officer of our Company's, Key Managerial Personnel includes Gajendra Singh Thakur, Company Secretary, as of the date of this Prospectus.

Gajendra Thakur

Gajendra Singh Thakur, Company Secretary, comes with over 18 years of experience in financial services in compliance, secretarial and legal roles. Prior to joining InCred, he was a Company Secretary at Vice President II grade, of IIFL Finance Ltd. He has worked previously with Nippon Life India Asset Management Limited (Formerly "Reliance Capital Asset Management Limited") and Centrum group among others.

Relationship with other Key Managerial Personnel

None of our Key Managerial Personnel are related to each other.

Interests of Key Managerial Personnel

Except to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment reimbursement of expenses incurred by them during the ordinary course of business and equity shares held by them along with vested ESOP options, if any, and otherwise disclosed in this Prospectus, the Key Managerial Personnel of the Company do not have any interest in the Company.

Compensation to Key Managerial Personnel

(₹ in lakh)

Name of KMP	As on September 30, 2022	For Fiscal 2022	For Fiscal 2021	For Fiscal 2020
Gajendra Thakur [(1)]	15.3[(2)]	-	-	-

Notes:

1. *Prior to Gajendra Thakur being appointed Company Secretary of our Company pursuant to the Scheme of Demerger being made effective, he was Company Secretary of Pre-demerger InCred and received compensation of ₹ 81.4 lakh for Fiscal 2022.*
2. *Gajendra Thakur received compensation of ₹ 38.2 lakh from Pre-demerger InCred from April 1, 2022 till July 26, 2022 and ₹ 15.3 lakh was received as compensation fee from our Company from July 27, 2022 till September 30, 2022.*

Equity Shares held by Key Managerial Personnel

As on date of this Prospectus, none of the Key Managerial Personnel have shareholding in our Company.

Corporate Governance

We are in compliance with the applicable requirements in relation to the composition of the Board of Directors and constitution of Committees such as Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Risk Management Committee as mandated under the Companies Act, 2013 and the SEBI Listing Regulations, to the extent applicable as on date.

Details of various Committees of the Board:

Audit Committee:

The Audit Committee was last reconstituted vide a resolution passed by the Board on July 26, 2022. As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation
Rupa Rajul Vora	Chairperson	Independent Director
Sekar Karnam	Member	Independent Director
Debashish Dutta Gupta	Member	Independent Director
Vivekanand Suryaprakash Periayapatnam	Member	Non-Executive Director

The broad terms of reference of the Audit Committee are:

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

b) Providing recommendations for the appointment, remuneration and terms of appointment of auditors of the Company.

c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors.

d) Reviewing with the management, the annual financial statements and the auditor's report thereon, before submission to the Board for approval, with particular reference to:

   i. matters required to be included in the director's responsibility statement, to be included in the Board's report in terms of clause committee of sub-section (3) of Section 134 of the Companies Act, 2013;
   ii. changes, if any, in the accounting policies and practices, and reasons for the same;
   iii. major accounting entries involving estimates based on the exercise of judgment by management;
   iv. significant adjustments made in the financial statements arising out of audit findings;
   v. compliance with listing and other legal requirements relating to financial statements;

vi. disclosure of any related party transactions; and
vii. modified opinion(s) in the draft audit report.

e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

f) Reviewing, with the management, the statement of uses/ application/ end use of funds raised through an issue (public issue, rights issue, preferential issue etc.); the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice; and the report submitted by the monitoring agency monitoring utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process.

h) Approval of, or any subsequent modification of, the transactions of the Company with related parties.

i) Scrutiny of inter-corporate loans and investments.

j) Valuation of undertakings or assets of the Company, wherever necessary.

k) Evaluation of the internal financial controls and risk management systems.

l) Reviewing, with the management, performance of the statutory and the internal auditors, adequacy of the internal control systems.

m) Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

n) Discussions with the internal auditors of any significant findings and follow-ups thereon.

o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board.

p) Discussions with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

q) To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

r) To review the functioning of the whistle blower mechanism.

s) Approval of the appointment of the chief financial officer after assessing the qualifications, experience and background etc. of the candidate.

t) Reviewing the utilization of loans and/ or advances from/ investment by the Company in, its subsidiary exceeding ₹ 10000 lakh or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/ advances extended or investments made by the Company in its subsidiary.

u) To consider and comment on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

v) Any other role/ function as may be specifically referred to the Committee by the Board, or as may be required under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR)") or any other applicable law(s) for the time being in force.

w) The Committee shall mandatorily review the information pertaining to the following:
i. management discussions and analysis of financial conditions and results of operations;
ii. statement of significant related party transactions (as defined by the Committee), submitted by management;
iii. management letters/ letters of internal control weaknesses issued by the statutory auditors;
iv. internal audit reports relating to internal control weaknesses;

v. the appointment, removal and terms of remuneration of the chief internal auditor; and
vi. statement of deviations: (A) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI(LODR); and (B) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of SEBI(LODR).

Asset Liability Management Committee:

The Asset Liability Management Committee was last reconstituted vide a resolution passed by the Board on July 26, 2022 As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation
Vivek Bansal	Chairperson	Whole-time Director and Chief Financial Officer
Bhupinder Singh	Member	Whole-time Director and Chief Executive Officer
Saurabh Jhalaria	Member	Head of SME lending

The functions of the ALM Committee include:

1. To review/ monitor the Asset Liability Management (ALM) profile and systems of the Company from time to time;

2. To monitor and manage the following by taking appropriate steps and recommending suitable measures to the Board:

   - Liquidity Risk;
   - Market Risk;
   - Interest Rate Risk;
   - Funding and Capital Planning

3. To monitor and advise maturity profile and mix of the incremental Assets and Liabilities of the Company, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of the Company.

4. To formulate Interest Rate view of the Company and advise future business strategy accordingly if required. To advise on appropriate mix of between Fixed v/s Floating Interest Rate liabilities/ resources and assets etc.;

5. To advise on Funding, Source & Mix of Liabilities, Product Pricing for the loans etc.;

6. To advise on benchmark Floating Reference Rate (RFRR) and to amend / change the same from time to time, as required;

7. To review the ALM returns and take suitable remedial measures;

8. To adopt, amend, revise and modify ALM Policy of the Company in compliance with the regulatory requirements;

9. To assess the funding and capital planning for the Company;

10. To advise roadmap for profit planning and growth projections of the Company.

11. To ensure adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company.

12. Any other role/ functions as may be specifically referred to ALCO by the Board, or as may be required under directions/ circulars/ notifications/ guidelines issued by the Reserve Bank of India from time to time, or other applicable law(s) for the time being in force.

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee was last reconstituted vide a resolution passed by the Board on July 26, 2022 As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation
Debashish Dutta Gupta	Member	Independent Director

Name	Designation on Committee	Designation
Rupa Rajul Vora	Member	Independent Director
Bhupinder Singh	Member	Whole-time Director and Chief Executive Officer
Gaurav Trehan	Member	Non-Executive Director

The broad terms of reference of the Nomination and Remuneration Committee are:

a) Identification of persons qualified to become directors, and to make recommendations to the Board for their appointment /removal or filling of vacancies on the Board.

b) Identification of persons for appointment as the Senior Management Personnel of the Company and to make recommendations to the Board for their appointment / removal.

Note: *As per Section 178(5) of the Companies Act, 2013, the term "Senior Management Personnel" of a company shall mean members of the core management team of the company (excluding the board of directors), comprising of all members of management one level below the executive directors, including the functional heads.*

c) Administration and superintendence of the Employee Stock Option Schemes of the Company (as may be applicable).

d) Formulation, supervision and implementation of the following policies:

i. Appointment & Remuneration Policy for the Directors and Key Managerial Personnel;
ii. Employees Remuneration Policy; and
iii. Policy for Annual Performance Evaluation of the Directors.

e) Formulation of the criteria for determining qualifications, positive attributes and independence of a director, and to recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees. While formulating such policy the Committee shall ensure that:

i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
ii. the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
iii. the remuneration to directors, key managerial personnel and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

f) For the appointment of each independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

i. use the services of external agencies, if required;
ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
iii. consider the time commitments of the candidates

g) Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.

h) Devising a policy on diversity of the Board of Directors.

i) Providing recommendation as to whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

j) Recommend to the Board, all remuneration, in whatever form, payable to the Senior Management Personnel.

k) Any other role / functions as may be specifically referred to the Committee by the Board of Directors and / or other committees of Directors of the Company, or as may be required under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, , guidelines/ circulars/ directions/ rules issued by the Reserve Bank of India (including the RBI Guidelines on Compensation of

Key Managerial Personnel (KMP) and Senior Management in NBFCs, dated April 29, 2022), or other applicable law(s), for the time being in force.

Stakeholder's Relationship Committee:

The Stakeholders' Relationship Committee was last reconstituted vide a resolution passed by the Board on July 26, 2022. As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation
Debashish Dutta Gupta	Member	Independent Director
Bhupinder Singh	Member	Whole-time Director and Chief Executive Officer
Vivek Bansal	Member	Whole-time Director and Chief Financial Officer

The broad terms of reference of the Stakeholder's Relationship Committee are:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Risk Management Committee:

The Risk Management Committee was last reconstituted vide a resolution passed by the Board on July 26, 2022. As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation
Rupa Rajul Vora	Member	Independent Director
Bhupinder Singh	Member	Whole-time Director and Chief Executive Officer
Vivek Bansal	Member	Whole-time Director and Chief Financial Officer
Saurabh Jhalaria	Member	Head – SME Lending
Prithvi Chandrasekhar	Member	Head of Risk and Analytics
Sanjay Nayar	Member	Non-executive Director

The scope of the Risk Management Committee includes the references made under the SEBI Listing Regulations, and the RBI Regulations.

The terms of reference of the Risk Management Committee are:

1. Review and manage the Risk Management framework and processes of the Company in compliance with the regulatory provisions and the best practices;

2. To formulate a detailed risk management policy which shall include:

    a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
    b. Measures for risk mitigation including systems and processes for internal control of identified risks.
    c. Business continuity plan.

3. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

6. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

8. To review framework for monitoring and managing various types of risks including credit risk, market risk, fraud risk and status of compliance with the Anti-Money Laundering (AML) Standards;

9. To review the various risk related aspects of the loan and asset portfolio.

10. To review and approve the various policies pertaining to the following:

    a) Lending activities of the Company;
    b) Retail loans granted by the Company;
    c) Know Your Customer (KYC) and AML;
    d) Recovery and Collections

11. Any such other role/functions as may be specifically referred to the Committee by the Board of Directors and / or other committees of Directors of the Company or as may be required under the Companies Act, 2013, SEBI (LODR) or any other law for the time being in force.

12. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee was last reconstituted vide a resolution passed by the Board on July 26, 2022. As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation
Rupa Rajul Vora	Member	Independent Director
Vivek Bansal	Member	Whole-time Director and Chief Financial Officer
Sekar Karnam	Member	Independent Director

The functions of the Committee include:

a) To finalise and appraise to the Board a corporate social responsibility (CSR) policy for the Company.

b) To recommend CSR activities and expenditure on the same.

c) To monitor implementation of the CSR policy of the Company from time to time.

d) To formulate and recommend to the Board an annual action plan in pursuance of the CSR policy of the Company (containing such details as may be required under applicable law(s), including the Companies Act, 2013
e) and rules made thereunder).

f) Any other role/ functions as may be specifically referred to the Committee by the Board of Directors and / or other committees of Directors of the Company, or as may be required under the Companies Act, 2013 and rules made thereunder, as amended from time to time, or any other applicable law(s) for the time being in force.

IT Strategy Committee:

The IT Strategy Committee was last reconstituted vide a resolution passed by the Board on July 26, 2022. As on the date of this Prospectus, it comprises of:

Name	Designation on Committee	Designation
Sekar Karnam	Member	Independent Director
Rupa Rajul Vora	Member	Independent Director
Vivek Bansal	Member	Whole-time Director and Chief Financial Officer
Ashwin Sekar	Member	Chief Technology Officer

The functions of the IT Strategy Committee include:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
6. In relation to any IT outsourced operations, the Committee shall:
    i. Institute an appropriate governance/ risk management mechanism for all outsourced/ IT outsourced processes/ operations, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end-to-end manner.
    ii. Define the approval authorities for outsourcing depending on the nature of risks and materiality of outsourcing.
    iii. Develop sound and responsive outsourcing risk management policies and procedures, commensurate with the nature, scope, and complexity of outsourcing arrangements.
    iv. Undertake a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
    v. Evaluate the risks and materiality of all prospective outsourcing based on the framework developed by the Board.
    vi. Periodically review the effectiveness of policies and procedures.
    vii. Communicate significant risks in outsourcing to the Board on a periodic basis.
    viii. Ensure an independent review and audit, in accordance with approved policies and procedures.
    ix. Ensure that contingency plans have been developed and tested adequately.
    x. Ensure that the business of the Company is not adversely compromised on account of outsourcing. To ensure that sound business continuity management practices are adopted as issued by the RBI and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.
7. To settle any question, difficulty or doubt that may arise in regard to the above matters
8. Any such other role/functions as may be specifically referred to the Committee by the Board of Directors.

Finance Committee:

The Finance Committee was constituted vide a resolution passed by the Board on July 26, 2022. As on the date of this Prospectus, it comprises of:

Constitution of IT Strategy	Designation in the Committee	Designation
Bhupinder Singh	Member	Whole-time Director and Chief Executive Officer
Vivek Bansal	Member	Whole-time Director and Chief Financial Officer

The functions of the Finance Committee include:

a) To approve borrowing of monies (otherwise than by issue of debentures) by way of availing financial facilities from financial institution(s)/ bank(s) or other entities in the form of term loan(s), guarantee(s), line of credit or in any other forms ("**Facilities**"), within the overall limits approved by the Board/ shareholders, in connection with the Company's business requirement, and taking necessary actions connected therewith.

b) To appoint security trustee(s) and/or create charge/ mortgage in favour of the lenders of the Company.

c) To consider opening of bank accounts with various banks, apply and avail corporate internet banking, fax indemnity facility, email indemnity, online account statement viewing facility with respect to accounts maintained with various banks, and to revise signatories for operating various bank accounts of the Company as and when necessary.

d) To review and approve an assignment/ securitization transaction or a transaction relating to the transfer of financial assets or cash flows.

e) To review and approve arrangements and tie-ups with the banks for various banking facilities and/ or cash management services.

f) To consider and approve availing of bank guarantees from various banks.

g) To consider availing of corporate credit cards, including credit card facility in the name of employees/ officials of the Company and the terms of such facilities.

h) To approve investment of surplus funds of the Company, within the limits approved by the Board, in Mutual Funds, Fixed Deposits, Government Securities, securities of any company, body corporate etc., and redemption thereof.

i) To review and recommend the investment policy to the Board.

j) To review and approve the 'demand and call loan policy' and other related policies relating to finance and treasury (except the policies on asset liability management and rate of interest) of the Company.

k) To decide on matters relating to the finalization of the terms and conditions of non-convertible debentures (NCDs) to be issued on private placement basis and allotted from time to time, within the aggregate limit as approved by the Board; decide the opening and closing date for receiving application and date of allotment /deemed date of allotment; and apply with stock exchanges for listing of the NCDs.

l) To appoint the debenture trustee, legal advisors, depositories, custodians, registrar and transfer agent and other intermediaries, in accordance with the provisions of the applicable debt regulations and the related formalities.

m) To approve, authorize officials to sign and execute offer document(s), offer letter(s), information memorandum(s) as per the prescribed format, if any, including any declaration, confirmation, affirmation, indemnity and undertaking in respect of the NCDs to the potential investors, listing application(s), various agreements including but not limited to Deed of Hypothecation, Debenture Trust Deed, Debenture Trustee Agreement, Listing Agreement, undertakings, deeds, declarations, affidavits, certificates, documents, etc., and all other documents; and to do all such acts, deeds and things, and to comply with all formalities, as may be required in connection with and incidental to, the offering of NCDs on private placement basis including the post issue formalities and with power to settle any question, difficulties or doubts that may arise in regard to the issue or allotment of such NCDs as may be deemed fit.

n) To delegate authorities from time to time to the executives/ authorized representatives to implement the decisions of the Committee from time to time.

o) Any other role/ functions as may be specifically referred to the Committee by the Board.

OUR PROMOTERS

The Promoters of our Company are InCred Holdings Limited *(erstwhile known as KKR Capital Markets India Limited)* and Bhupinder Singh.

Details of our Promoters are set out below:

InCred Holdings Limited
(erstwhile known as KKR Capital Markets India Limited)
Registered office:
Unit No. 1203, 12th floor, B Wing,
The Capital, Plot No. C-70,
G Block, Bandra Kurla Complex
Mumbai City, Maharashtra 400051

Date of Incorporation: January 3, 2011
Place of Registration: RoC-Mumbai
Corporate Identification Number: U67190MH2011PLC211738
PAN: AAECK1977B



Bhupinder Singh
PAN: ANVPS2558R
Date of Birth: November 14, 1974
Age: 48 years
Address: West 5801/5901 World Villa The World Towers,
Senapati Bapat Marg,
VTC: Mumbai - 400013
Education qualifications: Bachelor of Engineering, Post Graduate Diploma in Management (PGDM) from IIM Ahmedabad.

As on date of this Prospectus, InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited) together with the nominees shareholders holds 46,02,26,538 Equity Shares equivalent to 100% of the Equity Share capital of our Company.

Profile of our Promoters

i. **InCred Holdings Limited** *(erstwhile known as KKR Capital Markets India Limited)*

InCred Holdings Limited *(erstwhile known as KKR Capital Markets India Limited)* ("**IHL**") was incorporated as a private limited company in Mumbai on January 3, 2011 in the name of KKR Capital Markets India Private Limited and upon approval of central government the company was converted to public limited and consequent to same its name was changed to KKR Capital Markets India Limited vide fresh certificate of registration dated July 08, 2022 by Registrar of Companies Mumbai, Maharashtra. Pursuant to Scheme company changed its name from KKR Capital Markets India Limited to InCred Holdings Limited. IHL registered office is at Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai City Maharashtra 400051. and is registered with the Securities and Exchange Board of India ("SEBI") as a 'merchant banker' under the SEBI (Merchant Bankers) Regulations, 1992 bearing registration number INM000011880. For further details see "*History and Main Objects- Composite Scheme of Amalgamation and Arrangement*" on page 128.

IHL is primarily engaged in the business of merchant banking. In addition to merchant banking activities, IHL also acts as an investment manager to certain alternative investment funds registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

IHL, also acts as the sponsor and manager of KKR India Debt Opportunities Fund II, a Category II Alternative Investment Fund bearing registration no. IN/AIF2/16-17/0219.

Other Ventures

Other than our Company and our Subsidiaries, other ventures of IHL include InCred Prime Finance Limited.

Board of Directors of InCred Holdings Limited *(erstwhile known as KKR Capital Markets India Limited)*

Sr. No.	Name of Director	DIN	Designation
1.	Bhupinder Singh	07342318	Whole-time Director & Chief Executive Officer
2.	Debashish Dutta Gupta	08950317	Independent Director
3.	Gaurav Trehan	03467781	Non-Executive Director
4.	Sekar Karnam	07400094	Independent Director
5.	Rupa Rajul Vora	01831916	Independent Director
6.	Sanjay Omprakash Nayar	00002615	Non-Executive Director
7.	Vivekanand Suryaprakash Periayapatnam	02363239	Non-Executive Director
8.	Vivek Bansal	07835456	Whole-time Director & Chief Financial Officer

Shareholding Pattern of InCred Holdings Limited *(erstwhile known as KKR Capital Markets India Limited)* as on date of this Prospectus

Sr. No.	Name of Shareholder	No. of Shares	Holding
1	B Singh Holdings Limited	10,95,05,412	18.41%
2	Bhupinder Singh	25,19,554	0.42%
3	KKR India Financial Investments Pte Ltd	20,05,83,134	33.72%
4	Others	28,22,57,248	47.45%
	Total	**59,48,65,348**	**100.00%**

ii. **Bhupinder Singh**

Bhupinder Singh, Whole-time Director & Chief Executive Officer is the Founder of the InCred Group. For details regarding Bhupinder Singh please see "*Our Management - Brief profile of the Directors of our Company*" on page 133.

Other Ventures of Bhupinder Singh:

1 InCred Holdings Limited
2 InCred Prime Finance Limited
3 B Singh Holdings Limited
4 InCred Global Wealth Limited
5 InCred Capital Financial Services Private Limited
6 InCred Wealth Private Limited
7 B Singh & Partners PTE
8 Zennia United Limited
9 InCred Asset Management Private Limited
10 InCred Alternative Investments Pvt Ltd
11 InCred Wealth and Investment Services private Limited
12 InCred Capital Wealth Portfolio Managers Private Limited
13 InCred Research Services Private Limited
14 InCred Global Wealth Pte Limited
15 InCred Global Wealth Limited
16 NAAB Investments Pte Ltd.
17 NAAB Securities Pte Ltd.
18 NAAB Capital Partners
19 Singh Family Private Trust

Other understanding and confirmations

Company confirms that:

i) the Permanent Account Number, Aadhar Number, Driving License Number, Passport and bank account number of Bhupinder Singh have been submitted to the Stock Exchanges at the time of the Draft Prospectus;

ii) Permanent Account Number and Bank account number of InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited) have been submitted to the Stock Exchanges at the time of the Draft Prospectus;

iii) Permanent Account Number of Directors have been submitted to the Stock Exchanges at the time of filing the Draft Prospectus

Our Promoters and the relatives of our Promoters as per the Companies Act, have not been identified as Wilful Defaulters. No violation of securities laws has been committed by our Promoters in the past or is currently pending against it except as disclosed in section titled "*Outstanding Litigations and other Confirmations*" on page 231.

None of our Promoters were promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations. None of our Promoters are promoter of another company which is debarred from accessing the securities market or dealing in securities under any order or directions passed for any reasons by SEBI.

Our Promoter, Bhupinder Singh has not been declared as fugitive economic offender.

Our Promoters have confirmed that neither it nor its directors, have been identified as Wilful Defaulters by the RBI or any other governmental authority is not a Promoter of any such company which has been identified as a Wilful Defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months. Further, no members of our Promoter Group have been identified as Wilful Defaulters.

Our Promoter and Promoter Group are not restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad and are not promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

No benefit or interest will accrue to our Promoters out of the objects of the Issue.

Common pursuits of our Promoters

Our Promoters are not engaged in businesses similar to ours.

Interest of Promoters in our Company

Except as stated under the chapter titled "*Related Party Transactions*" beginning on page 152, and to the extent of their shareholding in our Company, our Promoters does not have any other interest in our Company's business.

Further as on September 30, 2022, our Promoters have not guaranteed/secured any bank facilities sanctioned by our Company.

Our Promoters does not intend to subscribe to this Issue.

Our Promoters has no financial or other material interest in the Issue and no benefit / interest will accrue to our Promoters or Promoter Group out of the objects of the Issue.

Payment of benefit to our Promoters in last three fiscal years

Other than as disclosed under the *"Related Party Transactions"*, available at page 152, our Company has not made any payments of any benefits to the Promoters during the last three fiscals preceding the date of this Prospectus.

Interest of our Promoters in property, land and construction

Our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of filing of this Prospectus or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Promoter Group

Corporate Entities:

1 InCred Holdings Limited
2 KKR India Financial Investments Pte. Ltd.
3 InCred Global Wealth Limited
4 InCred Prime Finance Limited
5 B Singh Holdings Limited
6 InCred Capital Financial Services Private Limited
7 InCred Wealth Private Limited
8 B Singh & Partners PTE
9 Zennia United Limited
10 InCred Asset Management Private Limited
11 InCred Alternative Investments Pvt Ltd
12 InCred Wealth and Investment Services Private Limited
13 InCred Capital Wealth Portfolio Managers Private Limited
14 InCred Research Services Private Limited
15 InCred Global Wealth Pte Limited
16 InCred Global Wealth Limited
17 NAAB Investments Pte Ltd
18 NAAB Securities Pte Ltd.

Individuals:

19 Nisha Singh
20 Avatar Singh
21 Manmohan Kaur Maini
22 Virendra Singh
23 Meena Chhabra
24 Irmeet Kaur Maini
25 Anshveer Singh
26 Anika Singh
27 Govinder Singh Kohli
28 Surjit Kaur Kohli
29 Sarabjit Kohli
30 Dmanjit Khli

Details of Equity Shares allotted to our Promoters during the last three Fiscal Years

Except as disclosed under "*Capital Structure*" on page 51, our Promoters have not been allotted any Equity Shares of our Company during the last three Fiscal Years.

RELATED PARTY TRANSACTIONS

For details of the related party transactions for the half year ended September 30, 2022 and Fiscals 2022, 2021 and 2020 in accordance with the requirements under Ind AS 24 "Related Party Disclosures" notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see "*Financial Information*" on page 164.

REGULATIONS AND POLICIES

The regulations summarized below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions, Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Principal business criteria and NBFC classification

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its 'principal business' is to be treated as an NBFC. The term 'principal business' has not been defined in any statute; however, RBI has clarified through a press release (*Ref. No. 1998-99/1269*) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act, the SBR Framework, the Master Direction – Non-Banking Financial Company – Non-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Peer to Peer Lending Platform (Reserve Bank) Directions, 2017, Master Direction– Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016, Reserve Bank Commercial Paper Directions, 2017 and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and

- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard, unless they have received an Authorised Dealer Category II licence from the RBI.

The major regulations governing our Company are detailed below:

On October 22, 2021 RBI issued a Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ("**SBR Framework**"), whereby NBFCs have been categorised into following four layers based on their size, activity, and

perceived riskiness by the RBI:

i) NBFC- Base Layer ("**NBFC-BL**");
ii) NBFC- Middle Layer ("**NBFC-ML**");
iii) NBFC- Upper layer ("**NBFC-UL**"); and
iv) NBFC- Top Layer ("**NBFC-TL**")

The NBFC- BL comprise of (a) non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

The NBFC- ML consist of (a) all deposit taking NBFCs ("**NBFC-Ds**"), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹ 1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs)– (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

The NBFC-UL comprise of those NBFCs which are specifically identified by RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in appendix to SBR Framework. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

The NBFC-TL will ideally remain empty. This layer can get populated if RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFC-Upper Layer. Such NBFC shall move to the NBFC-Top Layer.

Pursuant the SBR Framework the criteria of asset size of non-deposit NBFCs for classification as non-systemically important for the purpose of regulatory structure of NBFCs have been increased from ₹ 50,000 lakh to ₹ 1,00,000 lakh ("**NBFC-ND**"). Therefore, non-deposit NBFCs with asset size of over ₹ 1,00,000 lakh will be considered as systemically Important by the RBI ("**NBFC-ND-SI**"). The SBR Framework came into effect from October 01, 2022 and provides that from October 01, 2022 references to NBFC-ND shall mean NBFC-BL and all references to NBFC-D and NBFC-ND-SI shall mean NBFC-ML or NBFC-UL, as the case may be. SBR Framework clarified that existing NBFC-ND-SIs having asset size of ₹ 50000 lakh and above but below ₹ 1,00,000 lakh (except those necessarily featuring in NBFC-Middle Layer) will be known as NBFC-BL.

As on date of filing of this Prospectus the Company falls under the category of NBFC-ML, as its assets size is above ₹ 1,00,000 lakh, as per the last audited balance sheet. SBR Framework provide that NBFC-ML shall be subject to regulations as currently applicable to NBFC-ND, except for the regulatory changes under SBR Framework applicable on NBFC-ML.

As of date of this Prospectus, the NBFC-ML are governed by updated Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 (as updated from time to time) applicable to all NBFC-ML ("**Master Directions**").

Rating of NBFCs

Pursuant to the Master Directions, all applicable NBFCs are required to furnish information about downgrading / upgrading of assigned rating of any financial product issued by them, within fifteen days of such a change in rating, to the regional office of the RBI under whose jurisdiction their registered office is functioning.

Prudential Norms

The Master Directions amongst other requirements prescribe guidelines on NBFC-ND-SI (NBFC-ML) regarding capital requirement, income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/ investment.

Provisioning Requirements

An NBFC-BL, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Master Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated January 17,

2011, introduced provisioning for standard assets by all NBFCs. NBFCs are required to make a general provision at 0.25 per cent of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 11, 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The extant Master Directions provide The general provisions on standard assets are not reckoned for arriving at Net NPAs. The general provisions towards standard assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier II Capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II Capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

In terms of Master Directions, NBFC-ML is required to maintain, a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. The Tier I capital in respect of applicable NBFCs (other than NBFC-MFI and IDF-NBFC), at any point of time, shall not be less than 10 per cent.

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15 per cent of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year.

Owned Funds, are defined as paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier - II Capital is defined to includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt; and (f) perpetual debt instrument issued by non-deposit taking non-banking financial company, which is in excess of what qualifies for Tier I Capital, to the extent that the aggregate does not exceed Tier -I capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed under the Master Directions and to the extent such discounted value does not exceed fifty percent of Tier I capital.

Asset Classification

The prudential regulations require that every applicable NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss assets

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC-ML is required to make a general provision for standard assets at 0.40 per cent.

Other stipulations on policies

NBFCs-BL are required to frame board approved policies *inter alia* including, (i) a policy for demand and call loan; (ii) liquidity risk management policy; (iii) code of conduct for direct sales agents /direct marketing agents/recovery agents; (iv) fair practice code policy; (v) customer grievance redressal policy; (vi) information technology policy/information

system policy; (viii) interest rate model policy; (ix) outsourcing policy; (x) private placement of NCDs policy; (xi) know you customer/ anti-money laundering policy.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provided that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹200 lakh. However, the net owned fund requirement has been incrementally revised by SBR Framework. SBR Framework stipulates the glided path to minimum net owned fund requirement of ₹ 500 lakh by March 31, 2025 and ₹ 1000 lakh by March 31, 2027 by the NBFCs with customer interface or public funds. For this purpose, the Master Directions have defined "net owned fund" to mean:

Net Owned Fund - means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs (unless specifically exempted by RBI) to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC (unless specifically exempted by RBI) shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

Information with respect to change of address, directors, auditors, etc. to RBI

An NBFC-ML is required to inform the RBI (Regional Office of the Department of Supervision of the Bank) of any change in the address, telephone no's, etc. of its registered office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event.

*Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("**RBI KYC Directions**")*

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India.

The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that

may arise from new or developing technologies and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further updated on January 9, 2020 with a view to leveraging the digital channels for customer identification process by regulated entities, whereby the RBI has decided to permit video based customer identification process as a consent based alternate method of establishing the customer's identity, for customer onboarding.

Accounting Standards & Accounting policies

NBFCs that are required to implement Indian Accounting Standards ("**Ind AS**") as per the Companies (Indian Accounting Standards) Rules, 2015 ("**Accounting Standard Rules**") shall prepare their financial statements in accordance with Ind AS notified by the Government of India and shall comply with the regulatory guidance specified in the Master Directions. Disclosure requirements for notes to accounts specified in the Master Directions shall continue to apply. Other NBFCs shall comply with the requirements of notified Accounting Standards (AS) insofar as they are not inconsistent with Master Directions. The Ministry of Corporate Affairs ("**MCA**"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The Accounting Standard Rules were subsequently amended by MCA press release dated March 30, 2016. The Accounting Standard Rules stipulates that NBFCs whose equity and/or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having a net worth of less than ₹50,000 lakh, shall comply with Ind AS for accounting periods beginning on or after the 1st April, 2019, with comparatives for the periods ending on 31stMarch, 2019, or thereafter. Accordingly, Ind AS is applicable to our Company with effect from April 1, 2023.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India vide notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, vide notification dated November 26, 2015 titled "Online Returns to be submitted by NBFCs-Revised" changed the periodicity of NDSI returns from monthly to quarterly.

Implementation of Green Initiative of the Government

All NBFCs are required take proactive steps for increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day to day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ML is required to submit to the Board of Directors of the Company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

The circular puts in place ownership-neutral regulations, ensuring independence of auditors, avoiding conflict of interest in auditor's appointments and to improve the quality and standards of audit in RBI Regulated Entities. These guidelines

shall streamline the procedure for appointment of Statutory Auditors across all the Regulated Entities and ensure that appointments are made in a timely, transparent and effective manner.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ML , the auditor shall make a separate report to the Board of Directors of the company on *inter alia* examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on 31st March of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the RBI in DNBS-10-Statutory Auditor Certificate (SAC) return, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by RBI, whether the company has furnished to RBI the annual statement of capital funds, risk assets/exposures and risk asset ratio within the stipulated period.

Risk-Based Internal Audit (RBIA)

An independent and effective internal audit function in a financial entity provides vital assurance to the board of directors and its senior management of NBFC regarding the quality and effectiveness of the entity's internal control, risk management and governance framework. The essential requirements for a robust internal audit function include, inter alia, sufficient authority, proper stature, independence, adequate resources and professional competence. RBI *vide* its circular dated February 03, 2021, mandated all non-deposit taking NBFCs (including Core Investment Companies) with asset size of ₹ 5,00000 lakh and above; and all UCBs having asset size of ₹ 50000 lakh and above to implement the RBIA framework by March 31, 2022.

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. NBFC-ML are required to file at various intervals on asset-liability management: (a) Statement of Short Ter– Dynamic Liquidity - DNBS-04 – Quarterly; (b) Statement of Structural Liquidity and Interest Rate Sensitivity- DNBS-4B – Monthly.

In addition to above NBFCs are required to submit Central Repository of Information on Large Credits ("CRILC") on a monthly basis as well as all Special Mention Accounts-2 ("SMA-2") status on a weekly basis to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All NBFCs shall have a board approved Information Technology policy/Information system policy. This policy may be designed considering the basic standards stipulated in the Master Directions.

Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.

RBI has issued Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("Fraud Directions, 2016"). As per Fraud Directions, 2016, NBFCs are required to put in place a reporting system for recording frauds to RBI and should fix staff accountability in respect of delays in reporting of fraud cases to the RBI. For this purpose, an official of the rank of general manager or equivalent should be nominated who will be responsible for submitting all the returns to the Bank and reporting referred to in these directions. If NBFCs do not adhere to the applicable time-frame for reporting fraud, they shall become liable for penal action. The Fraud Directions, 2016 classify frauds into the following categories:

i. Misappropriation and criminal breach of trust;
ii. Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property;
iii. Unauthorised credit facilities extended for reward or for illegal gratification;
iv. Negligence and cash shortages;
v. Cheating and forgery; vi.
vi. Irregularities in foreign exchange transactions; and
vii. Any other type of fraud.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued

directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Risk Management Directions"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

Financing of NBFCs by bank

The RBI has issued guidelines vide a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks' capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks' capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

Norms for excessive interest rates

In addition, the RBI has introduced vide a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account. Accordingly, the Company has also put in place Board approved Interest Rate Policy.

Supervisory Framework

In order to ensure adherence to the regulatory framework by NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return DNBS-10 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI , it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

Ombudsman scheme for customers of NBFCs

The RBI has on February 23, 2018 introduced the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the "**Scheme**"). The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the "**Ombudsmen**") for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the Scheme. The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an covered NBFC, which include *inter alia* failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the

borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the covered NBFC within a specified period or may be decided by an award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the covered NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the covered NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the covered NBFC. The covered NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of the award becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required by the RBI. On November 15, 2021 RBI issued circular on appointment of Internal Ombudsman for all deposit taking NBFC with 10 or more branches and for Non-deposit taking NBFCs with asset size of ₹ 500000 lakh and above and having public customer interface.

Asset Liability Management

Under the terms of Master Directions, NBFCs having an asset base of ₹10,000 lakh or more as per their last audited balance sheet are required to comply with the RBI Guidelines on liquidity Risk Management Framework ("LRM Framework"). The RBI has prescribed the Guidelines for asset liability management ("ALM") system in relation to NBFCs through LRM Framework. The LRM Framework provide that the applicable NBFCs should ensure sound and robust liquidity risk management system, the board of directors of the NBFC shall frame a liquidity risk management framework which ensures that it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The liquidity risk management policy should spell out the entity-level liquidity risk tolerance; funding strategies; prudential limits; system for

measuring, assessing and reporting/ reviewing liquidity; framework for stress testing; liquidity planning under alternative scenarios/formal contingent funding plan; nature and frequency of management reporting; periodical review of assumptions used in liquidity projection; etc. The NBFC shall appoint risk management committee ("**RMC**") consisting of chief executive officer ("**CEO**")/ managing director ("**MD**") and heads of various risk verticals, who shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk. Further, applicable NBFCs have to constitute asset liability management committee ("**ALCO**") consisting of the NBFC's top management shall be responsible for ensuring adherence to the risk tolerance/limits set by the board of directors as well as implementing the liquidity risk management strategy of the NBFC. The CEO/ MD or the Executive Director (ED) should head the Committee. The role of the ALCO with respect to liquidity risk should include, *inter alia*, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches. In addition to RMC and ALCO, applicable NBFCs shall constitute asset liability management support group ("**ALM Support Group**"). ALM Support Group consist of the operating staff responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO. The maturity profile should be used for measuring the future cash flows of NBFCs in different time buckets. Within each time bucket, there could be mismatches depending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches, viz., 1-30/ 31 days. The net cumulative negative mismatches in the statement of structural liquidity in the maturity buckets 1-7 days, 8-14 days, and 15-30 days shall not exceed 10 percent, 10 percent and 20 per cent of the cumulative cash outflows in the respective time buckets. NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all other time buckets upto 1 year by establishing internal prudential limits with the approval of the board of directors. NBFCs shall also adopt the above cumulative mismatch limits for their structural liquidity statement for consolidated operations. Other than liquidity risk the applicable NBFC has to currency risk and interest rate risk under the terms of LRM Framework.

Guidelines on Digital Lending

RBI on September 2, 2022 issued guidelines on Digital Lending in lines with recommendations of the Working Group Committee on Digital Lending vide RBI/2022-23/111DOR.CRE.REC.66/21.07.001/2022-23. The Reserve Bank of India (RBI) has issued guidelines to all lenders including banks and NBFCs to protect the data of borrowers using digital lending apps from being misused.

Foreign Investment Regulations

Foreign investment in Indian securities is regulated through the Consolidated Foreign Direct Investment ("FDI") Policy and Foreign Exchange Management Act, 1999 ("FEMA"). The government bodies responsible for granting foreign

investment approvals are the concerned ministries/ departments of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments. Subsequently, the DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "SOP"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the "Competent Authority") for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict FEMA prevails.

The Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified by RBI on October 17, 2019, regulate investment in India by a person resident outside India in listed NCDs.

The Consolidated FDI Policy consolidates the policy framework in place as on August 27, 2017. Further, on January 4, 2018 the RBI released the Master Direction on Foreign Investment in India. Under the approval route, prior approval from the relevant ministry and competent authorities, as per the procedure established under the Standard Operating Procedure for Processing FDI Proposals ("SOP") dated June 29, 2017 or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, 100 per cent FDI/ Non-Resident Indian ("NRI") investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "DRT Act") provides for establishment of the Debts Recovery Tribunals (the "DRTs") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy framework for the Prevention of Money Laundering Act, 2002 ("PMLA") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 10 lakh; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakh where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakh. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015, titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non - Performing Asset ("NPA"). Securitisation Companies and Reconstruction Companies ("SCs/RCs") are required to obtain, for the purpose of enforcement of security interest, the consent of secured creditors holding not less than 60 per cent of the amount outstanding to a borrower as against 75 per cent. While taking recourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issued by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting inter alia any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

Further, in accordance with Ministry of Finance notification no. S.O. 856(E) dated February 24, 2020, the eligibility limit for to enforcement of security interest with respect to secured debt recovery by NBFCs (having assets worth ₹ 10,000 lakh and above) has been reduced from ₹ 100 lakh to ₹ 50 lakh.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code) was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

RBI vide its circular dated June 7, 2019, laid down the Prudential Framework for Resolution of Stressed Assets whereby prescribing the regulatory approach for resolution of stressed assets interalia by: (i) early recognition and reporting of

default by banks, financial institutions and NBFCs in respect of large borrowers; (ii) Affording complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation; (iii) Laying down a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) Withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period; and (v) Requiring the mandatory signing of an inter-creditor agreement (ICA) by all lenders, which will provide for a majority decision making criteria. MCA vide notification dated November 15, 2019, issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 ("FSP Rules") interalia governing the corporate insolvency resolution process and liquidation process of Financial Service Providers (FSPs) under the Bankruptcy Code. The issuance of the FSP Rules has made viable and unified resolution process accessible for the FSPs and their creditors with some procedural differences.

Companies Act, 2013

The Companies Act, 2013 ("Companies Act") has been notified by the Government of India on August 30, 2013 (the "Notification"). Under the Notification, Section 1 of the Companies Act has come into effect and the remaining provisions of the Companies Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Companies Act deals with the commencement and application of the Companies Act and among others sets out the types of companies to which the Companies Act applies. Further the Ministry of Corporate Affairs has by their notifications dated September 12, 2013 and March 26, 2014 notified certain sections of the Companies Act, which have come into force from September 12, 2013 and April 1, 2014.

The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act. As mentioned above, certain provisions of the Companies Act, 2013 have already come into force and the rest shall follow in due course.

Under the Companies Act every company having net worth of ₹50,000 lakh or more, or turnover of ₹1,00,000 lakh or more or a net profit of ₹ 500 lakh or more during the immediately preceding financial year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter-alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. The Company is required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trademarks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

SECTION V – FINANCIAL STATEMENTS

FINANCIAL INFORMATION

Sr. No.	Particulars	Page Nos.
1.	Interim Consolidated Financial Statements as at and for the half year ended September 30, 2022	F 1
2.	Interim Standalone Financial Statements as at and for the half year ended September 30, 2022	F 73
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4.	Audited Consolidated Financial Statements of Pre-demerger InCred for Fiscal 2022	F 218
5.	Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2022	F 296
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9.	Audited Standalone Financial Statements of Pre-demerger InCred for Fiscal 2020	F 643

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of InCred Financial Services Limited

Opinion

We have audited the accompanying interim consolidated financial statements of InCred Financial Services Limited (formerly, KKR India Financial Services Limited) ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the interim consolidated Balance Sheet as at September 30, 2022, and the interim consolidated Statement of Profit and Loss, including other comprehensive income, interim consolidated Cash Flow Statement and the interim consolidated Statement of Changes in Equity for the half year then ended, and notes to the interim consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim consolidated financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

(a) in the case of the interim consolidated Balance Sheet, of the state of affairs of the Group as at September 30, 2022;

(b) in the case of the interim consolidated Statement of Profit and Loss including other comprehensive income, of the profit for the half year ended on that date;

(c) in the case of the interim consolidated Cash Flow Statement, of the cash flows for the half year ended on that date; and

(d) in the case of the interim consolidated Statement of Changes in Equity, of the changes in equity for the half year period ended on that date.

Basis for Opinion

We conducted our audit of the interim consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the interim consolidated financial statements.

Emphasis of Matter

We draw attention to Note No. 45A to the accompanying Interim Consolidated Financial Statements describing the demerger during the period. The Scheme of Arrangement (the "Scheme"), has been given effect to in the books of account from the Appointed Date in accordance with the Scheme instead of the acquisition date as per Ind AS 103 "Business Combinations (i.e the date when actual control is obtained). The accounting treatment for demerger is as per Ind AS 103.

We further draw attention to Note 1B(BB) to the accompanying Interim Consolidated Financial Statements, which indicates the decision of the management of Mvalu Technology Services Private Limited, a subsidiary ('Mvalu'), to cease their business activities and accordingly liquidate Mvalu. Accordingly, the financial statements of Mvalu as included in the accompanying Interim Consolidated Financial Statements have been prepared on the basis that Mvalu does not continue as a going concern and consequently, the assets are measured at expected realisable value and liabilities are measured at the expected settlement values as determined by the management of Mvalu.

Our opinion is not modified in respect of the above matters.

Management's Responsibility for the Interim Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group when reporting on consolidated financial statements.

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

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

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

- Identify and assess the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated financial statements, including the disclosures, and whether the interim consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the interim consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the interim consolidated financial statements of which we are the independent auditors. For the other entities included in the interim consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

Other matters

The accompanying interim consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 1 subsidiary, whose financial statements and other financial information reflect total assets of Rs 17.45 lakhs as at September 30, 2022 and total revenues of Nil and net cash inflows of Rs. 16.13 lakhs for the half year then ended. These unaudited financial statements and other unaudited financial information have been furnished to us by the management.

We have not audited the comparative financial information appearing in the accompanying Interim Consolidated Financial Statements for the corresponding half year ended September 30, 2021 which have been presented solely based on the information compiled by the Management and has been approved by the Board of Directors and not been subject to any audit.

Other matters - restriction of use

The accompanying Interim Consolidated Financial Statements have been prepared, and this report thereon issued solely in connection with the Company's preparation of the accompanying Interim Consolidated Financial Statements and is intended solely, for the information and use of the Board of Directors of the Company for inclusion in the Draft Prospectus to be filed with BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE") and the Securities and Exchange Board of India ("SEBI") (the "Draft Prospectus") or Prospectus to be filed with the Registrar of Companies, Mumbai ("RoC"), BSE, NSE and SEBI ("Prospectus") in connection with its proposed issue of Secured Redeemable Non-convertible debentures of Rs.1,000 each by the Company. Accordingly, this report should not be used, referred to or distributed for any other purpose.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sarvesh Warty
Partner
Membership No. 121411

UDIN: 22121411BFLKFJ2148
Mumbai
December 14, 2022

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Consolidated Financial Statements

Consolidated Balance Sheet as at September 30, 2022

(Rs. in lakhs)

Particulars	Note No	As at September 30, 2022	As at March 31, 2022
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	36,217.11	5,505.98
(b) Bank balance other than cash and cash equivalents	3	3,349.70	2,991.36
(c) Derivative financial instruments	4	1,583.29	1,181.05
(d) Receivables			
(I) Trade receivables	5	0.30	108.34
(e) Loans	6	4,72,959.89	3,73,226.42
(f) Investments	7	13,478.23	8,119.65
(g) Other financial assets	8	5,003.81	2,754.80
		5,32,592.33	**3,93,887.60**
(2) Non-financial assets			
(a) Current tax assets (net)		5,637.26	1,209.98
(b) Deferred tax assets (net)	9	53,399.53	2,038.67
(c) Property, plant and equipment	10	3,599.30	3,479.68
(d) Capital work-in-progress	11	39.76	293.95
(e) Goodwill	46	21,407.40	652.65
(f) Other intangible assets	12	351.85	433.27
(g) Other non-financial assets	13	2,400.84	1,468.75
		86,835.94	**9,576.95**
Total assets		**6,19,428.27**	**4,03,464.55**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial liabilities	4	967.65	186.87
(b) Debt securities	14	1,35,286.74	1,06,523.77
(c) Borrowings (other than debt securities)	15	2,28,928.63	1,75,065.49
(d) Other financial liabilities	16	12,586.53	7,378.31
		3,77,769.55	**2,89,154.44**
(2) Non-financial liabilities			
(a) Provisions	17	1,576.09	1,144.46
(b) Deferred tax liabilities (net)	9	332.30	728.89
(c) Other non-financial liabilities	18	631.09	918.06
		2,539.48	**2,791.41**
EQUITY			
(a) Equity share capital	19	46,022.65	46,022.65
(b) Other equity	20	1,93,096.59	65,496.05
(c) Non- Controlling Interest	20	-	-
		2,39,119.24	**1,11,518.70**
Total liabilities and equity		**6,19,428.27**	**4,03,464.55**

Significant accounting policies and key accounting estimates and judgements **1**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: December 14, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: December 14, 2022

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Consolidated Financial Statements

Consolidated Statement of Profit and Loss for the period ended September 30, 2022

(Rs. in lakhs)

Particulars	Note No	Period ended September 30, 2022	Period ended September 30, 2021
Revenue From operations			
(i) Interest income	21	37,550.48	21,813.20
(ii) Net gain on derecognition of financial instruments under amortised cost category		393.58	-
(iii) Fees and commission income	22	909.70	411.89
(iv) Net (loss)/gain on fair value changes	23	373.49	53.21
(I) Total revenue from operations		**39,227.25**	**22,278.30**
(II) Other income	24	585.19	1,105.92
(III) Total income (I + II)		**39,812.44**	**23,384.22**
Expenses			
(i) Finance costs	25	17,031.19	9,380.55
(ii) Impairment on financial instruments	26	(678.63)	3,034.73
(iii) Employee benefits expenses	27	8,664.45	6,770.06
(iv) Depreciation and amortisation	10 & 12	567.13	543.09
(v) Others expenses	28	3,626.85	3,003.27
(IV) Total expenses		**29,210.99**	**22,731.70**
(V) Profit before share of loss of Associates (III - IV)		**10,601.45**	**652.52**
(VI) Share of loss of associates		10.14	347.37
(VII) Profit before tax and exceptional item (V - VI)		**10,591.31**	**305.15**
(VIII) Exceptional item	29	4,065.48	-
(IX) Profit before tax (VII - VIII)		**6,525.83**	**305.15**
Tax Expense:			
(1) Current Tax		144.72	182.11
(2) Deferred Tax		1,705.59	(114.14)
(X) Total Tax Expense	30	**1,850.31**	**67.97**
(XI) Profit for the period (IX - X)		**4,675.52**	**237.18**
(XII) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement gain/(loss) of the defined benefit plans		(24.27)	(51.96)
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.18	13.08
Subtotal (A)		(18.09)	(38.88)
(B) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		(17.28)	(124.94)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		143.84	(59.80)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(31.88)	46.50
Subtotal (B)		94.68	(138.24)
Other comprehensive income (A + B)		**76.59**	**(177.12)**
(XIII) Total comprehensive income for the period (XI + XII)		**4,752.11**	**60.06**
Profit / (Loss) is attributable to:			
Owners of the Group		4,675.52	237.18
Non controlling interests		-	-
Other Comprehensive Income is attributable to:			
Owners of the Group		76.59	-177.12
Non controlling interests		-	-
Total Comprehensive Income is attributable to:			
Owners of the Group		4,752.11	60.06
Non controlling interests		-	-
(XIV) Earnings per equity share (Face Value : Rs. 10 per share) (Not Annualised)	31		
Basic (Rs.)		1.02	0.06
Diluted (Rs.)		1.02	0.06

Significant accounting policies and key accounting estimates and judgements **1**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: December 14, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: December 14, 2022

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Consolidated Financial Statements

Consolidated Cash Flow Statement for the period ended September 30, 2022

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Cash flow from operating activities		
Profit / (Loss) before tax	6,525.83	305.17
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	164.36	348.69
Loss on sale of property, plant and equipment	-	-
Net (gain) on fair value changes	(373.23)	(16.33)
Interest Income	(37,550.48)	(21,813.20)
Finance Cost	16,923.91	9,321.91
Impairment loss	(865.60)	3,037.06
Provision for employment benefits	47.20	30.26
Share based expense	1,552.42	1,380.33
Share in loss of associate	10.14	347.37
Operating cash flow before working capital changes	**(13,565.45)**	**(7,058.74)**
Working capital adjustments		
(Increase) / decrease in other trade receivables	108.44	4.10
(Increase) in Loans	(46,769.78)	(35,376.83)
(Increase) in other financial assets	(2,353.24)	(3,013.54)
(Increase) in other non financial assets	(179.83)	(144.86)
Increase in other financial liabilities	3,804.27	(115.13)
Increase in other non financial liabilities	(568.87)	589.25
Increase in provisions	(427.46)	51.96
Cash generated from operations	**(59,951.92)**	**(45,063.79)**
Interest received on loans	36,782.04	21,159.36
Interest paid on borrowings and debt	(16,825.05)	(9,220.15)
Income taxes paid (net)	(956.29)	(887.23)
Net cash (used in) operating activities	**(40,951.22)**	**(34,011.81)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(366.95)	(63.01)
Proceeds from sale of property, plant and equipment	(0.00)	(0.00)
Purchase of intangibles assets	(78.71)	(32.74)
Capital work in progress	254.19	(2.03)
Investment in associate	-	(999.87)
Movement due to change in Control	4,275.55	-
Purchase of investments	(12,300.36)	(42,898.03)
Proceeds from business combination	35,939.18	-
Proceeds from sale of investments	4,051.15	32,435.06
Investment in term deposits earmarked with banks	(1,080.60)	(44,719.26)
Proceeds from maturity of term deposits earmarked with banks	722.26	43,474.48
Net cash (used in) investing activities	**31,415.71**	**(12,805.40)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	-	579.34
Proceeds from borrowings (other than debt securities)	1,11,500.00	46,670.00
Proceeds from issue of debt securities	46,200.00	53,850.00
Redemption of borrowings (other than debt securities)	(1,00,016.33)	(32,139.19)
Redemption of debt securities	(17,437.03)	(12,722.20)
Net cash generated from financing activities	**40,246.64**	**56,237.95**
Net increase / (decrease) in cash and cash equivalents	**30,711.13**	**9,420.74**
Cash and cash equivalents at the beginning of the period	5,505.98	1,457.92
Cash and cash equivalents at the end of the period	**36,217.11**	**10,878.66**

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow

(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Cash on hand	-	-
Balances with banks		
- Current Accounts	25,113.16	8,858.55
Deposit with bank with maturity less than 3 months	11,103.95	2,020.11
Cash and cash equivalents (Refer note 2)	36,217.11	10,878.66

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: December 14, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: December 14, 2022

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Consolidated Financial Statements

Consolidated Statement of Changes in Equity for the period ended September 30, 2022

A. Equity share capital

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Balance as at the beginning of the period	46,022.65	46,022.65
Changes in equity share capital during the period	-	-
Balance as at the end of the period	46,022.65	46,022.65

B. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Merger Reserve	Total	Non Controlling interest
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings							
Balance at March 31, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**89.03**	**-**	**15.36**	**(616.81)**	**-**	**66,776.78**	**-**
Profit for the period	-	-	-	-	237.18	-	-	-	-	-	237.18	-
Other comprehensive income for the period	-	-	-	-	(38.88)	(93.49)	(44.75)	-	-	-	(177.12)	-
Total comprehensive income for the period (net of tax)					**198.30**	**(93.49)**	**(44.75)**	**-**	**-**	**-**	**60.06**	**-**
Transfer / utilisations												
Additions during the period (cash premium)	-	434.51	-	-	-	-	-	-	-	-	434.51	-
Share based payment expense	-	-	-	1,380.33		-	-	-	-	-	1,380.33	-
Balance at September 30, 2021	**656.72**	**62,164.46**	**62.28**	**3,131.66**	**3,287.22**	**(4.46)**	**(44.75)**	**15.36**	**(616.81)**	**-**	**68,651.68**	**-**
Balance at March 31, 2022	**1,379.07**	**62,498.29**	**66.10**	**4,170.90**	**5,130.93**	**(0.99)**	**77.63**	**15.36**	**(616.81)**	**(7,224.43)**	**65,496.05**	**-**
Profit for the period	-	-	-	-	4,675.49	-	-	-	-	-	4,675.49	-
Other comprehensive income for the period	-	-	-	-	(18.10)	(12.94)	107.63	-	-	-	76.59	-
Total comprehensive income for the period (net of tax)	**-**	**-**	**-**	**-**	**4,657.39**	**(12.94)**	**107.63**	**-**	**-**		**4,752.08**	
Transfer / utilisations												
Purchase consideration towards business combination (Refer Note 45A)	-	-	98,118.06	-	-	-	-	-	-	24,255.29	1,22,373.35	-
Share based payment expense	-	-	-	1,552.42	-	-	-	-	-	-	1,552.42	-
Transfer from share based payment reserve (Refer Note 36)	-	-	5,723.32	(5,723.32)	-	-	-	-	-	-	-	-
Transfer of business (Refer Note 45A)	-	-	-	-	(1,077.31)	-	-	-	-	-	(1,077.31)	-
Balance at September 30, 2022	**1,379.07**	**62,498.29**	**1,03,907.48**	**-**	**8,711.01**	**(13.93)**	**185.26**	**15.36**	**(616.81)**	**17,030.86**	**1,93,096.59**	**-**

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: December 14, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Place: Mumbai
Date: December 14, 2022

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

(1) Significant Accounting Policies and Other Explanatory Information

A. Corporate Information

InCred Financial Services Limited **(**formerly known as "KKR India Financial Services limited") (the 'Parent') was incorporated in India on 3 February 1995, under the provisions of the Companies Act, 1956. The Parent together with its subsidiaries (hereinafter collectively referred to as the 'Group') has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India.

The Parent has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 25th October 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The Parent qualifies to be a NBFC - Systematically Important Non-Deposit taking Company as per Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, as amended (the "Master Directions").

The registered office of the Group is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai – 400051.

The consolidated financial statements were authorized for issue by the Parent's Board of Directors on December 14, 2022.

B. Basis of preparation

(BA) These consolidated financial statements have been prepared in accordance with Ind AS 34 notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, various directions issued by the Reserve Bank of India from time to time. These standalone interim consolidated financial statements have been prepared for inclusion in the in the Draft Prospectus to be filed with BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE" and the Securities and Exchange Board of India ("SEBI") (the "Draft Prospectus") or Prospectus to be filed with the Registrar of Companies, Mumbai ("RoC"), BSE, NSE and SEBI ("Prospectus") in connection with proposed issue of Secured Redeemable Non-convertible debentures of Rs.1,000 each by the Company. The Company uses accrual basis of accounting except in case of significant uncertainties (Refer Note D15).

(BB) The financial statements of Mvalu Technology Services Private Limited, a subsidiary have been prepared on a liquidation basis pursuant to the Mvalu's management's decision to exit the cards business and consequently wound up its business. Accordingly, its assets are recorded at their expected realisable values and its liabilities are recorded at their expected settlement values. The actual realisation / settlement values could be different from the expected realisable / settlement values.

i. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees ('INR'), which is also the Group's functional currency. All the amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

ii. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for the following items:

a. Certain financial assets and liabilities that are measured at fair value
b. Net defined benefit asset / liability – plan assets are measured at fair value less present value of defined benefit obligation; and
c. Share-based payments - measured at fair value on initial recognition

iii. Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

Significant accounting estimates and judgements:

a. Business model assessment
b. Fair value of financial instruments
c. Effective interest rate (EIR)
d. Impairment of financial assets
e. Provision for tax expenses
f. Residual value, useful life and indicators of impairment and recoverable value of property, plant and equipment

iv. Basis of consolidation

a. Subsidiaries

Subsidiaries are all 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. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date the control ceases.

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

b. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

- **Equity method**

Under equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee and in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

c. Change in ownership interests

The Group considers transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate or equity account for an investment because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in the other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

d. Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the:

- Fair values of assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group and
- Fair value of any assets and liabilities resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at acquisition date. The Group recognizes any non-controlling interests in the acquired entity on acquisition-by-acquisition basis either at fair value or by non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of:

- Consideration transferred
- Any amount of non-controlling interest in the acquired entity and
- Acquisition date fair value of the previous entity interest in the acquired entity

Over the fair value of identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of identifiable assets , the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reason for carrying the business combination as a bargain purchase. In other cases, bargain purchase gain are recognized directly in equity as capital reserve.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss or other comprehensive income, as appropriate.

C. Presentation of financial statements

The consolidated financial statements of the Group are presented as per Division III of Schedule III, as amended, of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Consolidated Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and RBI regulations to the extent applicable.

The Group presents its Balance Sheet in the order of its liquidity.

The Group generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Group has an established control framework with respect to the measurement of fair values. The management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair values of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All financial instruments are at amortised cost, unless otherwise specified.

All the financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradable securities, the Group recognises the financial instruments on settlement date.

i. Financial assets

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets. The Group classifies its financial assets in the following measurement categories:

Financial assets measured at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment), unless the asset is designated at FVTPL:

i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii. the Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair value through other comprehensive Income ('FVOCI')

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

i. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii. the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair Value through Profit and Loss ('FVTPL')

A financial asset which is not classified in above category is subsequently measured at FVTPL. Where assets are measured at fair value, gains and losses are recognized entirely in the Consolidated Statement of Profit and Loss.

Subsequent measurement

The assets classified in the aforementioned categories are subsequently measured as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in consolidated statement of profit and loss .

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Consolidated Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Consolidated Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to consolidated statement of profit and loss .

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Consolidated Statement of Profit and Loss.

ii. Financial liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as on initial recognition.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit and loss.

The Group's financial liabilities include trade payables and other financial liabilities.

iii. **Derecognition**

Financial assets

The Group derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On derecognition of a financial assets in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The group on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction for sale of loans which doesn't affect the business model of the Group.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

iv. **Offsetting of financial instruments**

A financial asset and a financial liability is 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.

v. **Derivatives recorded at fair value through profit and loss**

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

- It is settled at a future date.

The Group enters into derivative transactions with various counterparties to hedge its foreign currency risks, interest rate risks and equity price risks, respectively. These include cross-currency swaps, forward foreign exchange contracts, futures and options on equities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

vi. **Embedded derivatives**

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

If the hybrid contract contains a host that is a financial asset / financial liability within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3. Share capital

Equity and preference shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

4. Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment if any in the consolidated financial statements.

5. Business Combination

Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

6. Impairment of financial assets

Overview of the Expected Credit Losses ('ECL') principles

- The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. 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 ECL 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. Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

  Stage 1
  All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances upto 30 days default under this category.

Stage 2
All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3
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. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

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.

The mechanics of ECL:
The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

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

Probability of Default - 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 33.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 33.

Loss Given Default - 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 lender 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 33.

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.

Write-offs

The Group writes off Retail secured and unsecured loans overdue for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

7. Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the period, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity

(cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

8. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

9. Share-based payment arrangements

a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Consolidated Consolidated Statement of Profit and Loss.

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

10. Lease Accounting

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The Group revises the lease term if there is a change in the non-cancellable period of a lease

At the date of commencement of the lease, the Group recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

11. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income ('OCI').

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends to realise the asset or settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

iii Temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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 as on the reporting date. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

12. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

(i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,

(ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Consolidated Statement of Profit and Loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Consolidated Statement of Profit and Loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is provided on straight line basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Consolidated Statement of Profit and Loss.

Depreciation on additions / (disposals) is provided on a pro-rata basis i.e., from / (upto) the date which the asset is ready for use / (disposed of).

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimated useful life as given above best represent the period over which management expects to use these assets.

13. Intangible assets

i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Consolidated Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Goodwill

Goodwill on acquisition of subsidiaries 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, an 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.

14. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The carrying values of assets at each balance sheet date are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Consolidated Statement of Profit and Loss for such excess amount.

In respect of assets (except goodwill) for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the

extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Revenue from operations

Recognition of interest and fee income or expense

Dividend income is recognised on the date on which the Group's right to receive the payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations.

Loan related charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

16. Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

17. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Contribution to provident fund and ESIC

Group's contribution paid/payable during the period to provident fund and ESIC is recognised in the Statement of profit and loss.

iii. Gratuity

The Group's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

iv. Compensated absence

The Group does not have a policy of encashment of unavailed leaves for its employees and are not permitted to carry forward the leaves. Hence there is no liability towards compensated absence.

18. Foreign currency

Transaction and balances

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each closing date, foreign currency monetary items are reported using the closing exchange rate.

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the Consolidated Statement of Profit and Loss.

19. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

20. Statement of Cash flows

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

21. Segment Reporting

The Group operates in a single reportable segment i.e., financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Group operates in a single geographical segment i.e. domestic.

22. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a 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.

The expenses relating to a provision is presented in the Consolidated Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

c. Contingent liabilities

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

d. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

23. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

24. Standards issued but not yet effective upto the date of issuance of the financial statements

Ministry of Corporate affairs have made changes on March 23, 2022, in the following Indian Accounting Standards (Ind AS) namely Ind AS 101, Ind AS 103, Ind AS 109, Ind AS 16, Ind AS 37 and Ind AS 41. The same are effective from April 01, 2022.

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Notes to the Consolidated Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Balances with banks	25,113.16	5,255.98
Fixed Deposit with banks with original maturity of less than 3 months	11,103.95	250.00
Total	**36,217.11**	**5,505.98**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Fixed deposit with bank original maturity of more than 3 months	375.00	-
Earmarked Fixed deposit with bank*	2,974.70	2,991.36
Total	**3,349.70**	**2,991.36**

** Earmarked for borrowings, bank guarantee.*

4. Derivative financial instruments at Fair Value

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps*		
Cash flow hedge (Notional amount : 5,110.00 , PY : 5,110)*	831.73	299.22
(ii) Equity Linked Derivatives*		
Options and futures (Notional amount : 5,718.98 , PY : 5,443.98) (Refer note 14)	751.56	881.83
Total	**1,583.29**	**1,181.05**
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount : 5,790.00 , PY : 4,620) (Refer Note 14)	967.65	186.87
Total	**967.65**	**186.87**

**Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging borrowings in foreign currency.*

5. Trade Receivables

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	Amortised cost	Amortised cost
Unsecured, considered good	0.30	108.74
Unsecured, considered doubtful	-	-
Allowance for impairment loss	-	(0.40)
Total	**0.30**	**108.34**

Refer Note 49 for ageing of the outstanding balance

6. Loans

(Rs. in lakhs)

Particulars	As at September 30, 2022			As at March 31, 2022
	Amortised cost	Fair Value Through profit or loss	Total	Amortised cost
At Amortised cost				
(A) (i) Term loans	4,81,588.30	5,165.22	4,86,753.52	3,82,323.85
(ii) Loans repayable on demand	-	-	-	-
Total - Gross	**4,81,588.30**	**5,165.22**	**4,86,753.52**	**3,82,323.85**
Less: Impairment loss allowance	(13,793.63)	-	(13,793.63)	(9,097.43)
Total - Net of impairment loss allowance (A)	**4,67,794.67**	**5,165.22**	**4,72,959.89**	**3,73,226.42**
(B) (i) Secured by tangible assets*	1,83,188.27	5,165.22	1,88,353.49	1,54,384.85
(ii) Covered by Bank and Government guarantees	4,157.36	-	4,157.36	4,778.52
(iii) Unsecured	2,94,242.67	-	2,94,242.67	2,23,160.48
Total - Gross	**4,81,588.30**	**5,165.22**	**4,86,753.52**	**3,82,323.85**
Less: Impairment loss allowance	(13,793.63)	-	(13,793.63)	(9,097.43)
Total - Net of impairment loss allowance (B)	**4,67,794.67**	**5,165.22**	**4,72,959.89**	**3,73,226.42**
(C) Loans in India				
(i) Public sectors	-	-	-	-
(ii) Others	4,81,588.30	5,165.22	4,86,753.52	3,82,323.85
Total - Gross	**4,81,588.30**	**5,165.22**	**4,86,753.52**	**3,82,323.85**
Less: Impairment loss allowance	(13,793.63)	-	(13,793.63)	(9,097.43)
Total - Net of impairment loss allowance (C)	**4,67,794.67**	**5,165.22**	**4,72,959.89**	**3,73,226.42**

* Secured by charge on immovable properties, vehicles, inventories and receivables.

7. Investments

(Rs. in lakhs)

Particulars	As at September 30, 2022					As at March 31, 2022				
	Amortised cost*	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income*	Others	Total	Amortised cost*	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others**	Total
Mutual funds	-	4,942.18	-	-	4,942.18	-	78.65		-	78.65
Debt securities	132.03	-	733.67	-	865.70	855.47	-	2,909.12	-	3,764.59
Alternative Investment Fund	-	7,661.83	-	-	7,661.83	-	-	-	-	-
Equity instruments										
- Associates (Refer Note 34 and Note 45B)	-	-	-	-	-	-	-	-	4,276.47	4,276.47
- Convertible preference shares	-	9.22	-	-	9.22	-	9.22	-	-	9.22
Total - Gross (A)	**132.03**	**12,613.23**	**733.67**	**-**	**13,478.93**	**855.47**	**87.87**	**2,909.12**	**4,276.47**	**8,128.93**
Investments in India	132.03	12,613.23	733.67	-	13,478.93	855.47	87.87	2,909.12	4,276.47	8,128.93
Total - Gross (B)	**132.03**	**12,613.23**	**733.67**	**-**	**13,478.93**	**855.47**	**87.87**	**2,909.12**	**4,276.47**	**8,128.93**
Less: Allowance for impairment loss **(C)**	(0.00)	-	(0.70)	-	(0.70)	(0.03)	-	(9.25)	-	(9.28)
Less: Write off of investment **(D)**	-	-	-	-	-	-	-	-	-	-
Total - Net (A + C + D)	**132.03**	**12,613.23**	**732.97**	**-**	**13,478.23**	**855.44**	**87.87**	**2,899.87**	**4,276.47**	**8,119.65**

** Investments at amortised cost & Fair value through other comprehensive are all classified as Stage I under credit risk*

8. Other financial assets

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	670.00	340.08
Retained interest on Loans derecognised	687.68	336.68
Receivables from related parties (Refer Note 34)	750.68	504.35
Receivable from sale of pledge assets	606.88	-
Balances with Partners/Anchors	982.66	746.31
Margin money deposit	-	150.00
Others	1,631.68	677.52
Less: Allowance for impairment loss	(325.77)	(0.14)
Total	**5,003.81**	**2,754.80**

9. Deferred tax

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the period ended September 30, 2022:

(Rs. in lakhs)

Particulars	As at April 1, 2022	Recognised in profit and loss	Merger Adjustment	Demerger Adjustment	Recognised in OCI	As at September 30, 2022
Deferred tax assets						
Provision for impairment loss on financial instruments	2,282.81	4,714.17	4,975.54	(57.16)	-	11,915.36
Provision for Bonus	-	(67.29)	183.90	-	-	116.61
Provision for retirement benefit plans	78.99	160.18	28.74	-	6.18	274.09
Disallowance of merger expenses	148.69	(194.36)	248.50	-	-	202.83
Lease liability	67.27	12.10	-	-	-	79.37
Fair value change on financial instruments	57.92	(3,411.08)	3,355.18	-	-	2.02
Unabsorbed business loss	-	(3,086.83)	44,629.37	(102.15)	-	41,440.39
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	98.51	(59.82)	-	-	-	38.69
Fair value change of investment valued at Fair value through OCI	(2.97)	68.09	-	-	(31.88)	33.24
Total (A)	**2,731.22**	**(1,864.84)**	**53,421.23**	**(159.31)**	**(25.70)**	**54,102.60**
Deferred tax liabilities						
Revaluation of investment valued at Fair value through OCI	-	-	-	-	-	-
EIR impact on financial instruments	(692.55)	94.80	(85.07)	-	-	(682.82)
Fair valuation of investments in associate	(728.89)	396.59	-	-	-	(332.30)
Others	-	(332.22)	311.97	-	-	(20.25)
Total (B)	**(1,421.44)**	**159.17**	**226.90**	**-**	**-**	**(1,035.37)**
Deferred tax assets (net) (A+B)	**1,309.78**	**(1,705.67)**	**53,648.13**	**(159.31)**	**(25.70)**	**53,067.23**

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the period ended September 30, 2021:

(Rs. in lakhs)

Particulars	As at April 1, 2021	Recognised in profit and loss	Merger Adjustment	Demerger Adjustment	Recognised in OCI	As at September 30, 2021
Deferred tax assets						
Provision for impairment loss on financial instruments	2,107.36	199.64			-	2,307.00
Revaluation of investment valued at Fair value through OCI	(29.96)	62.88			46.50	79.42
Provision for retirement benefit plans	39.89	20.69			13.08	73.66
Disallowance of merger expenses	119.56	(38.47)			-	81.09
Lease liability	54.18	75.51			-	129.69
Fair value change on financial instruments	-	12.44			-	12.44
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	71.45	3.96			-	75.41
Total (A)	**2,362.48**	**336.65**			**59.58**	**2,758.70**
Deferred tax liabilities						
EIR impact on financial instruments	(504.81)	(384.88)			-	(889.69)
Fair valuation of investments in associate	(832.26)	6.32			-	(825.94)
Others	(0.28)	-			-	(0.28)
Total (B)	**(1,337.35)**	**(378.56)**			**-**	**(1,715.91)**
Deferred tax assets (net) (A+B)	**1,025.13**	**(41.91)**			**59.58**	**1,042.79**

10. Property, plant and equipment

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets	Total
Period ended September 30, 2021								
At carrying cost at the beginning of the period	22.71	161.16	1,081.18	193.89	760.09	351.20	2,390.04	4,960.27
Additions during the period	-	4.14	9.87	7.19	199.05	-	321.04	541.30
Disposals	-	-	(7.51)	(1.61)	(36.02)	-	-	(45.14)
Gross carrying value as September 30, 2021	**22.71**	**165.30**	**1,083.55**	**199.47**	**923.12**	**351.20**	**2,711.08**	**5,456.43**
Accumulated depreciation as at the beginning of the period	1.16	14.74	165.22	47.15	505.36	135.40	650.30	1,519.33
Depreciation for the period	0.38	8.60	60.61	20.73	97.89	29.18	266.62	484.01
Disposals	-	-	(1.79)	(0.65)	(35.53)	-	-	(37.97)
Accumulated depreciation as at September 30, 2021	**1.54**	**23.33**	**224.04**	**67.23**	**567.72**	**164.58**	**916.91**	**1,965.36**
Net carrying value as at September 30, 2021	**21.17**	**141.96**	**859.51**	**132.24**	**355.40**	**186.62**	**1,794.16**	**3,491.07**
Net carrying value as at March 31, 2022	**21.17**	**125.70**	**733.24**	**108.90**	**431.84**	**208.00**	**1,850.83**	**3,479.68**
Period ended September 30, 2022								
At carrying cost at the beginning of the period	22.71	160.73	974.98	202.59	1,113.71	383.78	2,942.40	**5,800.90**
Additions during the period	-	106.16	313.47	89.84	111.70	-	19.53	**640.70**
Acquisition of subsidiary					19.60			**19.60**
Disposals	-	-	-	-	-	-	(385.41)	**(385.41)**
Gross carrying value as September 30, 2022	**22.71**	**266.89**	**1,288.45**	**292.43**	**1,245.01**	**383.78**	**2,576.52**	**6,075.79**
Accumulated depreciation as at the beginning of the period	1.54	35.03	241.74	93.69	681.87	175.78	1,091.57	**2,321.22**
Depreciation for the period	0.19	10.21	62.62	22.77	130.11	21.40	172.20	**419.50**
Acquisition of subsidiary					16.64	-	-	**16.64**
Disposals	-	-	-	-	-	-	(280.87)	**(280.87)**
Accumulated depreciation as at September 30, 2022	**1.73**	**45.24**	**304.36**	**116.46**	**828.62**	**197.18**	**982.90**	**2,476.49**
Net carrying value as at September 30, 2022	**20.98**	**221.65**	**984.09**	**175.99**	**416.39**	**186.60**	**1,593.62**	**3,599.30**

** Immovable properties have been pledged against debt securities issued. Refer Note 14*

11. Capital Work in progress

	As at September 30, 2022				As at March 31, 2022			
Capital work in progress (CWIP)	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**
Projects in progress	39.76	-	-	-	293.95	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
	39.76	**-**	**-**	**-**	**293.95**	**-**	**-**	**-**

12. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Period ended September 30, 2021	
At cost at the beginning of the period	1,279.03
Additions during the period	105.16
Gross carrying value as September 30, 2021 (A)	**1,384.18**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the period	731.60
Amortisation for the period	59.07
Accumulated amortisation as at September 30, 2021 (B)	**790.66**
Net carrying value as at September 30, 2021 (A-B)	**593.53**
Net carrying value as at March 31, 2022	**433.27**
Period ended September 30, 2022	
At cost at the beginning of the period	1,386.11
Additions during the period	66.21
Gross carrying value as September 30, 2022 (A)	**1,452.32**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the period	952.84
Amortisation for the period	147.63
Accumulated amortisation as at September 30, 2022 (B)	**1,100.47**
Net carrying value as at September 30, 2022 (A-B)	**351.85**

13. Other non-financial assets

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Prepaid expenses	296.21	298.63
Advances recoverable in kind (Unsecured, considerd good)	206.77	94.73
Advance to employee	0.03	-
Goods and Service Tax ('GST') receivable	1,897.83	1,075.39
Total	**2,400.84**	**1,468.75**

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Notes to the Consolidated Financial Statements

14. Debt Securities

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	Amortised cost	Amortised cost
Debentures	1,18,949.17	95,683.00
Commercial Paper	16,337.57	10,840.77
Total	**1,35,286.74**	**1,06,523.77**
Debts securities in India	1,35,286.74	1,06,523.77
Debt securities outside India	-	-
Total	**1,35,286.74**	**1,06,523.77**

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at September 30, 2022	As at March 31, 2022
1	500, 9.75% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each	1. Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a pari-passu charge with other debenture holders over the identified immovable property owned by the Company.	Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,092.98	5,313.88
2	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,221.72	10,689.83
3	350, 9.50% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 730 days from the date of allotment. Coupon to be paid quarterly.	30-Aug-24	3,497.46	-
4	250, 9.10% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each	Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	10-Feb-22	-	628.49
5	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable with agreed coupon at the end of 2191 days from the date of allotment, subject to a Put Option or Call Option at the end of 1096 days.	27-Jul-24	11,663.09	12,128.60
6	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each	Non- Convertible Debentures issued by the company are secured by way of a first ranking exclusive and continuing charge created over identified book debts/loan receivables (the "Hypothecated Assets") pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 366 days from the date of allotment.	17-Feb-23	5,482.13	5,203.54
7	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	17-Feb-24	4,361.84	4,146.15
8	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		50% will be redeemed on the date at the end of 365 days and remaining 50% at the end of 730 days from the date of allotment.	17-Feb-24	1,129.50	1,074.31
9	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non- Convertible Market- Linked Debentures issued by the company are secured by way of a first pari passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 911 days from the date of allotment.	14-Dec-21	6,738.96	6,406.88
10	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	18-Feb-22	1,741.82	1,657.03
11	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 545 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Mar-23	4,267.01	4,056.95
12	154, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	20-Oct-22	1,744.01	1,658.75
13	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1221 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Jan-23	1,339.95	1,400.88
14	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1011 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Oct-24	1,322.40	1,527.53
15	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 518 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Apr-23	2,243.14	2,132.32
16	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 761 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-Apr-24	2,254.35	2,139.44
17	320, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 942 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Dec-22	3,482.46	3,309.36
18	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	8,121.28	7,707.02
19	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 547 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	4,261.91	4,062.03
20	173, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1205 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	1,300.09	1,705.86
21	220, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 441 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	28-Jul-23	2,566.75	-
22	189, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 406 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	2,150.88	-
23	1010, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 663 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	10,901.83	-

24	117, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1229 days from the date of allotment if NIFTY final fixing level is greater than or equal to 50% of the initial fixing level or else at par	05-Dec-25	932.47	-
25	250, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 929 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	08-Apr-25	2,469.72	-
26	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	1. First ranking and exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interests created in connection therewith: 2. A first ranking and exclusive charge over the Cash Collateral; 3. A first ranking and exclusive charge over all right, title and interest of the Company in the SPV Trust, whether as residual beneficiary or in connection with the contribution undertaken to be made available by the Company to the SPV Trust in terms of the Assignment Documents.	Redeemable with agreed coupon at the end of 609 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	28-Jul-23	11,313.59	10,780.60
27	7,500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 640 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-May-23	8,347.83	7,953.55
28	Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 32 days to 275 days with an average discount rate of 8.35% (PY - 8.13%).	Oct'22 to 22nd June	16,337.57	10,840.77
	Total				**1,35,286.74**	**1,06,523.77**

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Notes to the Consolidated Financial Statements

15. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	1,68,317.12	1,42,452.01
(ii) from other parties	35,124.67	19,839.77
(b) Inter corporate borrowings from related parties		-
(c) Inter corporate borrowings from other parties	2,500.00	4,550.00
(d) Loans repayable on demand		-
(i) from banks	22,986.84	8,223.71
(ii) from other parties	-	-
Total	**2,28,928.63**	**1,75,065.49**
Borrowings in India	2,23,210.14	1,69,735.68
Borrowings outside India	5,718.49	5,329.82
Total	**2,28,928.63**	**1,75,065.49**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at September 30, 2022	As at March 31, 2022
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 11 to 60 months at an average rate of interest ("ROI") of 9.15% p.a.	1,68,317.14	1,42,452.01
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 39 months at an average ROI of 10.59% p.a.	29,406.17	14,509.95
b) Others- External commercial borrowings	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loan is repayable on maturity at the end of 60 months. Interest linked to LIBOR and payable half yearly.	5,718.49	5,329.82
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month to 3 months. Interest is payable on a monthly basis at an average ROI of 7.79% p.a.	2,500.00	4,550.00
Loans repayable on demand (WCDL and CC)	Working Capital Demand Loans ("WCDL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the	CC / WCDL facilities are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 8.70% p.a.	22,986.84	8,223.71
Total			**2,28,928.64**	**1,75,065.49**

Notes to the Consolidated Financial Statements

16. Other financial liabilities

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Lease liability (Refer Note 37)	1,899.98	2,141.57
Collaterals from customers	3,235.76	3,098.48
Payable on servicing portfolio	573.29	106.13
Provision for expenses	4,225.84	1,949.74
Security deposits	55.35	55.35
Employee expenses payable	1,777.43	5.36
Others	818.88	21.68
Total	**12,586.53**	**7,378.31**

17. Provisions

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Provision for employee benefits (Refer Note 35)	1,552.49	1,135.04
Expected credit loss provision on undrawn commitments	23.60	9.42
Total	**1,576.09**	**1,144.46**

18. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Statutory dues payable	631.09	918.06
Total	**631.09**	**918.06**

Notes to the Consolidated Financial Statements

19. Equity share capital (Rs. in lakhs)

Particulars	As at September 30, 2022		As at March 31, 2022	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	50,00,00,000	50,000.00	50,00,00,000	50,000.00
Total	**50,00,00,000**	**50,000.00**	**50,00,00,000**	**50,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Total	**46,02,26,538**	**46,022.65**	**46,02,26,538**	**46,022.65**

Terms/rights attached to equity shares

The Group has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Group, the holders of the 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.

Equity shares held by holding company
Out of the equity shares issued by the group, shares held by its holding company :

(Rs. in lakhs)

Name of shareholder	As at September 30, 2022		As at March 31, 2022	
	No. of shares held	Amount	No. of shares held	Amount
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Total	**46,02,26,538**	**46,022.65**	**46,02,26,538**	**46,022.65**

Equity shares held by promoters of the group
Out of the equity shares issued by the group, shares held by its promoters:

(Rs. in lakhs)

Name of shareholder	As at September 30, 2022		As at March 31, 2022	
	No. of shares held	% of shares held	No. of shares held	% of shares held
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	46,02,26,538	100.00%	46,02,26,538	100.00%
Total	**46,02,26,538**	**100.00%**	**46,02,26,538**	**100.00%**

Details of shareholder(s) holding more than 5% of the total equity shares in the Group :

Name of shareholder	As at September 30, 2022		As at March 31, 2022	
	No. of shares held	% Holding	No. of shares held	% Holding
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	46,02,26,538	100.00%	46,02,26,538	100.00%
Total	**46,02,26,538**	**100.00%**	**46,02,26,538**	**100.00%**

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding
During the current financial year the Group has issued Nil equity shares for consideration other than cash (Previous year: Nil).

Equity shares reconciliation

(Rs. in lakhs)

Particulars	As at September 30, 2022		As at March 31, 2022	
	Number	Amount	Number	Amount
At the beginning of the period	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Changes in share capital during the period	-	-	-	-
At the end of the period	**46,02,26,538**	**46,022.65**	**46,02,26,538**	**46,022.65**

Notes to the Consolidated Financial Statements

20. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Merger Reserve	Total	Non Controlling interest
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings							
Balance at March 31, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**89.03**	**-**	**15.36**	**(616.81)**	**-**	**66,776.78**	**-**
Profit for the period	-	-	-	-	237.18	-	-	-	-	-	237.18	-
Other comprehensive income for the period	-	-	-	-	(38.88)	(93.49)	(44.75)	-	-	-	(177.12)	-
Total comprehensive income for the period (net of tax)	**-**	**-**	**-**	**-**	**198.30**	**(93.49)**	**(44.75)**	**-**	**-**	**-**	**60.06**	**-**
Transfer / utilisations											-	
Additions during the period (cash premium)	-	434.51	-	-	-	-	-	-	-	-	434.51	-
Share based payment expense	-	-	-	1,380.33	-	-	-	-	-	-	**1,380.33**	-
Balance at September 30, 2021	**656.72**	**62,164.46**	**62.28**	**3,131.66**	**3,287.22**	**(4.46)**	**(44.75)**	**15.36**	**(616.81)**	**-**	**68,651.68**	**-**
Balance at March 31, 2022	**1,379.07**	**62,498.29**	**66.10**	**4,170.90**	**5,130.93**	**(0.99)**	**77.63**	**15.36**	**(616.81)**	**(7,224.43)**	**65,496.05**	**-**
Profit for the period	**-**	**-**	**-**	**-**	4,675.49	-	-	-	-	-	4,675.49	**-**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	(18.10)	(12.94)	107.63	**-**	**-**	**-**	76.59	**-**
Total comprehensive income for the period (net of tax)	**-**	**-**	**-**	**-**	**4,657.39**	**(12.94)**	**107.63**	**-**	**-**	**-**	**4,752.08**	**-**
Transfer / utilisations											-	
Purchase consideration towards business combination(Refer Note 45A)	-	-	98,118.06	-	-	-	-	-	-	24,255.29	**1,22,373.35**	-
Share based payment expense	-	-	-	1,552.42	-	-	-	-	-	-	**1,552.42**	-
Transfer from share based payment reserve (Refer Note 36)	-	-	5,723.32	(5,723.32)	-	-	-	-	-	-	-	-
Transfer of business (Refer Note 45A)	-	-	-	-	(1,077.31)	-	-	-	-	-	**(1,077.31)**	-
Balance at September 30, 2022	**1,379.07**	**62,498.29**	**1,03,907.48**	**-**	**8,711.01**	**(13.93)**	**185.26**	**15.36**	**(616.81)**	**17,030.86**	**1,93,096.59**	**-**

Description of nature and purpose of each reserve

Special reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934. Transfer for current year to such reserve shall be made based on annual financial statements for the year ended March 31, 2023.

Securities premium - The securities premium account is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Capital contribution from parent - The capital contribution from parent is the outcome of share issued by InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd) to shareholders of InCred Prime Limited (formerly known as "InCred Financial Services Limited")as a part of purchase consideration in lie of demerger of identified NBFC business. Refer Note No 45A

Share based payment reserve - The employee stock option outstanding reserve is used to recognise the grant date fair value of options issued to employees of the Group under stock option schemes of the Group.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Group and are available for distribution to shareholders.

Debt instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income.

Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Merger Reserve - As per Ind AS 103, on account of reverse acquisition, the share capital to be presented will be as per legal share capital of new IFSL. The merger reserve is created on account of difference in the share capital. **Refer Note 45A**

Cash Flow hedge reserve- This represents the cumulative gains / (losses) arising on the revaluation of derivative instruments designated at cash flow hedges through other comprehensive income.

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Notes to the Consolidated Financial Statements

21. Interest income

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
On financial assets measured at amortised cost:		
-Interest on loans	36,422.37	21,159.36
-Interest income from investments	30.68	151.52
-Interest on deposits with banks	595.43	59.66
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	142.33	442.66
On Financial Assets measured at fair value through profit or loss:		
-Interest on loans	359.67	-
Total	**37,550.48**	**21,813.20**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the period/year ended 30 September 2022 and 31 September 2021.

22. Fees and commission income

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Other fees and charges	909.70	383.89
Service fees (Refer Note 34)	-	28.00
Total	**909.70**	**411.89**
Geographical Markets		
Within India	909.70	411.89
Outside India	-	-
Total	**909.70**	**411.89**
Timing of revenue recognition		
Services transferred at a point in time	909.70	411.89
Services transferred over time	-	-
Total	**909.70**	**411.89**

Note: For receivable balances against the income, refere note no 8

23. Net (loss)/ gain on fair value changes

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	113.46	90.10
- Derivatives	-0.25	(36.88)
- Others	260.28	-
Total	**373.49**	**53.21**
Fair value changes:		
- Realised	79.13	90.10
- Unrealised	294.36	(36.88)

24. Other income

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Business Support Charges (Refer Note 34)	32.45	408.08
Marketing fees	395.00	561.00
Other income	157.74	136.84
Total	**585.19**	**1,105.92**

25. Finance costs

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	10,858.33	4,368.45
(ii) Discount on Commercial Paper	610.64	74.19
(iii) Interest on Debentures	5,270.15	4,640.90
(iv) Interest on Inter Corporate Debts ("ICD")	85.93	136.62
(v) Interest on lease liability (Refer Note 37)	98.85	101.76
(vi) Other finance cost	107.29	58.64
Total	**17,031.19**	**9,380.55**

26. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
On Financial instruments measured at amortised cost		
- Loans (including amount written off, net of recovery)	(870.80)	3,029.47
- Investments	(8.58)	6.24
- Others	200.75	(0.97)
Total	**(678.63)**	**3,034.73**

27. Employee benefits expenses

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Salaries and wages	6,603.48	5,115.22
Contribution to provident and other funds	174.22	130.01
Share based payment to employees (Refer Note 36)	1,552.42	1,381.86
Staff welfare expenses	287.13	112.72
Retirement Benefit expenses (Refer Note 35)	47.20	30.26
Others	-	-
Total	**8,664.45**	**6,770.06**

Notes to the Consolidated Financial Statements

28. Other expenses

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Information Technology expenses	884.23	616.87
Cost of collection	711.92	603.66
Legal, professional and consultancy charges	796.98	596.96
Office Expense	318.26	281.50
Operation Cost	33.13	161.99
Bureau charges	-	194.29
Travelling and conveyance	197.49	99.34
Advertisement, publicity and sales promotion expenses	190.82	69.25
Rating fees	104.08	103.01
Payment to auditors	71.12	60.41
Directors' sitting fees	19.73	23.00
Stamp Duty & Filing fees	28.72	19.17
Repairs and maintenance	8.97	10.95
Rent (Refer Note 37)	90.32	39.41
Bank charges	19.81	28.74
Corporate Social responsibility	-	12.67
Foreign exchange (gain)/loss	1.56	-
Miscellaneous expenses	149.71	82.04
Total	**3,626.85**	**3,003.27**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Auditor's remuneration		
- Audit fees	49.32	49.17
- Limited review	21.80	11.23
In other capacity		
- Certification services	-	-
- Taxation		-
Total	**71.12**	**60.41**

Notes to the Consolidated Financial Statements

29. Exceptional Items

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Fair value loss on re-measurement of retained interest of Mvalu	1,233.94	-
Impairment of goodwill recorded on acquisition of Mvalu	2,831.54	-
Total	**4,065.48**	-

30. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Current tax expense		
Current period	144.72	182.11
Current tax expense	**144.72**	**182.10**
Deferred tax expense		
Origination and reversal of temporary differences	1,705.59	(114.14)
Current tax expense	**1,705.59**	**(114.14)**
Tax expense for the period	**1,850.31**	**67.96**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Period ended Septemer 30, 2022			Period ended Septemer 30, 2021		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(24.27)	6.18	(18.09)	(26.29)	6.62	(19.67)
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	126.56	(31.88)	94.68	118.97	(29.95)	89.03
Total	**102.29**	**(25.70)**	**76.59**	**92.68**	**(23.33)**	**69.35**

(c) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Profit before tax as per Statement of profit and loss	6,525.83	305.15
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	1,642.55	76.81
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	175.35	4.17
Effect of income exempt from income tax	-	-
Tax pertaining to prior period	-	-
Other adjustments	32.41	(13.02)
Total income tax expense	**1,850.31**	**67.96**
Effective tax rate	**28.35%**	**22.27%**

Notes to the Consolidated Financial Statements

31. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the period attributable to equity holders by the weighted average number of equity shares outstanding during the period.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Profit attributable to equity holders of the Company used in calculating basic earnings per share	4,675.52	237.18
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	4,675.52	237.18

ii. Weighted average number of ordinary shares

Particulars	As at September 30, 2022	As at September 30, 2021*
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	46,02,26,538	38,63,60,789
Add: Adjustments for calculation of diluted earnings per share	-	36,34,024
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	46,02,26,538	38,99,94,813
Basic earnings per share (Not Annualised)	**1.02**	**0.06**
Diluted earnings per share (Not Annualised)	**1.02**	**0.06**

**As per Ind AS 103, these financial results issued under the name of new IFSL represent the continuation of the financial results of erstwhile IFSL (including comparatives) except for share capital which is currently presented as per legal share capital of new IFSL. Accordingly the assets, liabilities and reserves of erstwhile IFSL have been continued at their pre-business combination carrying values and measured the fair value of identified assets and liabilities of new IFSL acquired as per requirements of Ind AS 103. The earnings per share figures presented in respect of comparative periods are those of erstwhile IFSL and are accordingly not comparable with the current period figures.*

Notes to the Consolidated Financial Statements

32. Fair value measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at September 30, 2022			As at March 31, 2022		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	36,217.11	-	-	5,505.98
Bank balance other than cash and cash equivalents	-	-	3,349.70	-	-	2,991.36
Derivative financial instruments	751.56	831.73	-	1,181.05	-	-
Receivables						
(I) Trade receivables	-	-	0.30	-	-	108.34
(II) Other receivables	-	-	-	-	-	-
Loans	5,165.22	-	4,67,794.67	-	-	3,73,226.42
Investments						
- Mutual funds	4,942.18	-	-	78.65	-	-
- Debt securities	-	732.97	132.03	-	2,899.87	855.44
- Convertible preference shares	9.22	-	-	9.22	-	-
- Alternative Investment Fund	7,661.83	-	-	-	-	-
Other financial assets	-	-	5,003.81	-	-	2,754.80
Total financial assets	**18,530.01**	**1,564.70**	**5,12,497.62**	**1,268.92**	**2,899.87**	**3,85,442.34**
Financial liabilities						
Derivative finncial instruments	967.65	-	-	186.87	-	-
Debt securities	-	-	1,35,286.74	-	-	1,06,523.77
Borrowings (other than debt securities)	-	-	2,28,928.63	-	-	1,75,065.49
Other financial liabilities	-	-	12,586.53	-	-	7,378.31
Total financial liabilities	**967.65**	**-**	**3,76,801.90**	**186.87**	**-**	**2,88,967.57**

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below:

(Rs. in lakhs)

Particulars	Fair value							
	As at September 30, 2022				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.22	-	9.22	-	9.22	-	9.22
Investment in mutual funds	4,942.18	-	-	4,942.18	78.65	-	-	78.65
Alternative Investment Fund	7,661.83	-	-	7,661.83				
Loans	-	-	5,165.22	5,165.22				
Derivative financial instruments	-	-	751.56	751.56			1,181.05	1,181.05
Investment in debt securities	-	-	732.97	732.97	-	-	2,899.87	2,899.87
Total	**12,604.01**	**9.22**	**6,649.75**	**19,262.98**	**78.65**	**9.22**	**4,080.92**	**4,168.79**
Financial liabilities								
Derivative financial instruments	-	-	967.65	967.65	-	-	186.87	186.87
Total	**-**	**-**	**967.65**	**967.65**	**-**	**-**	**186.87**	**186.87**

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at September 30, 2022				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	36,217.11	-	-	36,217.11	5,505.98	-	-	5,505.98
Bank balance other than cash and cash equivalents	3,349.70	-	-	3,349.70	2,991.36	-	-	2,991.36
Receivables								
(I) Trade receivables	0.30	-	-	0.30	108.34	-	-	108.34
(ii) Other receivables	-	-	-	-	-	-	-	-
Investments								
-Debt securities	-	-	132.03	132.03	-	-	855.44	855.44
Loans	-	-	5,02,211.88	5,02,211.88	-	-	3,96,023.64	3,96,023.64
Other financial assets	5,003.81	-	-	5,003.81	2,754.80	-	-	2,754.80
Total	**44,570.92**	**-**	**5,02,343.91**	**5,46,914.83**	**11,360.48**	**-**	**3,96,879.08**	**4,08,239.56**
Financial Liabilities								
Debt securities	-	-	1,35,207.30	1,35,207.30	-	-	1,07,546.28	1,07,546.28
Borrowings (other than debt securities)	-	-	2,28,089.98	2,28,089.98	-	-	1,75,643.97	1,75,643.97
Other financial liabilities	12,586.53	-	-	12,586.53	7,378.31	-	-	7,378.31
Total	**12,586.53**	**-**	**3,63,297.28**	**3,75,883.81**	**7,378.31**	**-**	**2,83,190.25**	**2,90,568.56**

(Rs. in lakhs)

Particulars	As at September 30, 2022		As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	36,217.11	36,217.11	5,505.98	5,505.98
Bank balance other than cash and cash equivalents	3,349.70	3,349.70	2,991.36	2,991.36
Derivative financial instruments	1,583.29	1,583.29	1,181.05	1,181.05
Receivables				
(I) Trade receivables	0.30	0.30	108.34	108.34
(II) Other receivables	-	-	-	-
Loans	4,72,959.89	5,07,377.10	3,73,226.42	3,96,023.64
Investments				
- Mutual funds	4,942.18	4,942.18	78.65	78.65
- Alternative Investment Fund	7,661.83	7,661.83	-	-
- Debt securities at Other comprehensive income	732.97	732.97	2,899.87	2,899.87
- Debt securities at amortised cost	132.03	132.03	855.44	855.44
Convertible preference shares	9.22	9.22	9.22	9.22
Other financial assets	5,003.81	5,003.81	2,754.80	2,754.80
Total	**5,32,592.34**	**5,67,009.55**	**3,89,611.13**	**4,12,408.35**
Financial liabilities				
Derivative financial instruments	967.65	967.65	186.87	186.87
Debt securities	1,35,286.74	1,35,207.30	1,06,523.77	1,07,546.28
Borrowings (other than debt securities)	2,28,928.63	2,28,089.98	1,75,065.49	1,75,643.97
Other financial liabilities	12,586.53	12,586.53	7,378.31	7,378.31
Total	**3,77,769.55**	**3,76,851.46**	**2,89,154.44**	**2,90,755.43**

Except for those financial instruments for which the fair value amounts are mentioned in the above table (which is different than the carrying value), the Group considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Group's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

Notes to the Consolidated Financial Statements

Financial instruments held at amortised cost

i. Cash and bank balance:

The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:

For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:

The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:

The group has investments in debt securities with fixed rates. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

v. Debt securities and borrowings:

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at September 30, 2022 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:

The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

Financial instruments held at fair value

i. Investment in mutual fund:

The investment in mutual funds are valued using the closing NAV in the market.

ii. Investment in debt securities:

Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using market yield on the balance period to maturity on similar instruments using G-Sec rates adjusted for credit risk of the instruments.

Gains or losses on transfers amongst categories

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the period ended September 30, 2022 and March 31, 2022.

D. Sensitivity analysis of financial instruments at Level 3

		As at September 30, 2022		As at March 31, 2022	
		Delta effect of		Delta effect of	
Particulars	**Input name**	**+ 1% change**	**- 1% change**	**+ 1% change**	**- 1% change**
Financial Assets:					
Loans	Discount rate	(2,645.37)	2,698.72	(2,035.95)	2,077.02
Investment in debt securities	Gsec rate	(0.67)	0.68	(9.46)	9.58
Investment in debt securities	FIMMDA rate	(0.67)	0.68	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	669.89	(685.12)	25.11	(33.00)
Financial Liabilities:					
Debt securities	Discount rate	1,067.19	(1,091.02)	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	282.70	(291.85)	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	815.77	(539.24)	29.55	(29.42)

E. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the period ended September 30, 2022 and September 30, 2021

(Rs. in lakhs)

Particulars	**Derivative**	**Debt Instruments**
As at March 31, 2021	**-**	**6,652.06**
Net Acquisitions/(Disposal)	73.10	-2,407.35
Gains recognised in P&L	-	23.73
Gains recognised in other comprehensive income	(59.80)	-124.94
As at September 30, 2021	**13.30**	**4,143.50**
As at March 31, 2022	**299.22**	**2,909.12**
Net Acquisitions/(Disposal)	388.68	-516.89
Gains recognised in P&L	-	-0.15
Gains /(Loss) recognised in other comprehensive income	143.84	-17.17
As at September 30, 2022	**831.74**	**2,374.91**

33. Financial risk management

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk, market risk & liquidity risk. The Group's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.
The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations i.e. receivables from customers, investments in debt securities etc. Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

i) Credit risk management
The Group key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks . The Group considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:
- Income and cash flow analysis: The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- Credit history analysis: The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- Borrower's profile and intended use of the funds: The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- Security cover provided: The Group has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- Collectability and geo-location: . The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or concerns about any of these factors, an adverse adjustment to the risk-profile is made.

The Group has separate data science/analytics team which monitors the vintage curve, bounce rates, collection efficiency, portfolio metrics and delinquencies further periodic re-audit of existing cases to unearth delinquency trends and credit learnings.
Measurement of Expected Credit Losses ('ECL')
The Group has segmented its outstanding portfolio based on the risk profiles i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Group has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

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 ECL 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 /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. Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3. Considering the current macro economic scenario, due to Covid, the probability of defaults have been increased over and above the historical trends across product verticals.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90 + days	Stage 3	Life Time ECL	Life Time ECL

Further, the Group on the basis of its assessment of credit risk classifies loans under Stage 2 irrespective of its overdues status during the period, including loans under one-time resolution (OTR) framework prescribed by the Reserve Bank of India (RBI) for COVID-19 related stress. These accounts are upgraded to Stage 1 as and when they demonstrate satisfactory behaviour under the revised repayment schedule.

Portfolio Segment	Lending verticals	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Unsecured	Personal Loan	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs.		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in unsecured portfolios is assumed (65%)
	Unsecured Business Loan					
	Student Loans					
	Supply Chain Finance					
Secured	Escrow Backed Funding	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in secured portfolios is assumed (50%)
	Two Wheeler Finance					
	Secured School Finance	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Micro Finance					
	Loan Against Property					
	Home Loans					

As at September 30, 2022

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	4,50,555.62	4,686.46	4,45,869.16
	Loan commitments	31,833.00	23.60	31,809.40
Stage 2	Term Loans	24,511.80	2,789.96	21,721.84
Stage 3*	Term Loans	11,686.10	6,317.22	5,368.88

*Includes loans recognised at fair value through P&I amounting to Rs 5165.22 lakh

As at March 31, 2022

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	3,49,541.03	2,461.45	3,47,079.58
	Loan commitments	14,248.30	9.42	14,238.88
Stage 2	Term Loans	21,971.46	1,229.09	20,742.37
Stage 3	Term Loans	10,811.36	5,406.89	5,404.47

Collateral held

The Group periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Group varies on case to case basis and includes:

i) First/Subservient charge on the Land and/or Building of the project or other projects
ii) First/Subservient charge on the fixed and current assets of the borrower
iii) Hypothecation over receivables from funded project or other projects of the borrower
iv) First loss guarantee default (FLDG) in the form of cash collateral, lien on fixed deposits etc.

Notes to the Consolidated Financial Statements
(iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure
The below table signifies movement of gross carrying amount:

(Rs. in lakhs)

Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2021	**2,32,999.00**	**24,066.63**	**9,052.53**
Change in opening credit exposure	(1,24,612.06)	(7,159.92)	(2,629.64)
New credit exposures during the year, net of repayment*	2,50,658.03	2,454.79	493.14
Transferred to 12-month ECL	2,000.14	(1,971.06)	(29.08)
Transferred to Lifetime ECL not credit impaired	(7,580.59)	7,921.29	(340.70)
Transferred to Lifetime ECL credit impaired	(3,923.49)	(3,340.27)	7,263.75
Write – offs	-	-	(2,998.64)
Loan exposure on March 31, 2022	**3,49,541.03**	**21,971.46**	**10,811.36**
New credit exposures due business Combination	48,520.59	4,400.87	-
Transfer of credit exposure due demerger	(801.19)	(71.97)	(377.94)
Loan exposure on April 01, 2022	**3,97,260.43**	**26,300.36**	**10,433.42**
Change in opening credit exposure	(1,41,937.16)	(3,516.35)	(854.43)
New credit exposures during the year, net of repayment*	1,98,726.04	1,686.43	139.75
Transferred to 12-month ECL	2,092.44	(1,788.34)	(304.10)
Transferred to Lifetime ECL not credit impaired	(3,833.17)	4,255.59	(422.43)
Transferred to Lifetime ECL credit impaired	(1,752.96)	(2,425.89)	4,178.85
Write – offs	-	-	(1,484.96)
Loan exposure on September 30, 2022	**4,50,555.62**	**24,511.80**	**11,686.10**

**represents outstanding balance of loan exposures originated during the year as at reporting date.*

For Loan loss allowance:

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2021	**1,865.68**	**2,009.41**	**5,229.81**
Change in opening credit exposure	(1,342.22)	(640.79)	(54.68)
New credit exposures during the year, net of repayment*	1,973.46	178.72	249.06
Transferred to 12-month ECL	63.40	(265.29)	(15.65)
Transferred to Lifetime ECL not credit impaired	(49.40)	290.43	(171.57)
Transferred to Lifetime ECL credit impaired	(49.47)	(343.39)	3,168.56
Write – offs	-	-	(2,998.64)
Loss allowance on March 31, 2022	**2,461.46**	**1,229.09**	**5,406.89**
Transfer of credit exposure due demerger	(26.73)	(16.29)	(184.07)
Loss allowance on April 01, 2022	**2,434.73**	**1,212.80**	**5,222.82**
Change in opening credit exposure	458.85	1,131.20	597.51
New credit exposures during the year, net of repayment*	1,836.63	93.78	54.78
Transferred to 12-month ECL	27.12	(120.01)	(184.33)
Transferred to Lifetime ECL not credit impaired	(40.29)	734.49	(214.12)
Transferred to Lifetime ECL credit impaired	(30.57)	(262.30)	2,325.52
Write – offs	-	-	(1,484.96)
Loss allowance on September 30, 2022	**4,686.46**	**2,789.96**	**6,317.22**

**represents outstanding balance of loss allowance on loan exposures originated during the year as at reporting date.*

For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on March 31, 2021	**13.17**
Changes in loss allowances due to Assets used or released	(3.89)
Loss allowance on March 31, 2022	**9.28**
Changes in loss allowances due to Assets used or released	(9.98)
Loss allowance on September 30, 2022	**(0.70)**

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on 31 March 2021	**11.00**
Changes in loss allowances due to Assets used or released	(1.58)
Loss allowance on 31 March 2022	**9.42**
Changes in loss allowances due to Assets used or released	14.18
Loss allowance on 30 September 2022	**23.60**

Offsetting financial assets and financial liabilities
There are no financial assets and Financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

Impact of COVID-19
(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the current and previous year, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0. dated August 6, 2020 and Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at September 30, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.

(B) Pursuant to the RBI circular dated February 15, 2022, the Company has implemented necessary system in place w.e.f. October 01, 2022 to align its definition of default for loan assets with the guidelines stipulated in RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" (the "RBI circular").

Notes to the Consolidated Financial Statements

33. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Group has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Group has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:
The Group has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Expiring within one year	28,009.09	17,010.00
Expiring beyond one year	-	-
Total	**28,009.09**	**17,010.00**

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at September 30, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	4	967.65	(967.65)	-	(762.36)	(205.29)	-
Debt securities	14	1,35,286.74	(1,51,492.09)	(1,05,363.22)	(30,940.37)	(15,188.50)	-
Borrowings	15	2,28,928.63	(2,61,793.16)	(1,18,703.69)	(1,15,861.61)	(27,227.86)	-
Other financial liabilities	16	12,586.53	(12,586.53)	(7,603.02)	-	-	(4,983.51)
Loan and other commitments	38	32,014.81	(32,014.81)	(7,966.89)	(24,047.92)	-	-
Total		**4,09,784.36**	**(4,58,854.24)**	**(2,39,636.82)**	**(1,71,612.26)**	**(42,621.65)**	**(4,983.51)**

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	4	186.87	(186.87)	-	(186.87)	-	-
Debt securities	14	1,06,523.77	(1,23,335.86)	(48,013.55)	(60,046.05)	(2,517.01)	(12,759.25)
Borrowings	15	1,75,065.49	(2,13,959.44)	(92,103.90)	(88,864.92)	(32,990.62)	-
Other financial liabilities	16	8,198.31	(8,198.31)	(8,198.31)	-	-	-
Loan commitments	38	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)		-
Total		**3,04,222.74**	**(3,59,928.78)**	**(1,60,223.69)**	**(1,51,438.21)**	**(35,507.63)**	**(12,759.25)**

Notes to the Consolidated Financial Statements

33. Financial risk management (continued)

The following table details the Group's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at September 30, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	36,217.11	36,238.68	36,238.68	-	-	-
Bank deposits	3	3,349.70	3,453.13	3,294.83	158.30	-	-
Derivative financial instruments	4	1,583.29	1,583.29	718.80	864.49	-	-
Trade receivables	5	0.30	0.30	0.30	-	-	-
Loans	6	4,72,959.89	6,89,746.67	2,37,021.70	2,24,677.50	76,825.14	1,51,222.33
Investments (other than subsidiaries)	7	13,478.23	13,478.24	13,205.47	272.77	-	-
Other financial assets	8	5,003.81	5,003.81	4,163.81	-	-	840.00
Total		**5,32,592.33**	**7,49,504.12**	**2,94,643.59**	**2,25,973.06**	**76,825.14**	**1,52,062.33**

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	5,505.98	5,505.98	5,505.98	-	-	-
Bank deposits	3	2,991.36	2,991.36	2,991.36	-	-	-
Derivative financial instruments	4	1,181.05	1,181.05	-	1,181.05	-	-
Trade receivables	5	108.34	108.34	108.34	-	-	-
Loans	6	3,73,226.42	5,17,087.67	2,21,380.60	1,48,771.24	55,625.27	91,310.56
Investments	7	3,833.96	4,025.12	3,472.11	553.01	-	-
Other financial assets	8	2,754.80	2,754.80	1,456.58	-	-	1,298.22
Total		**3,89,601.91**	**5,33,654.32**	**2,34,914.97**	**1,50,505.30**	**55,625.27**	**92,608.78**

33. Financial risk management (continued)

C. Market risk

Market risk or Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely. The Group has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and loans. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at September 30, 2022	As at March 31, 2022
Loans		
Fixed rate loans	2,71,947.27	2,22,062.75
Variable rate loans	2,17,871.95	1,58,346.89
Bank balance other than cash and cash equivalents	3,349.70	2,991.36
Fixed rate investments in debt securities at	132.03	855.47
Fixed rate investments in debt securities at other comprehensive income	482.20	2,909.12
Total	**4,93,783.15**	**3,87,165.59**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,53,171.01)	(1,56,641.86)
Variable rate Debt and Borrowings	(2,04,580.81)	(1,21,500.62)
Total	**(3,57,751.82)**	**(2,78,142.48)**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Group's Profit before tax for the period/year ended/ Other Equity (pre-tax) as on September 30, 2022 and March 31, 2022 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
September 30, 2022				
Variable-rate instruments	132.91	(132.91)	132.91	(132.91)
Cash flow sensitivity (net)	**132.91**	**(132.91)**	**132.91**	**(132.91)**
March 31, 2022				
Variable-rate instruments	397.55	(397.55)	397.55	(397.55)
Cash flow sensitivity (net)	**397.55**	**(397.55)**	**397.55**	**(397.55)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Foreign Currency Risk

The Group is exposed to foreign currency fluctuation risk for its external currency borrowing (ECB). The Group's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Group hedges its entire ECB exposure for the full tenure of the ECB as per Board approved policy. The Group for its ECB, evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs. The Group manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved policy.

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Notes to the Consolidated Financial Statements

34. Related party disclosures

Key managerial personnel ("KMP")

Name of the KMP	Designation
Mr. Bhupinder Singh	Whole-time director and Chief Executive Officer
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary
Mr. Deepak Narang	Independent Director (upto June 11, 2021)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director
Mr. Karnam Sekar	Independent Director (w.e.f December 17, 2021)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director (upto December 15, 2021)
Mr. Girish Dinanath Nadkarni	Nominee Director (upto June 13, 2021)
Mr. Gaurav Trehan	Non - Executive Director
Mr. Sanjay Nayyar	Non - Executive Director
Mr. Vivek Anand PS	Non - Executive Director

Pursuant to the Scheme of Arrangment referred in Note 45A, the Board of Directors of the Company were re-constituted on July 26, 2022.

Enterprises where key management personnel exercises significant influence

1. InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
2. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
4. InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)
5. InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners Private Limited)
6. InCred Alternative Investments Private Limited

Fellow subsidiaries:

1. InCred Prime Finance Limited (Formerly known as InCred Financial Services Limited)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at September 30, 2022	As at March 31, 2022
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	0.00%	59.38%
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	India	100.00%	0.00%

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at September 30, 2022	As at March 31, 2022
Incred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%
Booth Fintech Private Limited	India	Mumbai	100.00%	100.00%
Incred.AI Limited	India	Mumbai	100.00%	100.00%

Associate of Booth Fintech Private Limited (upto May 17, 2022)

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at September 30, 2022	As at March 31, 2022
mValu Technology Services Private Limited	India	Mumbai	NA	47.39%

Subsidiary of Booth Fintech Private Limited (w.e.f. May 18, 2022)

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at September 30, 2022	As at March 31, 2022
mValu Technology Services Private Limited	India	Mumbai	75.82%	NA

Note: Information in respect of comparative period represent details in respect of related parties of erstwhile IFSL as required under Ind AS 103.

Transactions with key management personnel

i. Key management personnel compensation (Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Employee benefit expenses	481.12	362.10
Directors' sitting fees	19.73	23.00

As the liabilities for gratuity and share based payments are provided on actuarial basis for the Company as a whole and hence the amounts pertaining to the key management personnel are not included in the above.

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Notes to the Consolidated Financial Statements

34. Related party disclosures (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

(Rs. in lakhs)

Nature of transactions	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Fellow subsidiary		Associate of subsidiary	
	For the period ended September 30, 2022	For the period ended September 30, 2021	For the period ended September 30, 2022	For the period ended September 30, 2021	For the period ended September 30, 2022	For the period ended September 30, 2021	For the period ended September 30, 2022	For the period ended September 30, 2021	For the period ended September 30, 2022	For the period ended September 30, 2021
Balance Sheet transactions										
ICD taken	-	-	-	-	3,500.00	500.00	-	-	-	-
Repayment of ICD taken (including interest)	-	-	-	-	3,503.72	5,083.40	-	-	-	1,341.61
Issue of Market Linked Debentures ("MLD")	-	-	-	-	6,900.00	6,180.00	-	-	-	-
Reimbursement of credit loss	-	-	-	-	-	-	-	-	-	1.85
ICD given	1,500.00									
Income transactions										
License fees	-	-	-	-	-	-	-	-	-	28.00
Service fee	-	-	-	-		12.49	-	-	-	175.30
Interest on ICD	27.62	-	-	-	-	-	-	-	-	-
Business support charges	-	-	-	-	22.11	0.96	-	-	-	0.07
Expense transactions										
Interest on ICD	-	-	-	-	3.72	83.40	-	-	-	41.61
Fee and commission	-	-	-	-	156.00	448.73	-	-	-	-

Summary of balance receivable from / payable to the above related parties are as follows:

(Rs. in lakhs)

Balance outstanding	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP*		Fellow subsidiary		Associate of subsidiary	
	As at September 30, 2022	As at March 31, 2022	As at September 30, 2022	As at March 31, 2022	As at September 30, 2022	As at March 31, 2022	As at September 30, 2022	As at March 31, 2022	As at September 30, 2022	As at March 31, 2022
Advances/Receivables	-	-		-	-	489.18	-	-	-	15.17
ICD Receivable	1,527.62	-	-	-	-	-	-	-	-	-
Other Receivables	750.68									
Other Payables	-	-	-	-	-	-	515.95		-	-

Notes:

For terms and conditions of ICD payable to related parties, refer Note No 15

* Other than those mentioned, there are no debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

35. Employee benefits

1. The Group has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Provident fund	174.22	130.01

2. Gratuity

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	315.04	158.48
Interest cost	8.10	3.37
Current Service cost	44.95	26.89
Liability Transferred In/Acquisition		
Benefits paid	(24.74)	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Demographic Assumptions	-	(0.02)
Actuarial (Gains) / Loss on Obligations - Due to Change in Financial Assumptions	(17.36)	(1.23)
Actuarial (Gains) / Loss on Obligations - Due to Experience	41.63	53.20
Liability at the end of the year	**367.62**	**240.71**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Present value of benefit obligation at the end of the year	(367.62)	(240.71)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(367.62)	(240.71)
Net (Liability) Recognized in the Balance Sheet	**(367.62)**	**(240.71)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Current service cost*	44.95	26.89
Interest cost	8.10	3.37
Expenses recognised	**53.05**	**30.26**

**Includes payout of Rs. 5.29 lakhs pertaining to previous year*

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Actuarial (Gains) on obligation for the year	24.27	51.97
Net (Income) for the year recognized in OCI	**24.27**	**51.97**

The actuarial assumptions used to determine benefit obligations as at September 30, 2022 and September 30, 2021 are as follows:

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Discount Rate	7.21%	6.77%
Salary escalation rate	8.00%	5% for next 1 year and 7% thereafter
Expected Rate of return on Plan Assets	N.A	N.A.
Rate of Employee Turnover	35%	35%
Weighted Average Duration of Projected Benefit Obligation	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured lives mortality (2006-08)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Opening net liability	315.04	158.48
Expenses recognized in Statement of Profit and Loss	53.05	30.26
Expenses recognized in OCI	24.27	51.97
Net (Asset) Transfer In	(24.74)	-
Net liability recognized in the Balance Sheet	**367.62**	**240.71**

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Projected benefits payable in future years from the date of reporting		
1st following year	90.27	59.12
2nd following year	89.13	71.58
3rd following year	70.53	63.25
4th following year	54.07	48.49
5th following year	41.62	36.75
Sum of years 6 To 10	79.53	69.81
Sum of years 11 and above	13.81	12.11

Sensitivity analysis

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Projected benefit obligation on current assumptions	367.62	240.71
Delta effect of +1% change in rate of discounting	(7.75)	(6.58)
Delta effect of -1% change in rate of discounting	8.19	6.98
Delta effect of +1% change in rate of salary increase	8.07	5.78
Delta effect of -1% change in rate of salary increase	(7.83)	(5.63)
Delta effect of +1% change in rate of employee turnover	(2.79)	(4.13)
Delta effect of -1% change in rate of employee turnover	2.84	4.22

Qualitative disclosures

Gratuity is a defined benefit plan and group is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Group has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Notes to the Consolidated Financial Statements

36. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Board of Directors of InCred Holdings Limited (formerly, KKR Capital Markets Limited) (the "Holding Company") on August 26, 2022 adopted Employees Stock Incentive Plan under which share options shall be granted to eligible employees of the Holding Company and the Group from time to time ("New ESOP Scheme"). Such Scheme also covered employees of the Group which were transferred pursuant to the Scheme of Arrangement referred to in Note 45A holding Employee Stock Options under the ESOP Scheme of erstwhile IFSL ("Erstwhile ESOP Scheme"). The options granted to employees under the Erstwhile ESOP scheme continue to have similar terms and conditions in respect of vesting / exercise etc. under the New ESOP Scheme. As assessed by the Group, grant of options under the New ESOP Scheme to employees of erstwhile IFSL does not form part of consideration discharged as the Group is assessed to be accounting acquiree as per Ind AS 103. Consequently, the charge towards share-based payment in terms of Ind AS 102 has been recorded on a basis that such New ESOP Scheme is only a continuation of Erstwhile ESOP Scheme. Further, the balance outstanding in Employees Stock Option Reserve as at September 30, 2022 pertaining to erstwhile ESOP Scheme has been transferred to 'Capital contribution from parent' pursuant to such change.

The Group has established share option plans that entitle the employees of the Group and its subsidiary companies to purchase the shares of the Group. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.
The key terms and conditions related to the vesting of grants under these plans are continued employment with the Group from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using Black-Scholes Option pricing model. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the period/year are as follows:

The model inputs for options granted during

Particulars / Grant date	For the period ended September 30, 2022	For the year ended March 31, 2022
Fair value as on grant date (weighted average)	24.91 to 42.88	24.91 to 42.17
Share prices during the year , on grant dates	55.00 to 65.00	55.00 to 65.00
Exercise price	40.00	40.00
Expected volatility (weighted average volatility)	40%	40%
Rate of Employee Turnover	30%	35%
Expected life (expected weighted average life)	10 years	8.5 years
Risk- free interest rate (based on government bonds)	4.89% to 7.52%	4.89% to 6.85%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

** The Nomination and Remuneration Committee during the year has approved modification of exercise price in respect of options granted in the year ended March 31, 2021 from Rs. 40.00 per share to Rs. 28.00 per share. Accordingly the incremental fair value of the option ranging from Rs. 5.37 to Rs. 7.40 per option has been included in the measurement of amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest.*

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

Particulars	Average exercise price per option	Number of options	
		As at September 30, 2022	As at March 31, 2022
Opening balance	34.35	3,42,48,588	1,80,44,938
Add: Options granted during the period/year	40.00	26,14,500	1,88,51,500
Less: Options exercised during the period/year	38.64	(1,22,000)	(17,38,050)
Less: Options lapsed during the period/year	37.30	(37,29,450)	(9,09,800)
Options outstanding as at the period/year end	**37.44**	**3,30,11,638**	**3,42,48,588**
Option exercisable of the above		1,47,76,065	1,20,39,181

Weighted average remaining contractual life of options outstanding at end of the period: 2.01 years

II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the Holding Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the grants under these plans are continued employment with the company from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

a) Share options issued by Bee Finance Limited (Mauritius)

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the period ended September 30, 2022:
No fresh grants have been given during the period/year ended September 30, 2022 and March 31, 2022.

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

	As at September 30, 2022		As at March 31, 2022	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**-**	**-**	**47,728.27**	**241.00**
Add: Options granted during the period/year	-	-	-	-
Less: Options lapsed during the period/year	-	-	(47,728.27)	(241.00)
Options outstanding as at the period/year	**-**	**-**	**-**	**-**

C. Expenses arising from share-based payment transactions

Refer Note 27 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

37. Lease accounting

The Group has entered into leasing arrangements for premises. Right of Use Assets ("ROU") has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended September 30, 2022:

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Balance at the beginning of the year	**1,850.83**	**1,739.74**
Addition during the year	19.53	321.04
Disposals during the year	(104.54)	-
Depreciation for the year	(172.20)	(266.62)
Balance as at the end of the year	**1,593.62**	**1,794.16**

ii. The following is the movement in lease liabilities during the period ended September 30, 2022:

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Balance at the beginning of the year	**2,061.90**	**1,957.65**
Addition during the year	19.53	552.36
Finance cost accrued during the year	98.85	199.16
Payment of Lease liabilities made during the year	(280.30)	(567.60)
Balance as at the end of the year	**1,899.98**	**2,141.58**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of September 30, 2022 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Less than one year	207.59	369.50
Between one and five years	1,391.47	1,674.34
More than five years	300.92	97.73
Total	**1,899.98**	**2,141.57**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Depreciation expense on right-of-use assets (Refer Note 10)	172.20	266.62
Interest expense on lease liabilities (Refer Note 25)	98.85	199.16
Expense relating to short-term leases (Refer Note 28)	90.32	39.41
Expense relating to leases of low value assets	-	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Total cash outflow for leases	280.30	567.60

38. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Contingent liabilities		
Income tax demand disputed in appeal	1.95	-
Commitments		
Undrawn committed credit lines	31,833.00	14,248.30
Obligation on investments in partly paid up preference shares	181.81	181.81
Total	**32,016.76**	**14,430.11**

There are no litigations and proceedings against the Company which requires any provision or disclosure as contingent liability.

Notes to the Consolidated Financial Statements

39. Current and Non-Current Maturity

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

(Rs. in lakhs)

Particulars	As at September 30, 2022			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	36,217.11	-	36,217.11	5,505.98	-	5,505.98
Bank Balance other than cash and cash equivalents	3,199.70	150.00	3,349.70	2,991.36	-	2,991.36
Derivatives financial instruments	-	1,583.29	1,583.29	451.45	729.60	1,181.05
Receivables						
(I) Trade receivables	0.30	-	0.30	108.34	-	108.34
(II) Other receivables	-	-	-	-	-	-
Loans	1,98,624.14	2,74,335.75	4,72,959.89	1,74,340.33	1,98,886.09	3,73,226.42
Investments	13,196.24	281.99	13,478.23	3,277.00	4,842.65	8,119.65
Other Financial assets	4,163.81	840.00	5,003.81	1,456.58	1,298.22	2,754.80
Sub total	**2,55,401.30**	**2,77,191.03**	**5,32,592.33**	**1,88,131.04**	**2,05,756.56**	**3,93,887.60**
Non-financial assets						
Current Tax assets (Net)	-	5,637.26	5,637.26	-	1,209.98	1,209.98
Deferred Tax assets (Net)	-	53,399.53	53,399.53	-	2,038.67	2,038.67
Property, plant and equipment	-	3,599.30	3,599.30	-	3,479.68	3,479.68
Capital work-in-progress	-	39.76	39.76	-	293.95	293.95
Goodwill	-	21,407.40	21,407.40	-	652.65	652.65
Other intangible assets	-	351.85	351.85	-	433.27	433.27
Other non-financial assets	2,390.32	10.52	2,400.84	480.00	988.75	1,468.75
Sub total	**2,390.32**	**84,445.62**	**86,835.94**	**480.00**	**9,096.95**	**9,576.95**
Total assets	**2,57,791.62**	**3,61,636.65**	**6,19,428.27**	**1,88,611.04**	**2,14,853.51**	**4,03,464.55**
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	-	967.65	967.65	186.87	0.00	186.87
Debt securities	86,650.60	48,636.14	1,35,286.74	40,463.06	66,060.71	1,06,523.77
Borrowings (Other than Debt Securities)	97,882.92	1,31,045.71	2,28,928.63	69,333.95	1,05,731.54	1,75,065.49
Other Financial liabilities	7,603.03	4,983.50	12,586.53	2,314.51	5,063.80	7,378.31
Sub total	**1,92,136.55**	**1,85,633.00**	**3,77,769.55**	**1,12,298.39**	**1,76,856.05**	**2,89,154.44**
Non-Financial liabilities						
Provisions	1,276.26	299.83	1,576.09	879.12	265.34	1,144.46
Deferred tax liabilities (Net)	-	332.30	332.30	-	728.89	728.89
Other non-financial liabilities	631.09	-	631.09	918.06	-	918.06
Sub total	**1,907.35**	**632.13**	**2,539.48**	**1,797.18**	**994.23**	**2,791.41**
Total liabilities	**1,94,043.90**	**1,86,265.13**	**3,80,309.03**	**1,14,095.57**	**1,77,850.28**	**2,91,945.85**

40. Foreign Currency Transactions

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Expenditure in foreign currency		
Legal, professional and consultancy charges	118.33	76.96
Information Technology expenses	61.94	8.97
Miscellaneous expenses	7.96	-
Interest on External Commercial Borrowings	140.08	67.64
Total	**328.31**	**153.57**

41. Micro, Small and Medium Enterprises Development

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, as at 30 September 2022, no dues were outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act till 30 September 2022.

42. Capital Management

The Parent maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Capital Management

The primary objectives of the Parent's capital management policy are to ensure that the Parent 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.

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Common Equity Tier 1 (CET1) capital	1,65,025.25	1,08,442.86
Other Tier 2 capital	4,688.88	2,461.45
Total capital	**1,69,714.13**	**1,10,904.31**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS–based results and reserves. The other component of regulatory capital is other Tier 2 Capital, which also includes hybrid debt instruments.

43. During the current period, the Parent company has reported frauds to RBI aggregating to Rs. 21 lakhs (previous year: Rs. Nil lakhs)

44. Ratio Analysis and its elements

Below ratios are based on the financial statements of the Parent Company

Ratio	As at September 30, 2022	As at March 31, 2022	% change
CRAR (%)	32.78%	28.05%	16.85%
CRAR - Tier I Capital (%)	31.87%	27.43%	16.19%
CRAR - Tier II Capital (%)	0.91%	0.62%	46.06%
Liquidity Coverage Ratio	515.15%	Not Applicable	Not Applicable

CRAR : (Tier I Capital + Tier II Capital) / Total Risk Weighted Assets
CRAR - Tier I Capital : Tier I Capital / Total Risk Weighted Assets
CRAR - Tier II Capital : Tier II Capital / Total Risk Weighted Assets
Liquidity Coverage Ratio : Computed basis RBI Master Direction

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Notes to the Consolidated Financial Statements

45. Business Combination

A. Composite Scheme of Arrangement

The Board of Directors of the Company at their meeting held on September 3, 2021, had approved the Composite Scheme of Arrangement (the 'Scheme') with KKR Capital Markets India Private Limited, Bee Finance Limited, InCred Prime Finance Limited (formerly known as "InCred Financial Services Limited and the Company) and the same was filed with various regulatory authorities and National Company Law Tribunal.

The NCLT passed the final order dated May 6, 2022 . The Scheme was made effective by the Board of Directors of the Company, InCred Prime Finance Limited and KKR Capital Markets Limited at their meetings held on July 26, 2022 and the relevant filing were done with the Registrar of Companies, Mumbai on July 26, 2022.

The Appointed date of the Scheme is April 1, 2022, and accordingly the books of account and financial results effecting the Scheme have been prepared with effect from April 1, 2022.

Under the Scheme, the identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ('erstwhile IFSL') shall be demerged with InCred Financial Services Limited (formerly, KKR India Financial Services Limited) ('new IFSL'). As per the terms of the Scheme, the Board of Directors of erstwhile InCred Financial Services Limited have been appointed as the directors of the new IFSL constituting majority. Further, with the discharge of purchase consideration for demerger, the shareholders of erstwhile IFSL will hold majority shareholding of the new IFSL.

Accordingly, the business combination has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and erstwhile IFSL has been identified as the accounting acquirer and new IFSL being the accounting acquiree.

As per Ind AS 103, these financial results issued under the name of new IFSL represent the continuation of the financial results of erstwhile IFSL (including comparatives) except for share capital which is currently presented as per legal share capital of new IFSL. Accordingly the assets, liabilities and reserves of erstwhile IFSL have been continued at their pre-business combination carrying values and measured the fair value of identified assets and liabilities of new IFSL acquired as per requirements of Ind AS 103.

The accounting impact of the aforesaid Scheme in the books of new IFSL has been summarily presented as follows:

Particulars	INR in lakhs	INR in lakhs
(A) Deemed Purchase consideration (Equity instruments to be issued on reverse merger as per Ind AS 103)		1,22,373.35
(B) Assets and liabilities (Net Assets) recorded at fair value pursuant to reverse merger		
(i) Assets taken over at fair value:		
Cash and cash equivalents	36,802.10	
Loans	52,921.51	
Other financial assets	105.87	
Current Tax Assets	3,622.84	
Deferred tax assets	53,648.13	
Other non-financial assets	650.89	
(ii) Liabilities taken over at fair value:		
Trade Payables	1,675.99	
Borrowings (Other than Debt Securities)	43,379.48	
Other financial liabilities	760.66	
Current tax liabilities (Net)	6.46	
Provisions	68.15	
Other non-financial liabilities	242.00	
Net Assets Recognised Pursuant to the Scheme (i-ii)		1,01,618.60
Goodwill (A-B)		20,754.75

As per the terms of the Scheme, the shareholders of erstwhile IFSL have received compulsorily convertible preference shares ("CCPS") of M/s. InCred Holdings Limited (formerly known as "KKR Capital Markets Limited"), being the Holding Company, as a consideration for demerger of identified NBFC business. These CCPS have been converted into equity shares on November 2, 2022 as per the terms of the Scheme. The same is shown as capital contribution from parent.

As per Ind AS 103, the difference between legal capital of ersthwile IFSL (includig purhase consideration determined above as per Ind AS 103) and new IFSL along with capital contribution from parent has been recorded as 'Merger Reserve'.

Further as per the Scheme, the remaining NBFC business (i.e after excluding identified NBFC business demerged under the Scheme) shall continue to be carried out by erstwhile IFSL. Accordingly, the net assets of Rs. 1,077.31 lakhs pertaining to the remaining NBFC business will continue to remain in the erstwhile IFSL. The details are as follows:

Particulars	INR in lakhs	INR in lakhs
(i) Assets		
Loans	1,024.02	
Other financial assets	922.53	
Property, plant and equipment	1.25	
Deferred tax assets	159.31	
Other non-financial assets	4.64	
(ii) Liabilities		
Borrowings (Other than Debt Securities)	1,000.00	
Other financial liabilities	30.00	
Provisions	1.11	
Other non-financial liabilities	3.33	
Net Assets transferred (i-ii)		1,077.31

45. Business Combination(Continued)
B. Acquisition of Subsidiary

On May 18, 2022, the Holding Company acquired incremental stake in its associate mValu Technology Services Private Ltd. (mValu) for Rs.1,819.80 lakhs from existing shareholders, thus acquiring control by holding 75.82% interest in mValu post such acquisition.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in mValu, the Group has elected to recognise the non-controlling interests at fair value.

The acquired business contributed revenues of Rs. 25.74 lakhs and net profit of Rs. 310.86 lakhs to the Group for the period from 18 May 2022 to 30 September 2022.If the acquisition had occurred on 1 April 2022, consolidated pro-forma revenue and profit for the period ended September 30, 2022 would have been Rs. 29.75 lakhs and Rs. 332.25 lakhs respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

Details of acquisition as follows:

Particulars	INR in lakhs	INR in lakhs
(A) Purchase consideration		4,852.40
Proceeds paid for incremental stake	1,819.80	
Fair value of existing interest in mValu (Net of charge of Rs 1,233.94 on remeasurement as per Ind AS)	3,032.60	
(B) Assets and Liabilities as at May 18, 2022		
(i) Assets:		
Property, plant and equipment	2.30	
Trade receivables	1.43	
Cash and cash equivalents	186.27	
Other bank balances	1,112.58	
Investments	261.90	
Other financial assets	204.80	
Other non-financial assets	280.59	
(ii) Liabilities:		
Provisions	1.83	
Trade payable	24.50	
Other financial liabilities	2.37	
Other non-financial liabilities	0.31	
Net Assets Recognised Pursuant to the Scheme (i-ii)		2,020.86
Goodwill (A-B)		2,831.54

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Notes to the Consolidated Financial Statements

46. Goodwill

The carrying amount of goodwill acquired in business combination as follows:

Particulars	As at September 30 2022	As at March 31 2022
Balance at the beginning of the period	**652.65**	**-**
Goodwill arising on account of business combination (Refer Note 45A & 45B)	23,586.29	652.65
Goodwill impaired during the period	-2,831.54	-
Balance at the end of Period	**21,407.40**	**652.65**

Above Goodwill represents the residual consideration attributable to unidentified intangible assets acquired by the acquirer as result of business combination.

Notes to the Consolidated Financial Statements

47 .Other Statutory Information

During the current year and previous year:

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

(ii) The Group does not have any transactions with companies struck off.

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

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency.

(v) The quarterly statement of current assets submitted to banks / financial institutions which are provided as security against the borrowings are in agreement with the books of accounts.

Funding Transactions:

(vi) (a) On 20 September 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 999.87 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Group). Subsequently, BFPL subscribed to 17,240 equity shares of mValu Technology Services Private Limited (an Associate Group of BFPL) on 20 September 2021 at a price of Rs. 5,797 (including premium of Rs. 5,787) per share aggregating to Rs. 999.40 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vi) (b) On 18 May 2022, the Board of Directors of the InCred Financial Services Limited ("IFSL"), the Holding Company, had approved investment in equity for an aggregate amount of upto Rs. 1819.99 lakhs in the Company. Subsequently, the Company purchased 45,000 equity shares of mValu Technology Services Private Limited (its Associate Company) from external parties on 18 May 2022 at a price of Rs. 4,044 per share aggregating to Rs. 1819.99 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vi)(c) Except as disclosed above, the Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) (a) On 28 April 2021, the InCred Management and Technology Services Private Limited ("IMTSPL") and Booth Fintech Private Limited ("BFPL") (wholly owned subsidiaries of the Group) had borrowed Inter Corporate Deposit from InCred Capital Financial Services Pvt Ltd ("ICFSPL"), of Rs. 2000 lakhs. The amount was used to further invest as Inter Corporate Deposit to InCred Financial Services Limited ("IFSL"), the Parent. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vii)(b) Except as disclosed above, the Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

(ix) There are no scheme of arrangements which have been filed by the Group under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act. For details of Scheme of arrangement filed by the Group with NCLT refer Note no 45A.

(x) The Group, being a Non-Banking Financial Group ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of sec 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.

(xi) The Group has not been declared as wilful defaulter by any bank or financial institution or any other lender.

(xii) The Group has not revalued any property plant and equipment and intangible assets.

Notes to the Consolidated Financial Statements

48. Additional Information to the consolidated Financial Statements

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for period ended September 30, 2022:

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	2,36,936.71	99.09%	6,469.08	138.36%	76.59	100.00%	6,545.66	137.74%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,567.97)	-0.66%	(263.18)	-5.63%	-	0.00%	(263.18)	-5.54%
Booth Fintech Private Limited	2,053.52	0.86%	(1,198.04)	-25.63%	-	0.00%	(1,198.04)	-25.21%
InCred.AI Limited	1.11	0.00%	(0.08)	0.00%	-	0.00%	(0.08)	0.00%
mValu Technology Services Private Limited	1,695.88	0.71%	(332.25)	-7.10%	-	0.00%	(332.25)	-6.99%
Total	**2,39,119.25**	**100.00%**	**4,675.53**	**100.00%**	**76.59**	**100.00%**	**4,752.11**	**100.00%**

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2022:

(Rs. in lakhs)

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,11,720.24	100.18%	3,640.96	118.11%	(83.36)	100.00%	3,557.60	118.61%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,316.80)	-1.18%	(232.47)	-7.54%	-	0.00%	(232.47)	-7.75%
Booth Fintech Private Limited	1,114.40	1.00%	(326.60)	-10.60%	-	0.00%	(326.60)	-10.89%
InCred.AI Limited	0.87	0.00%	0.87	0.03%			0.87	0.03%
Total	**1,11,518.71**	**100.00%**	**3,082.76**	**100.00%**	**-83.36**	**100.00%**	**2,999.40**	**100.00%**

Notes to the Consolidated Financial Statements

49. Ageing Schedule

(Rs. in lakhs)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at September 30, 2022							
(A) Trade receivables							
Unsecured, considered good	-	0.30	-	-	-	-	0.30
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Other receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-
As at March 31, 2022							
(A) Trade receivables							
Unsecured, considered good	-	108.74	-	-	-	-	108.74
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Trade receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-

50. Previous year's/period's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

51. Figures for previous period ended September 30, 2021 are unaudited

Notes to the Consolidated Financial Statements

52. There have been no significant events after the reporting date that require disclosure in these financial statements other than disclosed in Note No 45A.

As per our report of even date

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: December 14, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: December 14, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of InCred Financial Services Limited

Opinion

We have audited the accompanying interim standalone financial statements of InCred Financial Services Limited (formerly, KKR India Financial Services Limited) ("the Company"), which comprise the interim standalone Balance Sheet as at September 30, 2022, and the interim standalone Statement of Profit and Loss, including other comprehensive income, interim standalone Cash Flow Statement and the interim standalone Statement of Changes in Equity for the half year then ended, and notes to the interim standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim standalone financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

(a) in the case of the interim standalone Balance Sheet, of the state of affairs of the Company as at September 30, 2022;

(b) in the case of the interim standalone Statement of Profit and Loss including other comprehensive income, of the profit for the half year ended on that date;

(c) in the case of the interim standalone Cash Flow Statement, of the cash flows for the half year ended on that date; and

(d) in the case of the interim standalone Statement of Changes in Equity, of the changes in equity for the half year period ended on that date.

Basis for Opinion

We conducted our audit of the interim standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the interim standalone financial statements.

Emphasis of Matter

We draw attention to Note 41 to the accompanying Interim Standalone Financial Statements describing the demerger during the period. The Scheme of Arrangement (the "Scheme"), has been given effect to in the books of account from the Appointed Date in accordance with the Scheme instead of the acquisition date as per Ind AS 103 "Business Combinations (i.e the date when actual control is obtained). The accounting treatment for demerger is as per Ind AS 103.

Our opinion is not modified in respect of the above matter.

Management's Responsibility for the Interim Standalone Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the interim standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim standalone financial statements, including the disclosures, and whether the interim standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other matters

We have not audited the comparative financial information appearing in the accompanying Interim Standalone Financial Statements for the corresponding half year ended September 30, 2021 which have been presented solely based on the information compiled by the Management and has been approved by the Board of Directors and not been subject to any audit.

Other matters - restriction of use

The accompanying Interim Standalone Financial Statements have been prepared, and this report thereon issued solely in connection with the Company's preparation of the accompanying Interim Standalone Financial Statements and is intended solely, for the information and use of the Board of Directors of the Company for inclusion in the Draft Prospectus to be filed with BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE") and the Securities and Exchange Board of India ("SEBI") (the "Draft Prospectus") or Prospectus to be filed with the Registrar of Companies, Mumbai ("RoC"), BSE, NSE and SEBI ("Prospectus") in connection with its proposed issue of Secured Redeemable Non-convertible debentures of Rs.1,000 each by the Company. Accordingly, this report should not be used, referred to or distributed for any other purpose.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sarvesh Warty
Partner
Membership No. 121411

UDIN: 22121411BFLJZP4243
Mumbai
December 14, 2022

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Standalone Financial Statements

Balance Sheet as at September 30, 2022

(Rs. in lakhs)

Particulars	Note No	As at September 30, 2022	As at March 31, 2022
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	35,880.06	5,203.13
(b) Bank balance other than cash and cash equivalents	3	3,337.96	2,991.36
(c) Derivative financial instruments	4	1,583.29	1,181.05
(d) Loans	5	4,72,959.89	3,73,226.42
(e) Investments	6	16,402.09	8,679.53
(f) Other financial assets	7	4,948.68	2,736.69
		5,35,111.97	**3,94,018.18**
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		5,598.54	1,184.47
(b) Deferred tax assets (Net of deferred tax liabilities)	8	53,399.53	2,038.67
(c) Property, plant and equipment	9A	3,505.42	3,384.80
(d) Capital work-in-progress	9B	39.76	293.95
(e) Goodwill	41	20,754.75	-
(f) Other intangible assets	10	185.17	188.63
(g) Other non-financial assets	11	1,930.34	1,280.55
		85,413.51	**8,371.07**
Total assets		**6,20,525.48**	**4,02,389.25**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	4	967.65	186.87
(b) Debt securities	12	1,35,286.74	1,06,523.77
(c) Borrowings (other than debt securities)	13	2,28,928.64	1,75,065.49
(d) Other financial liabilities	14	12,511.89	7,337.93
		3,77,694.92	**2,89,114.06**
(2) Non-financial liabilities			
(a) Provisions	15	1,574.90	1,143.27
(b) Other non-financial liabilities	16	630.18	900.48
		2,205.08	**2,043.75**
EQUITY			
(a) Equity share capital	17	46,022.65	46,022.65
(b) Other equity	18	1,94,602.83	65,208.79
		2,40,625.48	**1,11,231.44**
Total liabilities and equity		**6,20,525.48**	**4,02,389.25**

Significant accounting policies and other explanatory information 1

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: December 14, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: December 14, 2022

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Standalone Financial Statements

Statement of Profit and Loss for the period ended Septmber 30, 2022

(Rs. in lakhs)

Particulars	Note No	Period ended September 30, 2022	Period ended September 30, 2021
Revenue From operations			
(i) Interest income	19	37,535.33	21,813.27
(ii) Net gain on derecognition of financial instruments under amortised cost category		393.58	-
(iii) Fees and commission income	20	909.70	411.89
(iv) Net gain/(loss) on fair value changes	21	354.37	51.28
(I) Total revenue from operations		**39,192.98**	**22,276.44**
(II) Other income	22	581.22	1,105.89
(III) Total income (I + II)		**39,774.20**	**23,382.33**
Expenses			
(i) Finance costs	23	17,031.19	9,381.85
(ii) Net loss on derecognition of financial instruments under amortised cost category		-	-
(iii) Impairment on financial instruments	24	(879.38)	3,035.71
(iv) Employee benefits expenses	25	8,508.48	6,666.45
(v) Depreciation, amortization and impairment	9A & 10	508.79	401.63
(vi) Others expenses	26	3,399.23	2,956.01
(IV) Total expenses		**28,568.31**	**22,441.65**
(V) Profit / (loss) before exceptional items and tax (III - IV)		11,205.89	940.68
(VI) Exceptional Items	6	2,489.81	-
(VII) Profit / (loss) before tax (V - VI)		**8,716.08**	**940.68**
Tax Expense:			
(i) Current Tax		144.72	182.11
(ii) Deferred Tax		2,102.19	41.93
(VIII) Total Tax Expense	27	2,246.91	224.04
(IX) Profit for the period (VII - VIII)		**6,469.17**	**716.64**
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement gain/(loss) of the defined benefit plans		(24.54)	(51.96)
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.18	13.08
Subtotal (A)		(18.36)	(38.88)
(B) (i) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		(17.17)	(124.94)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		143.84	(59.80)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(31.88)	46.50
Subtotal (B)		94.79	(138.24)
Other comprehensive income / (loss) (A + B)		**76.43**	**(177.12)**
(XI) Total comprehensive income for the period (IX + X)		**6,545.60**	**539.52**
(XII) Earnings per equity share (Face Value : Rs. 10 per share) (Not Annualised)	28		
Basic (Rs.)		1.41	0.19
Diluted (Rs.)		1.41	0.18

Significant accounting policies and other explanatory information 1

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: December 14, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: December 14, 2022

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Standalone Financial Statements

Cash Flow Statement for the period ended September 30, 2022

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Cash flow from operating activities		
Profit before tax	8,716.08	940.68
Adjustments ro reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation, amortization and impairment	96.57	401.63
Net (gain) on fair value changes	(354.12)	(51.28)
Net gain on derecognition of financial instruments	(393.58)	-
Interest income	(37,535.33)	(21,813.27)
Finance costs	16,923.90	9,381.85
Impairment on financial instruments	(879.38)	3,035.71
Provision for dimunition on investment	2,489.81	-
Share based payment to employees	1,552.42	1,380.33
Advertisement expense	-	15.31
Retirement Benefit expenses	47.50	30.26
Operating profit before working capital changes	**(9,336.13)**	**(6,678.78)**
Working capital adjustments		
(Increase) in Loans	(46,769.78)	(34,759.50)
(Increase) in other financial assets	(1,922.69)	(3,013.53)
Decrease / (Increase) in other non financial assets	102.52	(139.61)
Increase in other financial liabilities	4,050.31	(119.66)
(Decrease) / Increase in provisions	(438.12)	6.44
Increase in other non financial liabilities	(552.20)	594.37
Cash generated from operations	**(45,529.96)**	**(37,431.49)**
Interest received on loans	36,782.04	20,535.86
Interest paid on borrowings and debt	(16,825.05)	(8,765.26)
Income taxes paid (net)	(942.45)	(961.23)
Net cash (used in) operating activities	**(35,851.55)**	**(33,300.90)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(366.95)	(207.04)
Purchase of intangibles assets	(66.21)	(32.74)
Capital work-in-progress	254.19	(2.03)
Purchase of investments	(11,299.82)	(2,09,341.57)
Proceeds from business combination	35,939.18	-
Proceeds from sale of investments	4,268.36	1,98,293.88
Investment in subsidiary	(1,820.00)	-
Investment in term deposits earmarked with banks	(1,080.60)	(44,719.26)
Proceeds from maturity of term deposits earmarked with banks	734.00	43,534.14
Net cash (used in) / generated from investing activities	**26,562.15**	**(12,474.62)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	-	579.34
Proceeds from borrowings (other than debt securities)	1,11,500.00	48,670.00
Payment of rent expense	(280.30)	-
Proceeds from issue of debt securities	46,200.00	51,850.00
Repayment of borrowings (other than debt securities)	(1,00,016.34)	(32,701.08)
Redemption of debt securities	(17,437.03)	(11,170.63)
Net cash generated from financing activities	**39,966.33**	**57,227.63**
Net increase / (decrease) in cash and cash equivalents	**30,676.93**	**11,452.11**
Cash and cash equivalents at the beginning of the period	5,203.13	(645.69)
Cash and cash equivalents at the end of the period	**35,880.06**	**10,806.42**

Significant accounting policies and other explanatory information 1

The accompanying notes form an integral part of the standalone financial statements

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow
(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Cash on hand	-	-
Balances with banks		
- Current Accounts	24,776.11	8,786.31
Deposit with bank with maturity less than 3 months	11,103.95	2,020.11
Cash and cash equivalents (Refer note 2)	**35,880.06**	**10,806.42**

Significant accounting policies and key accounting estimates and judgments 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

per Sarvesh Warty
Partner
Membership No: 121411

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: December 14, 2022

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: December 14, 2022

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Standalone Financial Statements

Statement of Changes in Equity for the period ended Septemeber 30, 2022

A. Equity share capital

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Balance as at the beginning of the period	46,022.65	46,022.65
Changes in equity share capital during the period	-	-
Balance as at the end of the period	46,022.65	46,022.65

B. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Merger Reserve	Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings					
Balance at March 31, 2021	**656.72**	**61,730.15**	**27.74**	**62.27**	**1,751.34**	**1,627.75**	**-**	**89.03**	**-**	**15.36**	**65,960.36**
Profit for the period	-	-	-	-	-	716.64	-	-	-	-	716.64
Other comprehensive income for the period	-	-	-	-	-	(38.88)	-	(93.49)	(44.75)	-	(177.12)
Total comprehensive income for the period (net of tax)	**-**	**-**	**-**	**-**	**-**	**677.76**	**-**	**(93.49)**	**(44.75)**	**-**	**539.52**
Transfer / utilisations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additions during the period (cash premium)	-	434.52	-	-	-	-	-	-	-	-	434.52
Share based payment expense	-	-	-	-	1,380.33	-	-	-	-	-	1,380.33
Balance at September 30, 2021	**656.72**	**62,164.67**	**27.74**	**62.28**	**3,131.67**	**2,305.51**	**-**	**(4.46)**	**(44.75)**	**15.36**	**68,314.73**
Balance at March 31, 2022	**1,379.07**	**62,498.49**	**27.74**	**66.09**	**3,900.55**	**4,469.27**	**(7,224.42)**	**(0.99)**	**77.63**	**15.36**	**65,208.79**
Profit for the period	-	-	-	-	-	6,469.17	-	-	-	-	6,469.17
Other comprehensive income for the period	-	-	-	-	-	(18.36)	-	(12.85)	107.64	-	76.43
Total comprehensive income for the period (net of tax)	**-**	**-**	**-**	**-**	**-**	**6,450.81**	**-**	**(12.85)**	**107.64**	**-**	**6,545.60**
Transfer / utilisations											
Purchase consideration towards business combination (Refer Note No 41)	-	-	-	98,118.06	-	-	24,255.29	-	-	-	1,22,373.35
Share based payment expense	-	-	-	-	1,552.40	-	-	-	-	-	1,552.40
Transfer from share based payment reserve											
(Refer Note No 33)	-	-	-	5,452.95	(5,452.95)	-	-	-	-	-	-
Adjustment for business retained in erstwhile IFSL (Refer Note No 41)	-	-	-	-	-	(1,077.31)	-	-	-	-	(1,077.31)
Balance at September 30, 2022	**1,379.07**	**62,498.49**	**27.74**	**1,03,637.10**	**(0.00)**	**9,842.77**	**17,030.87**	**(13.84)**	**185.27**	**15.36**	**1,94,602.83**

Significant accounting policies and key accounting estimates and judgments 1

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: December 14, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Place: Mumbai
Date: December 14, 2022

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

(1) Significant Accounting Policies and Other Explanatory Information

A. Corporate Information

InCred Financial Services Limited (formerly known as "KKR India Financial Services Limited") ("Company") was incorporated in India on 3 February 1995, under the provisions of the Companies Act, 1956.

The Company received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 25th October 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The Company currently holds a Certificate of Registration from RBI dated 28th September 2022 bearing number B-13.02417 The Company qualifies to be a NBFC - Systematically Important Non-Deposit taking Company as per Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, as amended (the "Master Directions").

The registered office of the Company is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai – 400051

The standalone financial statements were authorized for issue by the Company's Board of Directors on December 14, 2022.

B. Basis of preparation

These standalone financial statements have been prepared in accordance with Ind AS 34 notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, various directions issued by the Reserve Bank of India from time to time.
These standalone interim standalone financial statements have been prepared for inclusion in the in the Draft Prospectus to be filed with BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE" and the Securities and Exchange Board of India ("SEBI") (the "Draft Prospectus") or Prospectus to be filed with the Registrar of Companies, Mumbai ("RoC"), BSE, NSE and SEBI ("Prospectus") in connection with proposed issue of Secured Redeemable Non-convertible debentures of Rs.1,000 each by the Company.The Company uses accrual basis of accounting except in case of significant uncertainties (Refer Note D15).

i. Functional and presentation currency

The standalone financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All the amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

ii. Basis of measurement

The standalone financial statements have been prepared under the historical cost convention except for the following items:

a. Certain financial assets and liabilities that are measured at fair value
b. Net defined benefit asset / liability – plan assets are measured at fair value less present value of defined benefit obligation; and
c. Share-based payments - measured at fair value on initial recognition

iii. Use of estimates and judgements

The preparation of standalone financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

Significant accounting estimates and judgements:

i. Business model assessment
ii. Fair value of financial instruments
iii. Effective interest rate (EIR)
iv. Impairment of financial assets
v. Provision for tax expenses
vi. Residual value, useful life and indicators of impairment and recoverable value of property, plant and equipment

C. Presentation of financial statements

The standalone financial statements of the Company are presented as per Division III of Schedule III, as amended, of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Standalone Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and RBI regulations to the extent applicable.

The Company presents its Balance Sheet in the order of its liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair values of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All financial instruments are at amortised cost, unless otherwise specified.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

i. Financial assets

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. The Company classifies its financial assets in the following measurement categories:

Financial assets measured at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment), unless the asset is designated at FVTPL:

i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii. the Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair value through other comprehensive Income ('FVOCI')

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

i. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii. the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair Value through Profit and Loss ('FVTPL')

A financial asset which is not classified in above category is subsequently measured at FVTPL. Where assets are measured at fair value, gains and losses are recognized entirely in the Standalone Statement of Profit and Loss.

Subsequent measurement

The assets classified in the aforementioned categories are subsequently measured as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in standalone statement of profit and loss. Any gain or loss on derecognition is recognised in standalone statement of profit and loss .

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Standalone Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in standalone statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to standalone statement of profit and loss .

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Standalone Statement of Profit and Loss.

ii. Financial liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as on initial recognition.

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit and loss.

The Company's financial liabilities include trade payables and other financial liabilities.

iii. **Derecognition**

Financial assets

The Company derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On derecognition of a financial assets in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The Company on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction for sale of loans which doesn't affect the business model of the Company.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

iv. **Offsetting of financial instruments**

A financial asset and a financial liability is 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.

v. **Derivatives recorded at fair value through profit and loss**

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

- It is settled at a future date.

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks, interest rate risks and equity price risks, respectively. These include cross-currency swaps, forward foreign exchange contracts, futures and options on equities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

vi. **Embedded derivatives**

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

If the hybrid contract contains a host that is a financial asset / financial liability within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3. Share capital

Equity and preference shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

4. Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment if any in the standalone financial statements.

5. Business Combination

Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

6. Impairment of financial assets

Overview of the Expected Credit Losses ('ECL') principles

- The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. 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 ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

  Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

  Stage 1
  All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances and advances upto 30 days default under this category.

  Stage 2
  All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

  Stage 3
  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. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

Credit-impaired financial assets:

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

- Evidence that a financial asset is credit-impaired includes the following observable data:

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

The mechanics of ECL:
The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

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

Probability of Default - 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 30.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 30.

Loss Given Default - 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 lender 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 30.

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

Write-offs

The Company writes off Retail secured and unsecured loans overdue for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

7. Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the period, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

8. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

9. Share-based payment arrangements

a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Standalone Standalone Statement of Profit and Loss.

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

10. Lease Accounting

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease

At the date of commencement of the lease, the Company recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

11. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income ('OCI').

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends to realise the asset or settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

iii Temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as on the reporting date. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

12. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

(i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,

(ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Standalone Statement of Profit and Loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Standalone Statement of Profit and Loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is provided on straight line basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Standalone Statement of Profit and Loss.

Depreciation on additions / (disposals) is provided on a pro-rata basis i.e., from / (upto) the date which the asset is ready for use / (disposed of).

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimated useful life as given above best represent the period over which management expects to use these assets.

13. Intangible assets

i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Standalone Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

14. Impairment of non-financial assets

The carrying values of assets at each balance sheet date are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Standalone Statement of Profit and Loss for such excess amount.

In respect of assets (except goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such reversal of impairment loss is recognised in the Standalone Statement of Profit and Loss, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Revenue from operations

Recognition of interest and fee income or expense

Dividend income is recognised on the date on which the Company's right to receive the payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations.

Loan related charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

16. Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

17. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Contribution to provident fund and ESIC

Company's contribution paid/payable during the period to provident fund and ESIC is recognised in the Statement of profit and loss.

iii. Gratuity

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

iv. Compensated absence

The Company does not have a policy of encashment of unavailed leaves for its employees and are not permitted to carry forward the leaves. Hence there is no liability towards compensated absence.

18. Foreign currency

Transaction and balances

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each closing date, foreign currency monetary items are reported using the closing exchange rate.

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the Standalone Statement of Profit and Loss.

19. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

20. Statement of Cash flows

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

21. Segment Reporting

The Company operates in a single reportable segment i.e., financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

22. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a 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.

The expenses relating to a provision is presented in the Standalone Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

c. Contingent liabilities

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

d. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

23. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

24. Standards issued but not yet effective upto the date of issuance of the financial statements

Ministry of Corporate affairs have made changes on March 23, 2022, in the following Indian Accounting Standards (Ind AS) namely Ind AS 101, Ind AS 103, Ind AS 109, Ind AS 16, Ind AS 37 and Ind AS 41. The same are effective from April 01, 2022.

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Notes to the Standalone Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Balances with banks	24,776.11	4,953.13
Fixed deposit with bank with original maturity of less than 3 months	11,103.95	250.00
Total	**35,880.06**	**5,203.13**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Fixed deposits with original maturity of more than 3 months	375.00	-
Earmarked fixed deposits with banks *	2,962.96	2,991.36
Total	**3,337.96**	**2,991.36**

** Earmarked for borrowings, bank guarantee.*

4. Derivative financial instruments at Fair Value

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps*		
Cash flow hedge (Notional amount : 5,110.00 , PY : 5,110)	831.73	299.22
(ii) Equity Linked Derivatives*		
Options and futures (Notional amount : 5,718.00 , PY : 5,443.98) (Refer note 12)	751.56	881.83
Total	**1,583.29**	**1,181.05**
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount : 5,790.00 , PY : 4,620.00) (Refer Note 12)	967.65	186.87
Total	**967.65**	**186.87**

**Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging borrowings in foreign currency.*

5. Loans

(Rs. in lakhs)

Particulars	As at September 30, 2022			As at March 31, 2022
	Amortised cost	Fair Value Through profit or loss	Total	Amortised cost
(A) (i) Term loans	4,81,588.30	5,165.22	4,86,753.52	3,82,323.85
Total - Gross (A)	**4,81,588.30**	**5,165.22**	**4,86,753.52**	**3,82,323.85**
Less: Impairment loss allowance	(13,793.63)	-	(13,793.63)	(9,097.43)
Total - Net of impairment loss allowance (A)	**4,67,794.67**	**5,165.22**	**4,72,959.89**	**3,73,226.42**
(B) (i) Secured by tangible assets*	1,83,188.27	5,165.22	1,88,353.49	1,54,384.85
(ii) Covered by Bank and Government guarantees	4,157.36	-	4,157.36	4,778.52
(iii) Unsecured	2,94,242.67	-	2,94,242.67	2,23,160.48
Total - Gross (B)	**4,81,588.30**	**5,165.22**	**4,86,753.52**	**3,82,323.85**
Less: Impairment loss allowance	(13,793.63)	-	(13,793.63)	(9,097.43)
Total - Net of impairment loss allowance (B)	**4,67,794.67**	**5,165.22**	**4,72,959.89**	**3,73,226.42**
(C) Loans in India				
(i) Public sectors	-	-	-	-
(ii) Others	4,81,588.30	5,165.22	4,86,753.52	3,82,323.85
Total - Gross (C)	**4,81,588.30**	**5,165.22**	**4,86,753.52**	**3,82,323.85**
Less: Impairment loss allowance	(13,793.63)	-	(13,793.63)	(9,097.43)
Total - Net of impairment loss allowance (C)	**4,67,794.67**	**5,165.22**	**4,72,959.89**	**3,73,226.42**

** Secured by charge on immovable properties, vehicles, inventories and receivables.*

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Notes to the Standalone Financial Statements

6. Investments

(Rs. in lakhs)

Particulars	As at September 30, 2022					As at March 31, 2022				
	Amortised cost*	At Fair Value		Others	Total	Amortised cost *	At Fair Value		Others**	Total
		Through other comprehensive income*	Through profit or loss				Through other comprehensive income	Through profit or loss		
Mutual funds	-	-	3,999.80	-	3,999.80	-	-	-	-	-
Debt securities	132.03	482.21	-	-	614.24	855.47	2,909.12	-	-	3,764.59
Alternative Investment Fund (AIF)	-	-	7,534.35	-	7,534.35	-	-	-	-	-
Equity instruments										
-Subsidiaries** (Refer Note 31)	-	-	-	6,735.00	6,735.00	-	-	-	4,915.00	4,915.00
- Convertible Preference Shares	-	-	9.22	-	9.22	-	-	9.22	-	9.22
Total - Gross (A)	**132.03**	**482.21**	**11,543.37**	**6,735.00**	**18,892.61**	**855.47**	**2,909.12**	**9.22**	**4,915.00**	**8,688.81**
Investments in India (B)	132.03	482.21	11,543.37	6,735.00	18,892.61	855.47	2,909.12	9.22	4,915.00	8,688.81
Total - Gross (B)	**132.03**	**482.21**	**11,543.37**	**6,735.00**	**18,892.61**	**855.47**	**2,909.12**	**9.22**	**4,915.00**	**8,688.81**
Less: Allowance for impairment loss # **(C)**	(0.00)	(0.71)	-	(2,489.81)	(2,490.52)	(0.03)	(9.25)	-	-	(9.28)
Total - Net (B - C)	**132.03**	**481.50**	**11,543.37**	**4,245.19**	**16,402.09**	**855.44**	**2,899.87**	**9.22**	**4,915.00**	**8,679.53**

** Investments at amortised cost & fair value through other comprehensive income are all classified as Stage I under credit risk*

*** Investment in subsidiaries are measured at cost*

**** The Company has tested the investment in its subsidiaries for impairment and recognised a charge of Rs.2,489.81 lakhs on investment in mValu Technology Services Private Limited as an exceptional item for the period ended September 30, 2022.*

7. Other financial assets

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	370.89	304.83
Retained interest on loans derecognised	687.68	336.68
Receivable from related parties (Refer note 31)	768.93	521.35
Balances with partners/anchors	1,494.48	746.31
Receivable from sale of pledge assets	606.88	-
Margin money deposit	137.09	150.00
Others	882.73	677.52
Total	**4,948.68**	**2,736.69**

8. Deferred tax

The major components of deferred tax assets arising on account of timing differences are as follows:

Particulars	Net balance April 01, 2022	Recognised in profit or loss	Merger Adjustment	Demerger Adjustment	Recognised in OCI	Net balance as at September 30, 2022
Deferred tax assets						
Provision for impairment loss on financial instruments	2,282.81	4,714.17	4,975.54	(57.16)	-	11,915.36
Provision for Bonus	-	(67.29)	183.90	-	-	116.61
Provision for employee benefit plans	78.99	160.18	28.74	-	6.18	274.09
Disallowance of merger expenses	148.69	(194.36)	248.50	-	-	202.83
Lease liability	67.27	12.10	-	-	-	79.37
Fair value change on financial instruments	57.92	(3,411.08)	3,355.18	-	-	2.02
Unabsorbed business loss/capital loss	-	(3,086.83)	44,629.37	(102.15)		41,440.39
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	98.51	(59.82)	-	-	-	38.69
Fair value change of investment valued at Fair value through OCI	(2.97)	68.09	-	-	(31.88)	33.24
(A)	**2,731.22**	**(1,864.84)**	**53,421.23**	**(159.31)**	**(25.70)**	**54,102.60**
Deferred tax liabilities						
EIR impact on financial instruments	(692.55)	94.80	(85.07)	-	-	(682.82)
Others	0.00	(332.22)	311.97	-	-	(20.25)
(B)	**(692.55)**	**(237.42)**	**226.90**	**-**	**-**	**(703.07)**
Deferred tax asset (net) (A-B)	**2,038.67**	**(2,102.26)**	**53,648.13**	**(159.31)**	**(25.70)**	**53,399.53**

(Rs. in lakhs)

Particulars	Net balance April 01, 2021	Recognised in profit or loss	Merger Adjustment	Demerger Adjustment	Recognised in OCI	Net balance as at September 30, 2021
Deferred tax assets						
Provision for impairment loss on financial instruments	2,107.36	199.64	-	-	-	2,307.00
Revaluation of investment valued at Fair value through OCI	(29.96)	62.88	-	-	46.50	79.42
Provision for retirement benefit plans	39.89	20.69	-	-	13.08	73.66
Disallowance of merger expenses	119.56	(38.47)	-	-	-	81.09
Lease liability	54.18	75.51	-	-	-	129.69
Fair value change on financial instruments	-	12.44	-	-	-	12.44
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	71.45	3.96	-	-	-	75.41
(A)	**2,362.48**	**336.65**	**-**	**-**	**59.58**	**2,758.70**
Deferred tax liabilities						
EIR impact on financial instruments	(504.81)	(384.88)	-	-	-	(889.69)
Others	(0.28)	6.32	-	-	-	6.04
(B)	**(505.09)**	**(378.56)**	**-**	**-**	**-**	**(883.65)**
Deferred tax asset (net) (A-B)	**1,857.39**	**(41.91)**	**-**		**59.58**	**1,875.05**

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Notes to the Standalone Financial Statements

9A. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computer & Printer	Vehicles	Right-of-use assets**	Total
Period ended September 30, 2021								
At carrying cost at the beginning of the period	22.71	157.60	1,081.18	186.78	730.68	124.28	2,318.53	4,621.76
Additions during the period	-	4.14	9.87	6.84	193.36	-	321.04	535.25
Disposals	-	-	(7.51)	(1.61)	(18.78)	-	-	(27.90)
Gross carrying value as September 30, 2021	**22.71**	**161.74**	**1,083.54**	**192.01**	**905.26**	**124.28**	**2,639.57**	**5,129.11**
Accumulated depreciation as at the beginning of the period	1.16	13.52	165.22	42.32	479.20	38.02	605.97	1,345.41
Depreciation for the period	0.19	8.17	60.61	19.45	96.29	7.81	150.05	342.57
Disposals	-	-	(1.79)	(0.65)	(18.28)	-	-	(20.72)
Accumulated depreciation as at September 30, 2021	**1.35**	**21.69**	**224.04**	**61.12**	**557.21**	**45.83**	**756.02**	**1,667.26**
Net carrying value as at September 30, 2021	**21.36**	**140.05**	**859.50**	**130.89**	**348.05**	**78.45**	**1,883.55**	**3,461.85**
Net carrying value as at March 31, 2022	**21.17**	**123.72**	**733.24**	**106.80**	**426.17**	**122.86**	**1,850.84**	**3,384.80**
Period ended September 30, 2022								
At carrying cost at the beginning of the period	22.71	157.17	974.98	194.36	1,095.84	156.86	2,870.89	5,472.81
Additions during the period	-	106.16	313.47	89.84	111.70	-	19.53	640.70
Disposals	-	-	-	-	-	-	(313.90)	(313.90)
Gross carrying value as September 30, 2022	**22.71**	**263.33**	**1,288.45**	**284.20**	**1,207.54**	**156.86**	**2,576.52**	**5,799.61**
Accumulated depreciation as at the beginning of the period	1.54	33.45	241.74	87.56	669.67	34.00	1,020.05	2,088.01
Depreciation for the period	0.19	10.03	62.62	22.20	128.51	9.83	205.74	439.13
Disposals	-	-	-	-	-	-	(232.95)	(232.95)
Accumulated depreciation as at September 30, 2022	**1.73**	**43.48**	**304.36**	**109.76**	**798.18**	**43.83**	**992.84**	**2,294.19**
Net carrying value as at September 30, 2022	**20.98**	**219.85**	**984.09**	**174.44**	**409.36**	**113.03**	**1,583.68**	**3,505.42**

** Immovable properties have been pledged against debt securities issued. Refer Note 12*

*** Refer Note 34 for recognisition of right-of-use assets*

9B. Capital Work in progress

(Rs. in lakhs)

	As at September 30, 2022				As at March 31, 2022			
Capital work in progress (CWIP)	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**
Projects in progress	39.76	-	-	-	293.95	-	-	-
	39.76	**-**	**-**	**-**	**293.95**	**-**	**-**	**-**

Notes to the Standalone Financial Statements

10. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Period ended September 30, 2021	
At cost at the beginning of the period	762.12
Additions during the period	32.74
Gross carrying value as September 30, 2021	**794.86**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the period	539.63
Amortisation for the period	59.06
Accumulated amortisation as at September 30, 2021	**598.69**
Net carrying value as at September 30, 2021	**196.17**
Net carrying value as at March 31, 2022	**188.63**
Period ended September 30, 2022	
At cost at the beginning of the period	869.20
Additions during the period	66.21
Gross carrying value as September 30, 2022	**935.41**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the period	680.57
Amortisation for the period	69.67
Accumulated amortisation as at September 30, 2022	**750.24**
Net carrying value as at September 30, 2022	**185.17**

11. Other non-financial assets

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Prepaid expenses	291.67	294.29
Advances recoverable in kind (Unsecured, considered good)	199.46	94.73
GST receivable	1,439.21	891.53
Total	**1,930.34**	**1,280.55**

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Notes to the Standalone Financial Statements

12. Debt Securities

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	Amortised cost	Amortised cost
Debentures	1,18,949.17	95,683.00
Commercial Papers	16,337.57	10,840.77
Total	**1,35,286.74**	**1,06,523.77**
Debt securities in India	1,35,286.74	1,06,523.77
Debt securities outside India	-	-
Total	**1,35,286.74**	**1,06,523.77**

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at September 30, 2022	As at March 31, 2022
1	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	1. Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a pari- passu charge with other debenture holders over the identified immovable property owned by the Company.	Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,092.98	5,313.88
2	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,221.72	10,689.83
3	350, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 730 days from the date of allotment. Coupon to be paid quarterly.	30-Aug-24	3,497.46	-
4	250, 9.10% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	04-Jun-22	-	628.49
5	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable with agreed coupon at the end of 2191 days from the date of allotment, subject to a Put Option or Call Option at the end of 1096 days.	27-Jul-24	11,663.09	12,128.60
6	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each	Non- Convertible Debentures issued by the company are secured by way of a first ranking exclusive and continuing charge created over identified book debts/loan receivables (the "Hypothecated Assets") pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 366 days from the date of allotment.	17-Feb-23	5,482.13	5,203.54
7	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	17-Feb-24	4,361.84	4,146.15
8	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		50% will be redeemed on the date at the end of 365 days and remaining 50% at the end of 730 days from the date of allotment.	17-Feb-24	1,129.50	1,074.31

12. Debt Securities

9	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non- Convertible Market- Linked Debentures issued by the company are secured by way of a first pari passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	6,738.96	6,406.88
10	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	28-Jul-23	1,741.82	1,657.03
11	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 545 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	20-Oct-22	4,267.01	4,056.95
12	154, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-May-23	1,744.01	1,658.75
13	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1221 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Oct-24	1,339.95	1,400.88
14	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1011 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-Apr-24	1,322.40	1,527.53
15	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 518 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Dec-22	2,243.14	2,132.32
16	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 761 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	2,254.35	2,139.44
17	320, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 942 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	3,482.46	3,309.36
18	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	8,121.28	7,707.02
19	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 547 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	23-Jun-23	4,261.91	4,062.03
20	173, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1205 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	08-May-25	1,300.09	1,705.86
21	220, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 441 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	28-Jul-23	2,566.75	-
22	189, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 406 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	2,150.88	-
23	1010, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 663 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	10,901.83	-
24	117, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1229 days from the date of allotment if NIFTY final fixing level is greater than or equal to 50% of the initial fixing level or else at par	05-Dec-25	932.47	-
25	250, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 929 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	08-Apr-25	2,469.72	-
26	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	1. First ranking and exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interests created in connection therewith: 2. A first ranking and exclusive charge over the Cash Collateral; 3. A first ranking and exclusive charge over all right, title and interest of the Company in the SPV Trust, whether as residual beneficiary or in connection with the contribution undertaken to be made available by the Company to the SPV Trust in terms of the Assignment Documents.	Redeemable with agreed coupon at the end of 609 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Jan-23	11,313.59	10,780.60
27	7,500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 640 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Apr-23	8,347.83	7,953.55
28	Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 32 days to 275 days with an average discount rate of 8.35% (PY - 8.13%).	3rd Oct'22 to 22nd June'23	16,337.57	10,840.77
	Total				**1,35,286.74**	**1,06,523.77**

InCred Financial Services Limited

(formerly known as KKR India Financial Services Limited)

Notes to the Standalone Financial Statements

13. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	1,68,317.13	1,42,452.01
(ii) from other parties	35,124.67	19,839.77
(b) Inter corporate borrowings from other parties	2,500.00	4,550.00
(c) Loans repayable on demand		
(i) from banks	22,986.84	8,223.71
Total	**2,28,928.64**	**1,75,065.49**
Borrowings in India	2,23,210.15	1,69,735.67
Borrowings outside India	5,718.49	5,329.82
Total	**2,28,928.64**	**1,75,065.49**

Note : The borrowings from banks and financial institutions have been used for the specific purpose for which it was taken.

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at September 30, 2022	As at March 31, 2022
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 11 to 60 months at an average rate of interest ("ROI") of 9.15% p.a.	1,68,317.14	1,42,452.01
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 39 months at an average ROI of 10.59% p.a.	29,406.17	14,509.95
b) Others- External commercial borrowings	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loan is repayable on maturity at the end of 60 months. Interest linked to LIBOR and payable half yearly.	5,718.49	5,329.82
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month to 3 months. Interest is payable on a monthly basis at an average ROI of 7.79% p.a.	2,500.00	4,550.00
Loans repayable on demand (WCDL and CC)	Working Capital Demand Loans ("WCDL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	CC / WCDL facilities are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 8.70% p.a.	22,986.84	8,223.71
Total			**2,28,928.64**	**1,75,065.49**

Notes to the Standalone Financial Statements

14. Other financial liabilities

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	Amortised cost	Amortised cost
Lease liability (Refer Note 34)	1,899.98	2,141.57
Collaterals received towards loans	3,235.76	3,098.48
Payable to related parties	515.95	-
Security deposits	55.35	55.35
Payable on servicing portfolio	573.29	106.13
Provision for expenses	4,174.44	1,914.66
Others	2,057.12	21.74
Total	**12,511.89**	**7,337.93**

15. Provisions

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Provision for employee benefits (Refer Note 32)	1,551.30	1,133.85
Expected credit loss provision on undrawn commitments	23.60	9.42
Total	**1,574.90**	**1,143.27**

16. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Statutory dues payable	630.18	900.48
Total	**630.18**	**900.48**

Notes to the Standalone Financial Statements

17. Equity share capital

(Rs. in lakhs)

Particulars	As at September 30, 2022		As at March 31, 2022	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	50,00,00,000	50,000.00	50,00,00,000	50,000.00
Total	**50,00,00,000**	**50,000.00**	**50,00,00,000**	**50,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Total	**46,02,26,538**	**46,022.65**	**46,02,26,538**	**46,022.65**

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

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

Equity shares held by holding company

Out of the equity shares issued by the company, shares held by its holding company :

(Rs. in lakhs)

Name of shareholder	As at September 30, 2022		As at March 31, 2022	
	No. of shares held	Amount	No. of shares held	Amount
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Total	**46,02,26,538**	**46,022.65**	**46,02,26,538**	**46,022.65**

Equity shares held by promoters of the company

Out of the equity shares issued by the company, shares held by its promoters:

(Rs. in lakhs)

Name of shareholder	As at September 30, 2022		As at March 31, 2022	
	No. of shares held	% of shares held	No. of shares held	% of shares held
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	46,02,26,538	100.00%	46,02,26,538	100.00%
Total	**46,02,26,538**	**100.00%**	**46,02,26,538**	**100.00%**

Details of shareholder(s) holding more than 5% of the total equity shares in the company :

Name of shareholder	As at September 30, 2022		As at March 31, 2022	
	No. of shares held	% Holding	No. of shares held	% Holding
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	46,02,26,538	100.00%	46,02,26,538	100.00%
Total	**46,02,26,538**	**100.00%**	**46,02,26,538**	**100.00%**

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding

During the current period the Company has issued Nil equity shares for consideration other than cash (Previous year: Nil).

Equity shares reconciliation

(Rs. in lakhs)

Particulars	As at September 30, 2022		As at March 31, 2022	
	Number	Amount	Number	Amount
At the beginning of the period	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Add: Issued during the period				
Changes in share capital during the period	-	-	-	-
At the end of the period	**46,02,26,538**	**46,022.65**	**46,02,26,538**	**46,022.65**

18. Other Equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Merger Reserve	Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings					
Balance at March 31, 2021	**656.72**	**61,730.15**	**27.74**	**62.27**	**1,751.34**	**1,627.75**	**-**	**89.03**	**-**	**15.36**	**65,960.36**
Profit for the period	-	-	-	-	-	716.64	-	-		-	716.64
Other comprehensive income for the period	-	-	-	-	-	(38.88)	-	(93.49)	(44.75)	-	(177.12)
Total comprehensive income for the period (net of tax)	**-**	**-**	**-**	**-**	**-**	**677.76**	**-**	**(93.49)**	**(44.75)**	**-**	**539.52**
Transfer / utilisations											
Additions during the period (cash premium)	-	434.52	-	-	-	-	-	-	-	-	434.52
Share based payment expense	-	-	-	-	1,380.33	-	-	-	-	-	1,380.33
Balance at September 30, 2021	**656.72**	**62,164.67**	**27.74**	**62.27**	**3,131.67**	**2,305.51**	**-**	**(4.46)**	**(44.75)**	**15.36**	**68,314.73**
Balance at March 31, 2022	**1,379.07**	**62,498.49**	**27.74**	**66.09**	**3,900.55**	**4,469.27**	**(7,224.42)**	**(0.99)**	**77.63**	**15.36**	**65,208.79**
Profit for the period	-	-	-	-	-	6,469.17	-	-		-	6,469.17
Other comprehensive income for the period	-	-	-	-	-	(18.36)	-	(12.85)	107.64	-	76.43
Total comprehensive income for the period (net of tax)	**-**	**-**	**-**	**-**	**-**	**6,450.81**	**-**	**(12.85)**	**107.64**	**-**	**6,545.60**
Transfer / utilisations											
Purchase consideration towards business combination (Refer Note No 41)	-	-	-	98,118.06	-	-	24,255.29	-	-	-	1,22,373.35
Share based payment expense	-	-	-	-	1,552.40	-		-	-	-	1,552.40
Transfer from share based payment reserve (Refer Note No 31)	-	-	-	5,452.95	(5,452.95)			-	-	-	-
Transfer of business (Refer Note No 41)	-	-	-	-		(1,077.31)	-	-	-	-	(1,077.31)
Balance at September 30, 2022	**1,379.07**	**62,498.49**	**27.74**	**1,03,637.10**	**(0.00)**	**9,842.77**	**17,030.87**	**(13.84)**	**185.27**	**15.36**	**1,94,602.83**

Nature and purpose of each reserves:

Special reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934. Transfer for current year to such reserve shall be made based on annual financial statements for the year ended March 31, 2023.

Securities premium - The securities premium account is used to record the premium received on issue of shares including non-cash component arising on exercise of stock options. The reserve is utilised in accordance with the provisions of the Act.

Deemed equity - This reserve is outcome of security deposits placed by Incred Management and Technology Services Private Limited (wholly owned subsidiary) on behalf of the Company.

Capital contribution from parent - The capital contribution from parent is the outcome of share issued by InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd) to shareholders of InCred Prime Limited (formerly known as "InCred Financial Services Limited")as a part of purchase consideration in lieu of demerger of identified NBFC business. Refer Note No 41

Share based payment reserve - The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the company and its subsidiaries under stock option schemes of the Company.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.

Debt instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income.

Merger Reserve - As per Ind AS 103, on account of reverse acquisition, the share capital to be presented will be as per legal share capital of new IFSL. The merger reserve is created on account of difference in the share capital. Refer Note No 41

Cash Flow hedge reserve- This represents the cumulative gains / (losses) arising on the revaluation of derivative instruments designated at cash flow hedges through other comprehensive income.

Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

19. Interest income

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
On financial assets measured at amortised cost:		
-Interest on loans	36,422.37	21,159.44
-Interest income from investments	28.27	151.51
-Interest on deposits with banks	592.39	59.66
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	132.63	442.66
On Financial Assets measured at fair value through profit or loss:		
-Interest on loans	359.67	-
Total	**37,535.33**	**21,813.27**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the period ended 30 Septemeber 2022 and 30 September 2021.

20. Fees and commission income

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Loan servicing and administration charges	909.70	383.89
Service fees (Refer Note 31)	-	28.00
Total	**909.70**	**411.89**
Geographical Markets		
Within India	909.70	411.89
Outside India	-	-
Total	**909.70**	**411.89**
Timing of revenue recognition		
Services transferred at a point in time	909.70	411.89
Services transferred over time	-	-
Total	**909.70**	**411.89**

Note: For receivable balances against the income, refere note no 6

21. Net gain/ (loss) on fair value changes

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Net gain/ (loss) on financial instruments at fair value through profit or loss		
-Investments	94.35	88.16
-Derivatives	(0.25)	(36.88)
-Loans	260.27	-
Total	**354.37**	**51.28**
Fair value changes:		
-Realised	60.01	88.16
-Unrealised	294.36	(36.88)

22. Other income

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Marketing income	395.00	561.00
Business support charges (Refer Note 31)	29.47	408.08
Other income	156.75	136.81
Total	**581.22**	**1,105.89**

Notes to the Standalone Financial Statements

23. Finance costs

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	10,858.33	4,353.80
(ii) Discount on Commercial Paper	610.64	74.19
(iii) Interest on Debentures	5,270.15	4,640.90
(iv) Interest on Inter Corporate Debts ("ICD")	85.93	157.12
(v) Interest on lease liability (Refer Note 34)	98.85	97.19
(vi) Other finance cost	107.29	58.65
Total	**17,031.19**	**9,381.85**

24. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
On Financial instruments measured at amortised cost:		
(i) Loans (including amount written off, net of recovery)	(870.80)	3,029.47
(ii) Investments	(8.58)	6.24
(iii) Others	-	-
Total	**(879.38)**	**3,035.71**

25. Employee benefits expenses

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Salaries and wages	6,459.91	5,018.56
Contribution to provident and other funds	167.69	127.31
Share based payment to employees (Refer Note 33)	1,552.42	1,380.33
Staff welfare expenses	280.96	109.99
Retirement Benefit expenses (Refer Note 32)	47.50	30.26
Total	**8,508.48**	**6,666.45**

Notes to the Standalone Financial Statements

26. Other expenses

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Information Technology expenses	815.33	594.62
Collection expenses	695.93	603.66
Legal, professional and consultancy charges	740.57	595.56
Office Expense	312.29	177.28
Bureau charges	-	194.29
Operation Cost	33.13	161.99
Travelling and conveyance	197.48	99.15
Advertisement, publicity and sales promotion expenses	177.14	69.25
Rating fees	104.08	103.01
Payment to auditors	60.30	44.42
Directors' sitting fees (Refer Note 31)	19.73	23.00
Stamp Duty & Filing fees	17.69	18.93
Bank charges	19.80	28.74
Repairs and maintenance	7.34	8.39
Corporate Social responsibility	-	12.67
Rent (Refer Note 34)	72.24	61.82
Membership and Subscription	1.54	3.05
Miscellaneous expenses	124.64	156.18
Total	**3,399.23**	**2,956.01**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Auditor's remuneration		
- Audit fees	38.50	33.19
- Limited review	21.80	11.23
In other capacity		
- Certification services	-	-
- Taxation	-	-
Total	**60.30**	**44.42**

Notes to the Standalone Financial Statements

27. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Current tax expense		
Current period	144.72	182.11
Tax pertaining to previous years	-	-
Current tax expense	**144.72**	**182.11**
Deferred tax expense		
Origination and reversal of temporary differences	2,102.19	41.93
Deferred tax expense	**2,102.19**	**41.93**
Tax expense for the period	**2,246.91**	**224.04**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Period ended September 30, 2022			Period ended September 30, 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(24.54)	6.18	(18.36)	(51.96)	13.08	(38.88)
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(17.17)	4.32	(12.85)	(124.94)	31.45	(93.49)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	143.85	(36.21)	107.64	(59.80)	15.05	(44.75)
	102.14	**(25.71)**	**76.43**	**(236.70)**	**59.58**	**(177.12)**

(c) Amounts recognised directly in equity

There are no temporary difference recognised directly in equity for the period ended September 30, 2022 (Previous period: Nil)

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Profit before tax as per Statement of profit and loss (A)	8,716.08	940.68
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate (B)	2,193.84	236.77
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	20.67	4.17
Other adjustments	32.40	(16.90)
Effective tax amount	**2,246.91**	**224.04**
Effective tax rate	25.78%	23.82%

Notes to the Standalone Financial Statements

28. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the period attributable to equity holders by the weighted average number of equity shares outstanding during the period.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Profit attributable to equity holders of the Company used in calculating basic earnings per share	6,469.17	716.64
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	6,469.17	716.64

ii. Weighted average number of ordinary shares

Particulars	As at September 30, 2022	As at September 30, 2021*
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (A)	46,02,26,538	38,63,60,789
Adjustments for calculation of diluted earnings per share for the period (B)	-	36,34,024
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share (A+B)	46,02,26,538	38,99,94,813
Basic earnings per share (Not Annualised)	**1.41**	**0.19**
Diluted earnings per share (Not Annualised)	**1.41**	**0.18**

**As per Ind AS 103, these financial results issued under the name of new IFSL represent the continuation of the financial results of erstwhile IFSL (including comparatives) except for share capital which is currently presented as per legal share capital of new IFSL. Accordingly the assets, liabilities and reserves of erstwhile IFSL have been continued at their pre-business combination carrying values and measured the fair value of identified assets and liabilities of new IFSL acquired as per requirements of Ind AS 103. The earnings per share figures presented in respect of comparative periods are those of erstwhile IFSL and are accordingly not comparable with the current period figures.*

29. Fair Value Measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at September 30, 2022				As at March 31, 2022			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	35,880.06	35,880.06	-	-	5,203.13	5,203.13
Bank balance other than cash and cash equivalents	-	-	3,337.96	3,337.96	-	-	2,991.36	2,991.36
Derivative financial instruments	751.56	831.73	-	1,583.29	1,181.05	-	-	1,181.05
Loans	5,165.22	-	4,67,794.67	4,72,959.89	-	-	3,73,226.42	3,73,226.42
Investments								-
-Mutual funds	3,999.80	-	-	3,999.80	-	-	-	-
-Debt securities	-	481.50	132.03	613.53	-	2,899.87	855.44	3,755.31
-Alternative Investment Fund	7,534.35	-	-	7,534.35				
-Convertible Preference Shares	9.22	-	-	9.22	9.22	-	-	9.22
Other financial assets	-	-	4,948.68	4,948.68	-	-	2,736.69	2,736.69
Total financial assets	**17,460.15**	**1,313.23**	**5,12,093.40**	**5,30,866.78**	**1,190.27**	**2,899.87**	**3,85,013.04**	**3,89,103.18**
Financial liabilities								
Derivative financial instruments	967.65	-	-	967.65	186.87	-	-	186.87
Debt securities	-	-	1,35,286.74	1,35,286.74	-	-	1,06,523.77	1,06,523.77
Borrowings (other than debt securities)	-	-	2,28,928.64	2,28,928.64	-	-	1,75,065.49	1,75,065.49
Other financial liabilities	-	-	12,511.89	12,511.89	-	-	8,157.93	8,157.93
Total financial liabilities	**967.65**	**-**	**3,76,727.27**	**3,77,694.92**	**186.87**	**-**	**2,89,747.19**	**2,89,934.06**

Note: Investment in subsidiaries amounting to Rs. 4,245.00 lakhs (Previous year: Rs. 4,915.00 lakhs) is carried at cost in accordance with Ind AS 27 and does not form part of the above.

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below.

(Rs. in lakhs)

Particulars	Fair value							
	As at September 30, 2022				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.22	-	9.22	-	9.22	-	9.22
Derivative Financial Instruments		-	1,583.28	1,583.28	-	-	1,181.05	1,181.05
Loans	-	-	5,165.22	5,165.22	-	-	-	-
Investment in Mutual Fund	3,999.80	-	-	3,999.80	-	-	-	-
Investment in debt securities	-	-	481.50	481.50	-	-	2,899.87	2,899.87
Alternative Investment Fund	7,534.35	-	-	7,534.35	-	-	-	-
Total	**11,534.15**	**9.22**	**7,230.00**	**18,773.37**	**-**	**9.22**	**4,080.92**	**4,090.14**
Financial liabilities								
Derivative Financial Instruments	-	-	967.65	967.65	-	-	186.87	186.87
Total	**-**	**-**	**967.65**	**967.65**	**-**	**-**	**186.87**	**186.87**

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at September 30, 2022				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	35,880.06	-	-	35,880.06	5,203.13	-	-	5,203.13
Bank balance other than cash and cash equivalents	3,337.96	-	-	3,337.96	2,991.36	-	-	2,991.36
Investments	-	-	-	-	-	-	-	
- Debt securities	-	-	132.03	132.03	-	-	855.44	855.44
Loans	-	-	5,02,211.88	5,02,211.88	-	-	3,96,023.64	3,96,023.64
Other financial assets	4,948.68	-	-	4,948.68	2,736.69	-	-	2,736.69
Total	**44,166.70**	**-**	**5,02,343.91**	**5,46,510.61**	**10,931.18**	**-**	**3,96,879.08**	**4,07,810.26**
Financial Liabilities								
Debt securities	-	-	1,35,207.30	1,35,207.30	-	-	1,07,546.28	1,07,546.28
Borrowings (other than debt securities)	-	-	2,28,089.98	2,28,089.98	-	-	1,75,643.97	1,75,643.97
Other financial liabilities	12,511.89	-	-	12,511.89	8,157.93	-	-	8,157.93
Total	**12,511.89**	**-**	**3,63,297.28**	**3,75,809.17**	**8,157.93**	**-**	**2,83,190.25**	**2,91,348.18**

(Rs. in lakhs)

Particulars	As at September 30, 2022		As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	35,880.06	35,880.06	5,203.13	5,203.13
Bank balance other than cash and cash equivalents	3,337.96	3,337.96	2,991.36	2,991.36
Derivative Financial instruments	1,583.29	1,583.28	1,181.05	1,181.05
Loans	4,72,959.89	5,07,377.10	3,73,226.42	3,96,023.64
Investments				
-Mutual funds	3,999.80	3,999.80	-	-
- Alternative investment fund	7,534.35	7,534.35		
-Debt securities at Other comprehensive income	481.50	481.50	855.44	855.44
-Debt securities at amortised cost	132.03	132.03	2,899.87	2,899.87
-Convertible Preference Shares	9.22	9.22		
Other financial assets	4,948.68	4,948.68	2,736.69	2,736.69
Total	**5,30,866.78**	**5,65,283.98**	**3,89,093.96**	**4,11,891.18**
Financial liabilities				
Derivative Financial instruments	967.65	967.65	186.87	186.87
Debt securities	1,35,286.74	1,35,207.30	1,06,523.77	1,07,546.28
Borrowings (other than debt securities)	2,28,928.64	2,28,089.98	1,75,065.49	1,75,643.97
Other financial liabilities	12,511.89	12,511.89	8,157.93	8,157.93
Total	**3,77,694.92**	**3,76,776.82**	**2,89,934.06**	**2,91,535.05**

Except for those financial instruments for which the fair value amounts are mentioned in the above table (which is different than the carrying value), the Company considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Company's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

Financial instruments held at amortised cost

i. Cash and bank balance:
The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:
For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:
The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:
The Company has investments in debt securities with fixed rates. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

v. Debt securities and borrowings:
The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at September 30, 2022 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:
The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

Notes to the Standalone Financial Statements

Financial instruments held at fair value

i. Investment in mutual fund and AIF:

The investment in mutual funds are valued using the closing NAV in the market.

ii. Investment in debt securities:

Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using market yeild on the balance period to maturity on similar instruments using G-Sec rates adjusted for credit risk of the instruments.

Gains or losses on transfers amongst categories

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the period ended September 30, 2022 and March 31, 2022.

D. Sensitivity analysis of financial instruments at Level 3

		As at September 30, 2022		As at March 31, 2022	
		Delta effect of		Delta effect of	
Particulars	**Input name**	**+ 1% change**	**- 1% change**	**+ 1% change**	**- 1% change**
Financial Assets:					
Loans	Discount rate	(2,645.37)	2,698.72	-2,035.95	2,077.02
Investment in debt securities	Gsec rate	(0.67)	0.68	-9.46	9.58
Investment in debt securities	FIMMDA rate	(0.67)	0.68	-9.46	9.58
Derivative Financial Instruments	Volatility rate	669.89	(685.12)	25.11	-33.00
Financial Liabilities:					
Debt securities	Discount rate	1,067.19	(1,091.02)	146.99	-149.14
Borrowings (other than debt securities)	Discount rate	282.70	(291.85)	-663.65	678.98
Derivative Financial Instruments	Volatility rate	815.77	(539.24)	29.55	-29.42

D. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the period ended September 30, 2022 and September 30, 2021

(Rs. in lakhs)

Particulars	**Derivative**	**Debt Instruments**
As at March 31, 2021	**-**	**6,652.06**
Net Acquisitions/(Disposal)	73.10	-2,407.35
Gains recognised in P&L	-	23.73
Gains recognised in other comprehensive income	(59.80)	-124.94
As at September 30, 2021	**13.30**	**4,143.50**
As at March 31, 2022	**299.22**	**2,909.12**
Net Acquisitions/(Disposal)	388.67	-516.90
Gains recognised in P&L	-	-0.15
Gains /(Loss) recognised in other comprehensive income	143.84	-17.17
As at September 30, 2022	**831.73**	**2,374.90**

30. Financial risk management

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, market risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.
The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.
The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations i.e. receivables from customers, investments in debt securities etc. Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

i) Credit risk management
The Company key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks . The Company considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:
- **Income and cash flow analysis:** The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- **Credit history analysis:** The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- **Borrower's profile and intended use of the funds:** The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- **Security cover provided:** The Company has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- **Collectability and geo-location:** . The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or concerns about any of these factors, an adverse adjustment to the risk-profile is made.

The Company has separate data science/analytics team which monitors the vintage curve, bounce rates, collection efficiency, portfolio metrics and delinquencies further periodic re-audit of existing cases to unearth delinquency trends and credit learnings.
Measurement of Expected Credit Losses ('ECL')
The Company has segmented its outstanding portfolio based on the risk profiles i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Company has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

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 ECL 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 /collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3. Considering the current macro economic scenario, due to Covid, the probability of defaults have been increased over and above the historical trends across product verticals.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90 + days	Stage 3	Life Time ECL	Life Time ECL

Further, the Company on the basis of its assessment of credit risk classifies loans under Stage 2 irrespective of its overdues status during the period, including loans under one-time resolution (OTR) framework prescribed by the Reserve Bank of India (RBI) for COVID-19 related stress. These accounts are upgraded to Stage 1 as and when they demonstrate satisfactory behaviour under the revised repayment schedule.

Portfolio Segment	Lending verticals	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Unsecured	Personal Loan	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs.		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	Based on Managmenet estimates and RBI standard provision for NPAs in unsecured portfolios is assumed (65%)
	Unsecured Business Loan					
	Student Loans					
	Supply Chain Finance					
Secured	Escrow Backed Funding	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	Based on Managmenet estimates and RBI standard provision for NPAs in secured portfolios is assumed (50%)
	Two Wheeler Finance					
	Secured School Finance	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Micro Finance					
	Loan Against Property					
	Home Loans					

As at September 30, 2022

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1*	Term Loans*	4,50,555.62	4,686.46	4,45,869.16
	Loan commitments	31,833.00	23.60	31,809.40
Stage 2	Term Loans	24,511.80	2,789.96	21,721.84
Stage 3	Term Loans	11,686.10	6,317.22	5,368.88

**Includes loans recongnised at fair value through P&l amouting to Rs 5165.22 lakh*

As at March 31, 2022

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	3,49,541.03	2,461.45	3,47,079.58
	Loan commitments	14,248.30	9.42	14,238.88
Stage 2	Term Loans	21,971.46	1,229.09	20,742.37
Stage 3	Term Loans	10,811.36	5,406.89	5,404.47

Collateral held

The Company periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Company varies on case to case basis and includes:

a) First/Subservient charge on the Land and/or Building of the project or other projects
b) First/Subservient charge on the fixed and current assets of the borrower
c) Hypothecation over receivables from funded project or other projects of the borrower
d) First loss guarantee default (FLDG) in the form of cash collateral, lien on fixed deposits etc.

Notes to the Standalone Financial Statements
(ii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure
The below table signifies movement of gross carrying amount:

(Rs. in lakhs)

Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2021	**2,32,999.00**	**24,066.63**	**9,052.53**
Change in opening credit exposure	(1,24,612.06)	(7,159.92)	(2,629.64)
New credit exposures during the year, net of repayment*	2,50,658.03	2,454.79	493.14
Transferred to 12-month ECL	2,000.14	(1,971.06)	(29.08)
Transferred to Lifetime ECL not credit impaired	(7,580.59)	7,921.29	(340.70)
Transferred to Lifetime ECL credit impaired	(3,923.49)	(3,340.27)	7,263.75
Write – offs	-	-	(2,998.64)
Loan exposure on March 31, 2022	**3,49,541.03**	**21,971.46**	**10,811.36**
New credit exposures due business Combination	48,520.59	4,400.87	-
Transfer of credit exposure due demerger	(801.19)	(71.97)	(377.94)
Loan exposure on April 01, 2022	**3,97,260.43**	**26,300.36**	**10,433.42**
Change in opening credit exposure	(1,41,937.16)	(3,516.35)	(854.43)
New credit exposures during the period, net of repayment*	1,98,726.04	1,686.42	139.75
Transferred to 12-month ECL	2,092.44	(1,788.34)	(304.10)
Transferred to Lifetime ECL not credit impaired	(3,833.17)	4,255.59	(422.43)
Transferred to Lifetime ECL credit impaired	(1,752.95)	(2,425.89)	4,178.85
Write – offs	-	-	(1,484.96)
Loan exposure on September 30, 2022	**4,50,555.63**	**24,511.79**	**11,686.10**

**represents outstanding balance of loan exposures originated during the period as at reporting date.*

For Loan loss allowance:

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2021	**1,865.67**	**2,009.41**	**5,229.81**
Change in opening credit exposure	(1,342.22)	(640.79)	(54.68)
New credit exposures during the year, net of repayment*	1,973.46	178.72	249.06
Transferred to 12-month ECL	63.41	(265.29)	(15.65)
Transferred to Lifetime ECL not credit impaired	(49.40)	290.43	(171.57)
Transferred to Lifetime ECL credit impaired	(49.47)	(343.39)	3,168.56
Write – offs	-	-	(2,998.64)
Loss allowance on March 31, 2022	**2,461.45**	**1,229.10**	**5,406.91**
Transfer of credit exposure due demerger	(26.73)	(16.29)	(184.07)
Loss allowance on April 01, 2022	**2,434.72**	**1,212.81**	**5,222.84**
Change in opening credit exposure	458.85	1,131.20	597.51
New credit exposures during the period, net of repayment*	1,836.65	93.78	54.78
Transferred to 12-month ECL	27.10	(120.02)	(184.35)
Transferred to Lifetime ECL not credit impaired	(40.29)	734.49	(214.12)
Transferred to Lifetime ECL credit impaired	(30.57)	(262.30)	2,325.52
Write – offs	-	-	(1,484.96)
Loss allowance on September 30, 2022	**4,686.46**	**2,789.96**	**6,317.22**

**represents outstanding balance of loss allowance on loan exposures originated during the period as at reporting date.*

For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on March 31, 2021	**-**
Changes in loss allowances due to Assets used or released	**9.28**
Loss allowance on March 31, 2022	**9.28**
Changes in loss allowances due to Assets used or released	2,481.24
Loss allowance on September 30, 2022	**2,490.52**

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on 31 March 2021	**11.00**
Changes in loss allowances due to Assets used or released	(1.58)
Loss allowance on 31 March 2022	**9.42**
Changes in loss allowances due to Assets used or released	14.18
Loss allowance on 30 September 2022	**23.60**

Offsetting financial assets and financial liabilities
There are no financial assets and Financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

Impact of COVID-19
(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the current and previous year, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0. dated August 6, 2020 and Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at September 30, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.

(B) 'Pursuant to the RBI circular dated February 15, 2022, the Company has implemented necessary system in place w.e.f. October 01, 2022 to align its definition of default for loan assets with the guidelines stipulated in RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" (the "RBI circular").

30. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Company has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Company has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
- Expiring within one year	28,009.09	17,010.00
- Expiring beyond one year	-	-
Total	**28,009.09**	**17,010.00**

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at September 30, 2022 (Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	4	967.65	(967.65)	-	(762.36)	(205.29)	-
Debt securities	12	1,35,286.74	(1,51,492.09)	(1,05,363.22)	(30,940.37)	(15,188.50)	-
Borrowings (other than debt securities)	13	2,28,928.64	(2,61,793.16)	(1,18,703.69)	(1,15,861.61)	(27,227.86)	-
Other financial liabilities	14	12,511.89	(12,511.90)	(7,528.39)	-	-	(4,983.51)
Loan and other commitments	35	32,014.81	(32,014.81)	(7,966.89)	(24,047.92)	-	-
Total		**4,09,709.73**	**(4,58,779.61)**	**(2,39,562.19)**	**(1,71,612.26)**	**(42,621.65)**	**(4,983.51)**

Notes to the Standalone Financial Statements
As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	4	186.87	(186.87)	-	(186.87)	-	-
Debt securities	12	1,06,523.77	(1,23,335.86)	(48,013.55)	(60,046.05)	(2,517.01)	(12,759.25)
Borrowings (other than debt securities)	13	1,75,065.49	(2,13,959.44)	(92,103.90)	(88,864.92)	(32,990.62)	-
Other financial liabilities	14	8,157.93	(8,157.93)	(8,157.93)	-	-	-
Loan commitments	35	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)	-	-
Total		**3,04,182.36**	**(3,59,888.40)**	**(1,60,183.31)**	**(1,51,438.21)**	**(35,507.63)**	**(12,759.25)**

The following table details the Company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at September 30, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	35,880.06	35,901.62	35,901.62	-	-	-
Bank deposits	3	3,337.96	3,441.39	3,283.09	158.30	-	-
Derivative financial instruments	4	1,583.29	1,583.29	718.80	864.49	-	-
Loans	5	4,72,959.89	6,89,746.67	2,37,021.70	2,24,677.50	76,825.14	1,51,222.33
Investments (other than subsidiaries)	6	12,156.90	12,159.04	11,886.27	272.77	-	-
Other financial assets	7	4,948.68	4,948.68	4,121.00	251.68	66.13	509.87
Total		**5,30,866.78**	**7,47,780.69**	**2,92,932.48**	**2,26,224.74**	**76,891.27**	**1,51,732.20**

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	5,203.13	5,203.13	5,203.13	-	-	-
Bank deposits	3	2,991.36	3,064.90	3,064.90	-	-	-
Derivative financial instruments	4	1,181.05	1,181.05	-	1,181.05	-	-
Loans	5	3,73,226.42	5,17,087.67	2,21,380.60	1,48,771.24	55,625.27	91,310.56
Investments (other than subsidiaries)	6	3,755.31	3,946.47	3,393.46	553.01		
Other financial assets	7	2,736.69	2,736.69	2,736.69	-	-	-
Total		**3,89,093.98**	**5,33,219.91**	**2,35,778.78**	**1,50,505.30**	**55,625.27**	**91,310.56**

30. Financial risk management (continued)

C. Market risk

Market risk or Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely. The Company has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Company's interest rate risk arises majorly from borrowings, loans and investments. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at September 30, 2022	As at March 31, 2022
Loans		
Fixed rate loans	2,71,947.27	2,22,062.75
Variable rate loans	2,17,871.95	1,58,346.89
Bank balance other than cash and cash equivalents	3,337.96	2,991.36
Fixed rate investments in debt securities at amortised cost	132.03	855.47
Fixed rate investments in debt securities at other comprehensive income	482.21	2,909.12
Total	**4,93,771.42**	**3,87,165.59**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,53,171.01)	(1,56,641.86)
Variable rate Debt and Borrowings	(2,04,580.81)	(1,21,500.62)
Total	**(3,57,751.82)**	**(2,78,142.48)**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Company's Profit before tax for the period ended/ Other Equity (pre-tax) as on September 30, 2022 and March 31, 2022 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
September 30, 2022				
Variable-rate instruments	132.91	(132.91)	132.91	(132.91)
Cash flow sensitivity (net)	**132.91**	**(132.91)**	**132.91**	**(132.91)**
March 31, 2022				
Variable-rate instruments	397.55	(397.55)	397.55	(397.55)
Cash flow sensitivity (net)	**397.55**	**(397.55)**	**397.55**	**(397.55)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Foreign Currency Risk

The Company is exposed to foreign currency fluctuation risk for its external currency borrowing (ECB). The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved policy. The Company for its ECB, evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs. The Company manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved policy.

Notes to the Standalone Financial Statements

31. Related party disclosures

Key managerial personnel ("KMP")

Name of the KMP	Designation
Mr. Bhupinder Singh	Whole-time director and Chief Executive Officer
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary
Mr. Deepak Narang	Independent Director (upto June 11, 2021)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director
Mr. Karnam Sekar	Independent Director (w.e.f December 17, 2021)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director (upto December 15, 2021)
Mr. Girish Dinanath Nadkarni	Nominee Director (upto June 13, 2021)
Mr. Gaurav Trehan	Non- Excutive Director
Mr. Sanjay Nayyar	Non- Excutive Director
Mr. Vivek Anand PS	Non- Excutive Director

Pursuant to the scheme of Arrangement referred in Note 41, the Board of Director of the Company were re-constituted on July 26, 2022

Enterprises where key management personnel exercises significant influence

1. InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
2. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
4. InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)
5. InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners Private Limited)
6. InCred Alternative Investments Private Limited
7. InCred Wealth and Investment Private Limited

Fellow subsidiaries:

1. InCred Prime Finance Limited (Formerly known as InCred Financial Services Limited)

Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at September 30, 2022	As at March 31, 2022
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	0.00%	59.38%
InCred Holdings Limited (formerly known as KKR Capital Markets Pvt Ltd)	India	100.00%	0.00%

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at September 30, 2022	As at March 31, 2022
Incred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%
Booth Fintech Private Limited	India	Mumbai	100.00%	100.00%
Incred.AI Limited	India	Mumbai	100.00%	100.00%

Associate of Booth Fintech Private Limited (upto May 17, 2022)

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at September 30, 2022	As at March 31, 2022
mValu Technology Services Private Limited	India	Mumbai	NA	47.39%

Subsidiary of Booth Fintech Private Limited (w.e.f. May 18, 2022)

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at September 30, 2022	As at March 31, 2022
mValu Technology Services Private Limited	India	Mumbai	75.82%	47.39%

Note: Information in respect of comparative period represent of related parties of erstwhile IFSL as required in Ind As 103.

Transactions with key management personnel

Key management personnel compensation (Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Employee benefit expenses	481.12	362.10
Directors' sitting fees	19.73	23.00

As the liabilities for gratuity and share based payments are provided on actuarial basis for the Company as a whole and hence the amounts pertaining to the key management personnel are not included in the above.

InCred Financial Services Limited

(Formerly known as KKR India Financial Services Limited)

Notes to the Standalone Financial Statements

31. Related party disclosures (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

(Rs. in lakhs)

Nature of transactions	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Fellow subsidiary		Associate of subsidiary	
	For the period ended September 30, 2022	For the period ended September 30, 2021	For the period ended September 30, 2022	For the period ended September 30, 2021	For the period ended September 30, 2022	For the period ended September 30, 2021	For the period ended September 30, 2022	For the period ended September 30, 2021	For the period ended September 30, 2022	For the period ended September 30, 2021	For the period ended September 30, 2022	For the period ended September 30, 2021
Balance Sheet transactions												
Investment in equity shares	-	-	1,820.00	1,000.87	-	-	-	-	-	-	-	-
ICD taken	-	-	800.00	2,500.00	-	-	3,500.00	500.00	-	-	-	-
Repayment of ICD taken (including interest)	-	-	801.02	2,924.17	-	-	3,503.72	5,083.40	-	-	-	1,341.61
Issue of Market Linked Debentures ("MLD")	-	-	-	-	-	-	6,900.00	6,180.00	-	-	-	-
Reimbursement of credit loss	-	-	-	-	-	-	-	-	-	-	-	1.85
ICD given	1,500.00	-	7.00	-								
Repayment of ICD given	-	-	7.00	-								
Income transactions												
License fees	-	-	-	-	-	-	-	-	-	-	-	28.00
Service fee	-	-	-	-	-	-		12.49	-	-	-	175.30
Interest on ICD	27.62	-	-	-	-	-	-	-	-	-	-	-
Business support charges	-	-	-	-	-	-	22.11	0.96	-	-	-	-
Expense transactions												
License fees	-	-	-	2.73	-	-	-	-	-	-	-	-
Interest on ICD	-	-	1.02	24.17	-	-	3.72	83.40	-	-	-	41.61
Expenses on account of reimbursement	-	-	-	0.01	-	-	-	-	-	-	0.30	-
Fee and commission	-	-	-	-	-	-	156.00	448.73	-	-	-	0.07

Summary of balance receivable from / payable to the above related parties are as follows:

(Rs. in lakhs)

Balance outstanding	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP*		Fellow subsidiary		Associate of subsidiary	
	As at September 30, 2022	As at March 31, 2022	As at September 30, 2022	As at March 31, 2022	As at September 30, 2022	As at March 31, 2022	As at September 30, 2022	As at March 31, 2022	As at September 30, 2022	As at March 31, 2022	As at September 30, 2022	As at March 31, 2022
Advances/Receivables	-	-	-	17.00		-	-	489.06	-	-	-	15.17
Investments (at cost)	-	-	6,730.56	4,910.56	-	-	-	-	-	-	-	-
ICD Receivable	1,527.62	-	-	-	-	-	-	-	-	-	-	-
Other Receivables	750.68	-	18.25	-	-	-	-	-	-	-	-	-
Other Payables	-	-	-	-	-	-	-	-	515.95	-	-	-
Security deposit payable	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

For terms and conditions of ICD payable to related parties, refer Note No 13

* Other than those mentioned, there are no debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

32. Employee benefits

1. The Company has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Provident fund	167.69	127.31

2. Gratuity

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Change in benefit obligations		
Present value of benefit obligation at the beginning of the period	313.85	158.48
Interest cost	8.08	3.37
Current Service cost	44.70	26.89
Liability Transferred In/Acquisition		
Benefits paid	(24.74)	-
Actuarial Loss / (Gains) on Obligations - Due to Change in Demographic Assumptions	-	(0.02)
Actuarial Loss / (Gains) on Obligations - Due to Change in Financial Assumptions	(17.27)	(1.23)
Actuarial Losses on Obligations - Due to Experience	41.81	53.20
Liability at the end of the period	**366.43**	**240.69**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Present value of benefit obligation at the end of the period	(366.43)	(240.69)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(366.43)	(240.69)
Net (Liability)/Asset Recognized in the Balance Sheet	**(366.43)**	**(240.69)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Current service cost*	44.70	26.89
Interest cost	8.08	3.37
Expenses recognised	**52.78**	**30.26**

**Includes payout of Rs. 5.29 lakhs pertaining to previous year*

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Actuarial Loss / (Gains) on obligation for the period	24.54	51.96
Net Loss / (Income) for the period recognized in OCI	**24.54**	**51.96**

The actuarial assumptions used to determine benefit obligations as at September 30, 2022 and September 30, 2021 are as follows:

Particulars	Period ended September 30, 2022	Period ended September 30, 2021
Discount Rate	7.21%	4.25%
Salary escalation rate	8.00%	5% for next 1 year and 7% thereafter
Expected Rate of return on Plan Assets	N.A	N.A
Rate of Employee Turnover	35%	35%
Weighted Average Duration of Projected Benefit Obligation	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

Notes to the Standalone Financial Statements

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Opening net liability	**313.85**	**158.48**
Expenses recognized in Statement of Profit and Loss	52.78	30.25
Expenses recognized in OCI	24.54	51.96
Net (Asset) Transfer In	(24.74)	-
Net liability recognized in the Balance Sheet	**366.43**	**240.69**

Cash Flow Projection
Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Projected benefits payable in future years from the date of reporting		
1st following year	90.26	59.12
2nd following year	89.13	71.58
3rd following year	70.29	63.25
4th following year	53.70	48.49
5th following year	41.33	36.75
Sum of years 6 to 10	78.96	69.81
Sum of years 11 and above	13.69	12.11

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Projected benefit obligation on current assumptions	366.43	240.69
Delta effect of +1% change in rate of discounting	(7.70)	(6.58)
Delta effect of -1% change in rate of discounting	8.14	6.98
Delta effect of +1% change in rate of salary increase	8.02	5.78
Delta effect of -1% change in rate of salary increase	(7.78)	(5.63)
Delta effect of +1% change in rate of employee turnover	(2.74)	(4.13)
Delta effect of -1% change in rate of employee turnover	2.79	4.22

Qualitative disclosures

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

33. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Board of Directors of InCred Holdings Limited (formerly, KKR Capital Markets Limited) (the "Holding Company") on August 26, 2022 adopted Employees Stock Incentive Plan under which share options shall be granted to eligible employees of the Holding Company and the Company from time to time ("New ESOP Scheme"). Such Scheme also covered employees of the Company which were transferred pursuant to the Scheme of Arrangement referred to in Note 40 holding Employee Stock Options under the ESOP Scheme of erstwhile IFSL ("Erstwhile ESOP Scheme"). The options granted to employees under the Erstwhile ESOP scheme continue to have similar terms and conditions in respect of vesting / exercise etc. under the New ESOP Scheme. As assessed by the Company, grant of options under the New ESOP Scheme to employees of erstwhile IFSL does not form part of consideration discharged as the Company is assessed to be accounting acquiree as per Ind AS 103. Consequently, the charge towards share-based payment in terms of Ind AS 102 has been recorded on a basis that such New ESOP Scheme is only a continuation of Erstwhile ESOP Scheme. Further, the balance outstanding in Employees Stock Option Reserve as at September 30, 2022 pertaining to erstwhile ESOP Scheme has been transferred to 'Capital contribution from parent' pursuant to such change.

The Company has established share option plans that entitle the employees of the Company and its subsidiary companies to purchase the shares of the Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.
The key terms and conditions related to the vesting of grants under these plans are continued employment with the company from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

a. Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using Black-Scholes Option pricing model. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the period are as follows:

The model inputs for options granted during

Particulars / Grant date	For the period ended September 30, 2022	For the year ended March 31, 2022
Fair value as on grant date (weighted average)	24.91 to 42.88	24.91 to 42.17
Share prices during the period , on grant dates	55.00 to 65.00	55.00 to 65.00
Exercise price	40.00	40.00
Expected volatility (weighted average volatility)	40%	40%
Rate of Employee Turnover	30%	35%
Expected life (expected weighted average life)	10 years	8.5 years
Risk- free interest rate (based on government bonds)	4.89% to 7.52%	4.89% to 6.85%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

** The Nomination and Remuneration Committee during the year has approved modification of exercise price in respect of options granted in the year ended March 31, 2021 from Rs. 40.00 per share to Rs. 28.00 per share. Accordingly the incremental fair value of the option ranging from Rs. 5.37 to Rs. 7.40 per option has been included in the measurement of amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest.*

b. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

Particulars	Average exercise price per option	Number of options	
		As at September 30, 2022	As at March 31, 2022
Opening balance	34.35	3,42,48,588	1,80,44,938
Add: Options granted during the period	40.00	26,14,500	1,88,51,500
Less: Options exercised during the period	38.64	(1,22,000)	(17,38,050)
Less: Options lapsed during the period	37.30	(37,29,450)	(9,09,800)
Options outstanding as at the period end	**37.44**	**3,30,11,638**	**3,42,48,588**
Option exercisable of the above		1,47,76,065	1,20,39,181

Weighted average remaining contractual life of options outstanding at end of the period: 2.01 years

II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the Holding Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the grants under these plans are continued employment with the company from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

i) Share options issued by Bee Finance Limited (Mauritius)

a. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the period ended September 30, 2022:
No fresh grants have been given during the period/year ended September 30, 2022 and March 31, 2022.

b. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

	As at September 30, 2022		As at March 31, 2022	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**-**	**-**	**47,728.27**	**234.00**
Add: Options granted during the period	-	-	-	-
Less: Options lapsed during the period	-	-	(47,728.27)	(234.00)
Options outstanding as at the period end	**-**	**-**	**-**	**-**

c. Expenses arising from share-based payment transactions

Refer Note 25 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

34. Lease accounting

The Company has entered into leasing arrangements for premises. Right of Use Assets ("ROU") has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the period ended September 30, 2022:

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Balance at the beginning of the period	**1,850.84**	**1,712.56**
Addition during the period	19.53	552.36
Disposals during the period	(80.95)	-
Depreciation for the period	(205.74)	(381.36)
Balance as at the end of the period	**1,583.68**	**1,883.56**

ii. The following is the movement in lease liabilities during the period ended September 30, 2022:

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Balance at the beginning of the year	**2,061.90**	**1,927.82**
Addition during the period	19.53	552.36
Finance cost accrued during the period	98.85	198.43
Payment of Lease liabilities made during the period	(280.30)	(537.04)
Balance as at the end of the period	**1,899.98**	**2,141.57**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of September 30, 2022 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Less than one year	207.59	369.50
Between one and five years	1,391.47	1,674.35
More than five years	300.92	97.72
Total	**1,899.98**	**2,141.57**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Depreciation expense on right-of-use assets (Refer Note 9A)	205.74	381.36
Interest expense on lease liabilities (Refer Note 23)	98.85	97.19
Expense relating to short-term leases (Refer Note 26)	72.24	61.82
Expense relating to leases of low value assets	-	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
Total cash outflow for leases	280.30	537.04

35. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Commitments		
Undrawn committed credit lines	31,833.00	14,248.30
Obligation on investments in partly paid up preference shares	181.81	181.81
Total	**32,014.81**	**14,430.11**

There are no litigations and proceedings against the Company which requires any provision or disclosure as contingent liability.

Notes to the Standalone Financial Statements

36. Current and Non-current maturity

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

(Rs. in lakhs)

Particulars	As at Septemer 30, 2022			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	35,880.06	-	35,880.06	5,203.13	-	5,203.13
Bank balance other than cash and cash equivalents	3,187.96	150.00	3,337.96	2,991.36	-	2,991.36
Derivative financial instruments	-	1,583.29	1,583.29	451.45	729.60	1,181.05
Loans	1,98,624.14	2,74,335.75	4,72,959.89	1,74,340.33	1,98,886.09	3,73,226.42
Investments	11,874.92	4,527.17	16,402.09	3,198.35	5,481.18	8,679.53
Other financial assets	4,121.00	827.68	4,948.68	1,473.59	1,263.10	2,736.69
Sub total	**2,53,688.08**	**2,81,423.89**	**5,35,111.97**	**1,87,658.21**	**2,06,359.97**	**3,94,018.18**
Non-financial assets						
Current Tax assets (Net of provision for tax)	-	5,598.54	5,598.54	-	1,184.47	1,184.47
Deferred Tax assets (Net of deferred tax liabilities)	-	53,399.53	53,399.53	-	2,038.67	2,038.67
Property, plant and equipment	-	3,505.42	3,505.42	-	3,384.80	3,384.80
Capital Work-in-progress	-	39.76	39.76	-	293.95	293.95
Goodwill	-	20,754.75	20,754.75	-	-	-
Other intangible assets	-	185.18	185.18	-	188.63	188.63
Other non-financial assets	1,919.82	10.52	1,930.34	480.00	800.55	1,280.55
Sub total	**1,919.82**	**83,493.70**	**85,413.52**	**480.00**	**7,891.07**	**8,371.07**
Total assets	**2,55,607.90**	**3,64,917.59**	**6,20,525.49**	**1,88,138.21**	**2,14,251.04**	**4,02,389.25**
LIABILITIES						
Financial liabilities						
Debt securities	86,650.60	48,636.14	1,35,286.74	40,463.06	66,060.71	1,06,523.77
Borrowings (other than debt securities)	97,882.92	1,31,045.72	2,28,928.64	69,333.94	1,05,731.55	1,75,065.49
Other financial liabilities	7,528.39	4,983.50	12,511.89	3,094.13	5,063.80	8,157.93
Derivative financial instruments	-	967.65	967.65	186.87	-	186.87
Sub total	**1,92,061.91**	**1,85,633.01**	**3,77,694.92**	**1,13,078.00**	**1,76,856.06**	**2,89,934.06**
Non-Financial liabilities						
Provisions	1,276.26	298.64	1,574.90	59.12	264.15	323.27
Other non-financial liabilities	630.18	-	630.18	900.48	-	900.48
Sub total	**1,906.44**	**298.64**	**2,205.08**	**959.60**	**264.15**	**1,223.75**
Total liabilities	**1,93,968.35**	**1,85,931.65**	**3,79,900.00**	**1,14,037.60**	**1,77,120.21**	**2,91,157.81**

Notes to the Standalone Financial Statements

37. Foreign currency transactions

(Rs. in lakhs)

Particulars	Period Ended September 30, 2022	Year Ended September 30, 2021
Expenditure in foreign currency		
Directors' sitting fees	-	-
Legal, professional and consultancy charges	118.33	76.96
Information Technology expenses	61.94	-
Miscellaneous expenses	7.96	-
Interest on External Commercial Borrowings	140.08	67.64
Total	**328.31**	**144.60**

38. Micro, Small and Medium Enterprises Development

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, as at September 30, 2022, no dues were outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act till September 30, 2022.

39. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of the Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

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

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Common Equity Tier1 (CET1) capital	1,65,025.25	1,08,442.86
Other Tier 2 capital	4,688.88	2,461.45
Total capital	**1,69,714.13**	**1,10,904.31**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current period profit and loss. Certain adjustments are made to Ind AS–based results and reserves.

Refer Note 44 (2) for further details.

40. Ratio Analysis and its elements

Ratio	As at September 30, 2022	As at March 31, 2022	% change
CRAR (%)	32.78%	28.05%	16.85%
CRAR - Tier I Capital (%)	31.87%	27.43%	16.19%
CRAR - Tier II Capital (%)	0.91%	0.62%	46.06%
Liquidity Coverage Ratio*	515.15%	Not Applicable	Not Applicable

CRAR : (Tier I Captital + Tier II Capital) / Total Risk Weighted Assets
CRAR - Tier I Capital : Tier I Capital / Total Risk Weighted Assets
CRAR - Tier II Capital : Tier II Capital / Total Risk Weighted Assets
Liquidity Coverage Ratio : Computed basis RBI Master Direction

Notes to the Standalone Financial Statements

41. Composite Scheme of Arrangement:

The Board of Directors of the Company at their meeting held on September 3, 2021, had approved the Composite Scheme of Arrangement (the 'Scheme') with KKR Capital Markets India Private Limited, Bee Finance Limited, InCred Prime Finance Limited (formerly known as "InCred Financial Services Limited and the Company) and the same was filed with various regulatory authorities and National Company Law Tribunal.

The NCLT passed the final order dated May 6, 2022 . The Scheme was made effective by the Board of Directors of the Company, InCred Prime Finance Limited and KKR Capital Markets Limited at their meetings held on July 26, 2022 and the relevant filing were done with the Registrar of Companies, Mumbai on July 26, 2022.

The Appointed date of the Scheme is April 1, 2022, and accordingly the books of account and financial results effecting the Scheme have been prepared with effect from April 1, 2022.

Under the Scheme, the identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ('erstwhile IFSL') shall be demerged with InCred Financial Services Limited (formerly, KKR India Financial Services Limited) ('new IFSL'). As per the terms of the Scheme, the Board of Directors of erstwhile InCred Financial Services Limited have been appointed as the directors of the new IFSL constituting majority. Further, with the discharge of purchase consideration for demerger, the shareholders of erstwhile IFSL will hold majority shareholding of the new IFSL.

Accordingly, the business combination has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and erstwhile IFSL has been identified as the accounting acquirer and new IFSL being the accounting acquiree.

As per Ind AS 103, these financial results issued under the name of new IFSL represent the continuation of the financial results of erstwhile IFSL (including comparatives) except for share capital which is currently presented as per legal share capital of new IFSL. Accordingly the assets, liabilities and reserves of erstwhile IFSL have been continued at their pre-business combination carrying values and measured the fair value of identified assets and liabilities of new IFSL acquired as per requirements of Ind AS 103.

The accounting impact of the aforesaid Scheme in the books of new IFSL has been summarily presented as follows:

Particulars	INR in lakhs	INR in lakhs
(A) Deemed Purchase consideration (Equity instruments to be issued on reverse merger as per Ind AS 103)		1,22,373.35
(B) Assets and liabilities (Net Assets) recorded at fair value pursuant to reverse merger		
(i) Assets taken over at fair value:		
Cash and cash equivalents	36,802.10	
Loans	52,921.51	
Other financial assets	105.87	
Current Tax Assets	3,622.84	
Deferred tax assets	53,648.13	
Other non-financial assets	650.89	
(ii) Liabilities taken over at fair value:		
Trade Payables	1,675.99	
Borrowings (Other than Debt Securities)	43,379.48	
Other financial liabilities	760.66	
Current tax liabilities (Net)	6.46	
Provisions	68.15	
Other non-financial liabilities	242.00	
Net Assets Recognised Pursuant to the Scheme (i-ii)		1,01,618.60
Goodwill (A-B)		20,754.75

As per the terms of the Scheme, the shareholders of erstwhile IFSL have received compulsorily convertible preference shares ("CCPS") of M/s. InCred Holdings Limited (formerly known as "KKR Capital Markets Limited"), being the Holding Company, as a consideration for demerger of identified NBFC business. These CCPS have been converted into equity shares on November 2, 2022 as per the terms of the Scheme. The same is shown as capital contribution from parent.

As per Ind AS 103, the difference between legal capital of ersthwile IFSL (includig purhase consideration determined above as per Ind AS 103) and new IFSL along with capital contribution from parent has been recorded as 'Merger Reserve'.

Further as per the Scheme, the remaining NBFC business (i.e after excluding identified NBFC business demerged under the Scheme) shall continue to be carried out by erstwhile IFSL. Accordingly, the net assets of Rs. 1,077.31 lakhs pertaining to the remaining NBFC business will continue to remain in the erstwhile IFSL.

Particulars	INR in lakhs	INR in lakhs
(i) Assets		
Loans	1,024.02	
Other financial assets	922.53	
Property, plant and equipment	1.25	
Deferred tax assets	159.31	
Other non-financial assets	4.64	
(ii) Liabilities		
Borrowings (Other than Debt Securities)	1,000.00	
Other financial liabilities	30.00	
Provisions	1.11	
Other non-financial liabilities	3.33	
Net Assets transferred (i-ii)		**1,077.31**

InCred Financial Services Limited

(Formerly known as KKR India Financial Services Limited)

Notes to the Standalone Financial Statements

42. Goodwill

The carrying amount of goodwill acquired in business combination as follows:

Particulars	As at September 30 2022	As at March 31 2022
Balance at the beginning of the year	-	-
Goodwill arising on account of business combination	20,754.75	-
Balance at the end of Period	**20,754.75**	-

Above Goodwill represents the residual consideration attributable to unidentified intangible assets acquired by the acquirer as result of business combination. The Company has performed its impairment test for period ended 30 September 2022 and It is concluded that the fair value less costs of disposal exceeds the value in use. As a result of this analysis, management has not recognised any impairment charge against the goodwill.

Notes to the Standalone Financial Statements

43 .Other Statutory Information

During the current period and previous year:

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency.

(v) The quarterly statement of current assets submitted to banks / financial institutions which are provided as security against the borrowings are in agreement with the books of accounts.

(vi) Funding Transactions:

(vi) (a) On 20 September 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 999.87 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Company). Subsequently, BFPL subscribed to 17,240 equity shares of mValu Technology Services Private Limited (an Associate Company of BFPL) on 20 September 2021 at a price of Rs. 5,797 (including premium of Rs. 5,787) per share aggregating to Rs. 999.40 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vi) (b) On 18 May 2022, the Board of Directors of the InCred Financial Services Limited ("IFSL"), the Holding Company, had approved investment in equity for an aggregate amount of upto Rs. 1819.99 lakhs in the Company. Subsequently, the Company purchased 45,000 equity shares of mValu Technology Services Private Limited (its Associate Company) from external parties on 18 May 2022 at a price of Rs. 4,044 per share aggregating to Rs. 1819.99 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vi)(c) Except as disclosed above, the Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) (a) On 28 April 2021, the InCred Management and Technology Services Private Limited ("IMTSPL") and Booth Fintech Private Limited ("BFPL") (wholly owned subsidiaries of the Company) had borrowed Inter Corporate Deposit from InCred Capital Financial Services Pvt Ltd ("ICFSPL"), of Rs. 2000 lakhs. The amount was used to further invest as Inter Corporate Deposit to InCred Financial Services Limited ("IFSL"), the Parent. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vii)(b) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

(ix) There are no scheme of arrangements which have been filed by the Company under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act except as disclosed in Note no 40

(x) The Company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of sec 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.

(xi) The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.

(xii) The Company has not revalued any property plant and equipment and intangible assets.

44. Additional disclosures required by Reserve Bank of India ('RBI') pursuant to Master Direction DNBR.PD.008/03.10.119/2016-17

1 Fraud reported period ended September 30, 2022

The Company has reported frauds aggregating Rs. 20.55 lakh during the period ended September 30, 2022 (previous year: Rs. Nil) based on management reporting to risk committee and to the RBI through prescribed returns FMR-1.

2 Capital to Risk Assets Ratio (CRAR)

The ratios calculated in accordance with the guidelines of Reserve Bank of India, are as under:

Particulars		As at September 30, 2022	As at March 31, 2022
i)	CRAR (%)	32.78%	28.05%
ii)	CRAR - Tier I Capital (%)	31.87%	27.43%
iii)	CRAR - Tier II Capital (%)	0.91%	0.62%
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-
vi)	Risk weighted asset	5,17,796.10	3,95,365.69

Notes to the Standalone Financial Statements

3 Investments

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
(1) Value of investments		
(i) Gross value of investments		
(a) In India	18,892.61	8,688.81
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	2,490.52	9.28
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	16,402.09	8,679.53
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	9.28	13.17
(ii) Add : Provisions made during the period	2,490.52	9.28
(iii) Less : Write-off/(write-back)of excess provisions during the period	(9.28)	(13.17)
(iv) Closing balance	2,490.52	9.28

4 Derivatives

(a) Forward rate agreement/interest rate swap

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
(i) The notional principal of swap agreements*	5,100.00	5,100.00
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	831.73	299.22
(iii) Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	831.73	299.22

**The Company has hedged its foreign currency borrowings through CCIRS (cross currency interest rate swaps). For Accounting Policy & Risk Management Policy. (Refer note no. 1 and 30)*

(b) Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current period and previous year.

(c) Disclosures on risk exposure in derivatives

Qualitative disclosure

Details for qualitative disclosure are part of accounting policy as per financial statements. (Refer note no. 1 and 30)

Quantitative disclosure

Particulars	As at September 30, 2022	As at March 31, 2022
(i) Derivatives (notional principal amount) for hedging	5,100.00	5,100.00
(ii) Marked to market positions		
(a) Asset	831.73	299.22
(b) Liability	-	-
(iii) Credit exposure	831.73	299.22
(iv) Unhedged exposures	-	-

Notes to the Standalone Financial Statements

5 Disclosures relating to securitisation

(a) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction - NIL (PY: NIL)

(b) Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

I) Details of transfer through co-lending in respect of loans not in default during the period ended September 30, 2022

(Rs. in lakhs)

Particulars		Period ended September 30, 2022	Year ended March 31, 2022
i)	Amount of Loan accounts assigned	17,237.33	2,085.00
ii)	Retention of Beneficial Economic Interest (in%)	20.12%	68.01%
iii)	Weighted Average Maturity (in Years)	7.26	10.75
iv)	Weighted Average Holding Period (in Years)	NA	NA
v)	Coverage of tangible security Coverage (in%)	NA	NA

The above transaction is pursuant to Co-lending option II (Direct Assignment) pursuant to RBI notification RBI/2020-21/63/FIDD.CO.Plan.BC.No.8/04.09.01/2020-21

II) Details of overdue loans (NPA and SMA) transferred during the period ended September 30, 2022

(Rs. in lakhs)

Particulars	To permitted transferees
No of Accounts	1.00
Aggregate principal outstanding of loans transferred	9,729.00
Weighted average residual tenor of the loans transferred	< 1 year
Net book value of loans transferred (at the time of transfer)	0.00
Aggregate consideration	5,459.55
Additional consideration realised in respect of accounts transferred in earlier years	-

III) Details of overdue loans (NPA and SMA) transferred during the previous year ended March 31, 2022

The Company has sold its existing business of Direct Sourced Two-Wheeler Loans comprising of loan portfolio amounting to Rs. 2,085.87 lakhs for Rs. 1,040.00 lakhs effective October 01, 2021. The sale has resulted in a gross loss of Rs. 1,045.87 lakhs with a corresponding release of loan provision amounting to Rs. 481.67 lakhs, thus resulting in a net charge of Rs.564.20 lakhs for the quarter.

Details of overdue loans (NPA and SMA) transferred during the previous year:

(Rs. in lakhs)

Particulars	To permitted transferees
No of Accounts	5,417.00
Aggregate principal outstanding of loans transferred	1,412.27
Weighted average residual tenor of the loans transferred	< 1 year
Net book value of loans transferred (at the time of transfer)	936.38
Aggregate consideration	485.72
Additional consideration realised in respect of accounts transferred in earlier years	-

6 Asset liability management maturity pattern of certain items of assets and liabilities as at September 30, 2022 (Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits									**-**
Advances	28,260.59	31,916.68	27,741.05	45,698.22	65,007.60	1,47,159.64	42,686.07	84,490.04	**4,72,959.89**
Investments	11,676.35	42.06	26.11	78.33	52.07	281.99	-	4,245.18	**16,402.09**
Borrowings	19,846.33	6,050.63	16,246.21	47,102.49	95,264.79	1,50,700.28	23,287.43	-	**3,58,498.16**
Foreign currency assets									**-**
Foreign currency liabilities	5.55	0.00	-	17.51	-	5,694.16	-	-	**5,717.22**

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2022 (Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances	26,199.73	28,325.29	24,844.62	39,523.35	55,447.34	1,03,065.88	35,671.75	60,148.46	**3,73,226.42**
Investments	135.10	122.21	129.52	2,420.05	391.47	566.18	-	4,915.00	**8,679.53**
Borrowings	12,176.76	4,178.65	14,799.29	16,881.31	61,736.66	1,39,846.43	26,640.34	-	**2,76,259.44**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	11.73	-	12.61	-	5,305.48	-	-	**5,329.82**

Notes to the Standalone Financial Statements

7 Exposure to real estate sector

(Rs. in lakhs)

Particulars		As at September 30, 2022	As at March 31, 2022
	Direct Exposure		
	Residential Mortgages -		
a)(i)	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	237.19	405.25
	Commercial Real Estate -		
a)(ii)	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	38,339.17	55,098.11
	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a)(iii)	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Indirect Exposure		
	Fund based and non based exposures on National housing Bank and Housing Finance Companies	-	-

8 Exposure to capital market

(Rs. in lakhs)

Particulars		As at September 30, 2022	As at March 31, 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	4,245.19	4,924.22
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total exposure to capital market	**4,245.19**	**4,924.22**

9 Details of financing of parent company products - Not Applicable (PY: Not Applicable)

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

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL) in the current year and previous

11 Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses, authority. For details of unsecured advances, refer note 5

Notes to the Standalone Financial Statements

12 Miscellaneous

(a) Registration obtained from other financial sector regulators: KKR

Particulars	Reg. Number
RBI Registration Number (COR)	B-13.02417
Corporate Identification number (CIN)	U67190MH1995PLC360817
Central Registry of Securitization Asset	IN1880

(b) Disclosure of Penalties imposed by RBI and other regulators: NIL (PY:NIL)

(c) Related Party Transactions
Refer Note 31 to the Financial statements for the transaction with the related parties.

(d) Credit rating

Particulars	As at September 30, 2022	As at March 31, 2022
Long term bank facilities	CRISIL A+ / CARE A+ (Outlook- Stable)	CRISIL A / CARE A (Under Credit watch with Positive Implication)
Secured Non-Convertible Debenture	CRISIL A+ / CARE A+ (Outlook- Stable)	CRISIL A / CARE A (Under Credit watch with Positive Implication)
Secured Non-Convertible Debenture (Public Issue)	CRISIL A+ (Outlook- Stable)	CRISIL A (Under Credit watch with Positive Implication)
Secured Market Linked Debentures	CRISIL PP - MLD A+ r CARE PP - MLD A+ (Outlook- Stable) CRISIL PP -MLD AA+r (CE)/ Stable	CRISIL PP - MLD Ar CARE PP - MLD A (Under Credit watch with Positive Implication) CRISIL PP -MLD AA+r (CE)/ Stable
Commercial Paper	CRISIL A1+ / CARE A1+	CRISIL A1 (Under Credit watch with Positive Implication)

13 Additional disclosures

(a) Provisions and contingencies

(Rs. in lakhs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Period ended September 30, 2022	Period ended September 30, 2021
Provisions for depreciation on investment	2,481.26	106.24
Provision towards NPA/ Write off	3,005.57	2,958.86
Provision made towards income tax	2,246.91	224.04
Provision for Standard Assets	3,784.27	(422.75)

(b) Draw down from reserves

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

(c) Concentration of Advances, Exposures and NPAs

(c) (i) Concentration of advances

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Total advances to twenty largest borrowers	48,986.89	26,183.49
Percentage of advances to twenty largest borrowers to total advances of the NBFC	10.06%	6.85%

(c) (ii) Concentration of exposures

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Total exposure to twenty largest borrowers/customers	48,986.89	26,183.49
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	9.45%	6.60%

(c) (iii) Concentration of NPAs

(Rs. in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Total exposure to top four NPA accounts	2,331.59	2,040.67

(c) (iv) Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at September 30, 2022	As at March 31, 2022
1	Agriculture & allied activities	-	-
2	MSME	5.68%	5.45%
3	Corporate borrowers	-	-
4	Services	0.02%	0.02%
5	Unsecured personal loans	1.37%	1.84%
6	Auto loans	0.00%	0.01%
7	Other personal loans	5.04%	7.97%

14 Movement of NPAs

(Rs. in lakhs)

Particulars		Period ended September 30, 2022	Year ended March 31, 2022
(i)	**Net NPAs to net advances (%)**	1.12%	1.43%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	10,811.36	9,036.67
	(b) Other adjustments	(377.94)	15.86
	(c) Additions during the period/year	4,318.60	7,756.89
	(d) Reductions during the period/year	3,065.92	5,998.06
	(e) Closing balance	**11,686.10**	**10,811.36**
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	5,404.46	4,424.55
	(b) Other adjustments	(193.87)	(601.83)
	(b) Additions during the period/year	1,938.30	4,339.27
	(c) Reductions during the period/year	1,780.00	2,757.53
	(d) Closing balance	**5,368.89**	**5,404.46**
(iv)	**Movement of provisions for NPAs**		
	(a) Opening balance	5,406.90	4,612.12
	(b) Other adjustments	(184.07)	617.69
	(c) Provisions made during the period/year	2,380.30	3,417.62
	(d) Write-off of excess provisions	1,285.92	3,240.53
	(e) Closing balance	**6,317.21**	**5,406.90**

15 Disclosure of Complaints

Customer Complaints

Sr. No	Particulars	Period ended September 30, 2022	Year ended March 31, 2022
(a)	No. of complaints pending at the beginning of the period/year	7	4
(b)	No. of complaints received during the peiod/year	1,187	2,710
(c)	No. of complaints redressed during the period/year	1,194	2,707
(d)	No. of complaints pending at the end of the Period/year	0	7

16 Overseas Assets (For those with Joint Ventures and Subsidiaries Abroad)

The Company does not have any joint ventures or subsidiaries abroad, hence not applicable.

17 In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during period ended 30 September 2022 (31 March 2022:NIL)

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Notes to the Standalone Financial Statements

18. Schedule to the Balance Sheet as per Master Directions

a Loans & Advances availed by the Non-Banking Financial company inclusive of interest accrued thereon but not paid:

(Rs. in lakhs)

Sr. No.	Particulars	As at September 30, 2022		As at March 31, 2022	
(1)	**Liabilities side :**	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures*				
	- Secured	1,18,949.17	-	95,683.00	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	2,03,441.80	-	1,62,291.78	-
	(d) Inter-corporate loans and borrowing	2,500.00	-	4,550.00	-
	(e) Commercial Paper	16,337.57	-	10,840.77	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	22,986.84	-	8,223.71	-
	*other than falling within the meaning of public deposits				
(2)	**Assets side :**				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	1,92,510.84	2,500.53	1,59,163.37	3,200.39
	(b) Unsecured	2,94,242.67	4,646.07	2,23,160.48	4,900.36

b Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

(Rs. in lakhs)

Sr. No.	Particulars	As at September 30, 2022	As at March 31, 2022
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
(ii)	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

c Break-up of investments:

(Rs. in lakhs)

Sr. No.	Particulars	As at September 30, 2022	As at March 31, 2022
	Current investments :		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debenture and bonds	-	-
	(iii) Units of mutual funds	3,999.80	-
	(iv) Government securities	-	-
	(v) Others	7,534.35	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	208.73	2,899.87
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	132.03	855.44
	Non- current investments:		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	272.77	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	4,245.19	4,915.00
	(b) Preference	9.22	9.22
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-

d Borrower group-wise classification of assets, financed as in (3) and (4) above :

(Rs. in lakhs)

Sr. No.	Category	As at September 30, 2022		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	**-**
	(b) Companies in the same group	-	1,526.47	**1,526.47**
	(c) Other related parties	-	-	**-**
	2. Other than related parties	1,85,175.66	2,86,257.77	**4,71,433.43**
	Total	**1,85,175.66**	**2,87,784.24**	**4,72,959.90**

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2022		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	**-**
	(b) Companies in the same group	-	-	**-**
	(c) Other related parties	-	-	**-**
	2. Other than related parties	1,55,424.71	2,17,801.71	**3,73,226.42**
	Total	**1,55,424.71**	**2,17,801.71**	**3,73,226.42**

e Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. in lakhs)

Sr. No.	Category	As at September 30, 2022		As at March 31, 2022	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties				
	(a) Subsidiaries	4,245.19	4,245.19	4,915.00	4,915.00
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	12,157.61	12,156.90	3,773.81	3,764.53
	Total	**16,402.80**	**16,402.09**	**8,688.81**	**8,679.53**

f Other information

(Rs. in lakhs)

Sr. No.	Particulars	As at September 30, 2022	As at March 31, 2022
(i)	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	11,686.10	10,811.36
(ii)	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	5,368.89	5,404.46
(iii)	Assets acquired in satisfaction of debt	-	-

Notes to the Standalone Financial Statements

19. Disclosure as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4th November, 2019 - Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

a Funding Concentration based on significant counterparty

(Rs. in lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	22	2,37,246.12	NA	62.45%

b Top 20 large deposits : NA

c Top 10 Borrowings

(Rs. in lakhs)

Amount	% of Total borrowings
1,72,678.18	47.41%

d Funding Concentration based on significant instrument/product

(Rs. in lakhs)

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	1,97,720.53	52.05%
2	Market Linked Debentures	77,499.83	20.40%
3	Non Convertible Debentures	41,448.72	10.91%
4	Cash Credit / WCDL	22,991.52	6.05%
5	Commercial paper	16,337.57	4.30%
6	External Commercial Borrowings	5,717.21	1.50%
7	Inter Corporate borrowings	2,500.00	0.66%

e Stock Ratios

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper	4.49%	1.50%	0.92%
b	Non-convertible debentures (Original maturity of less than 1 year)	0.00%	0.00%	0.00%
c	Other short term liabilities*	53.48%	51.27%	31.39%

*Represents liability maturing withing 12 month

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Notes to the Standalone Financial Statements

20. Restructuring of Loans

(Rs. in lakhs)

Sr. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2022	No. of borrowers	95	2,728	-	-	2,823
		Amount outstanding	10,117.32	1,524.73	-	-	11,642.06
		Provision thereon	428.05	843.66	-	-	1,271.71
2	Fresh Restructuring during the period	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
3	Upgradations to restructured standard category during the FY*	No. of borrowers	(16)	(307)	-	-	(323)
		Amount outstanding	(489.00)	(192.21)	-	-	(681.21)
		Provision thereon	(26.66)	(99.83)	-	-	(126.49)
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	(8)	8	-	-	-
		Amount outstanding	(7.99)	7.89	-	-	(0.10)
		Provision thereon	(32.89)	394.74	-	-	361.85
6	Write-offs of restructured accounts during the FY	No. of borrowers	(3)	(1,982)	-	-	(1,985)
		Amount outstanding	(10.84)	(198.97)	-	-	(209.81)
		Provision thereon	(2.68)	(102.94)	-	-	(105.62)
7	Restructured Accounts as on September 30, 2022	No. of borrowers	68	447	-	-	515
		Amount outstanding	9,609.49	1,141.44	-	-	10,750.93
		Provision thereon	365.82	1,035.63	-	-	1,401.45

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Notes to the Standalone Financial Statements

20. Restructuring of Loans (Continued)

(Rs. in lakhs)

Sr. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2021	No. of borrowers	138	3,816	-	-	3,954
		Amount outstanding	9,474.01	1,070.79	-	-	10,544.80
		Provision thereon	603.52	476.93	-	-	1,080.45
2	Fresh Restructuring during the period	No. of borrowers	15	17	-	-	32
		Amount outstanding	1,998.03	17.00	-	-	2,015.03
		Provision thereon	3.08	10.20	-	-	13.28
3	Upgradations to restructured standard category during the period*	No. of borrowers	24	1,119	-	-	1,143
		Amount outstanding	626.38	297.57	-	-	923.95
		Provision thereon	89.38	115.66	-	-	205.04
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the period	No. of borrowers	(34)	34	-	-	-
		Amount outstanding	(728.34)	765.32	-	-	36.98
		Provision thereon	(89.17)	492.21	-	-	403.04
6	Write-offs of restructured accounts during the period	No. of borrowers	-	20.00	-	-	20.00
		Amount outstanding	-	(30.81)	-	-	(30.81)
		Provision thereon	-	20.02	-	-	20.02
7	Restructured Accounts as on March 31, 2022	No. of borrowers	95	2,728	-	-	2,823
		Amount outstanding	10,117.32	1,524.73	-	-	11,642.06
		Provision thereon	428.05	843.66	-	-	1,271.71

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Notes to the Standalone Financial Statements

21. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards

(Rs. in lakhs)

Asset Classification as per RBI Norms for period ended 30th September 2022	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	4,50,555.62	4,686.46	4,45,869.16	1,840.27	2,846.19
Standard	Stage 2	24,511.80	2,789.96	21,721.84	680.20	2,109.76
Subtotal		4,75,067.42	7,476.42	4,67,591.00	2,520.47	4,955.95
Non-Performing Assets (NPA)						
Substandard	Stage 3	11,686.10	6,317.22	5,368.88	757.73	5,559.49
Doubtful - up to 1 year	Stage 3	-	-	-	948.54	(948.54)
1 to 3 years	Stage 3	-	-	-	222.51	(222.51)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	1,171.05	(1,171.05)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		11,686.10	6,317.22	5,368.88	1,928.78	4,388.44
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	31,833.00	23.60	31,809.40	-	23.60
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		31,833.00	23.60	31,809.40	-	23.60
Total	**Stage 1**	**4,82,388.62**	**4,710.06**	**4,77,678.56**	**1,840.27**	**2,869.79**
	Stage 2	**24,511.80**	**2,789.96**	**21,721.84**	**680.20**	**2,109.76**
	Stage 3	**11,686.10**	**6,317.22**	**5,368.88**	**1,928.78**	**4,388.44**
	Total	**5,18,586.52**	**13,817.24**	**5,04,769.28**	**4,449.25**	**9,367.99**

Notes to the Standalone Financial Statements

21. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards (Continued)

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2022	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	3,49,541.03	2,461.45	3,47,079.58	1,519.64	941.81
Standard	Stage 2	21,971.46	1,229.09	20,742.37	982.06	247.03
Subtotal		3,71,512.49	3,690.54	3,67,821.95	2,501.70	1,188.84
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,811.36	5,406.89	5,404.47	760.31	4,646.58
Doubtful - up to 1 year	Stage 3	-	-	-	790.24	(790.24)
1 to 3 years	Stage 3	-	-	-	222.51	(222.51)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	1,012.75	(1,012.75)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		10,811.36	5,406.89	5,404.47	1,773.06	3,633.83
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	14,248.30	9.42	14,238.88	-	9.42
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		14,248.30	9.42	14,238.88	-	9.42
Total	**Stage 1**	**3,63,789.33**	**2,470.87**	**3,61,318.46**	**1,519.64**	**951.23**
	Stage 2	**21,971.46**	**1,229.09**	**20,742.37**	**982.06**	**247.03**
	Stage 3	**10,811.36**	**5,406.89**	**5,404.47**	**1,773.06**	**3,633.83**
	Total	**3,96,572.15**	**9,106.85**	**3,87,465.30**	**4,274.76**	**4,832.09**

45. Previous year figures are regrouped/reclassified, wherever necessary, to correspond with the current period's classification / disclosure.

46.Figures for previous period ended September 30, 2021 are unaudited.

47.There have been no significant events after the reporting date that require disclosure in these financial statements other than disclosed in Note No 41.

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U67190MH1995PLC360817

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: December 14, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: December 14, 2022

Auditors' Report on the Reformatted Statement of Assets and Liabilities as at March 31, 2022, 2021 and 2020 and Reformatted Statement of Profit and Loss (including other comprehensive income), Reformatted Statement of Cash Flows and Reformatted Statement of Changes in Equity for the year ended March 31, 2022, 2021 and 2020 of InCred Financial Services Limited (collectively, the "Reformatted Financial Information")

The Board of Directors
InCred Financial Services Limited (formerly, KKR India Financial Services Limited)
Unit No. 1203, 12th Floor, B – Wing, The Capital
Plot No. C-70, G Block, Bandra Kurla Complex
Mumbai – 400 051

Dear Sirs/Madams,

1. We have examined the attached Reformatted Financial Information of InCred Financial Services Limited (formerly, KKR India Financial Services Limited) (the "**Company**") as at and for the years ended on March 31, 2022, 2021 and 2020, annexed to this report and prepared by the Company in connection with its proposed issue of Secured Redeemable Non-Convertible Debentures of face value of Rs.1,000 each ("**NCDs**") by the Company ("**Issue**"). The Reformatted Financial Information which have been approved by the Board of Directors in its meeting held on December 21, 2022, have been prepared by the Company in accordance with the requirements of:

    a) Section 26 of Chapter III of the Companies Act, 2013, as amended (the "**Act**");

    b) Relevant provisions of The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**Regulations**"), issued by the Securities and Exchange Board of India ("**SEBI**"), in pursuance of the Securities and Exchange Board of India Act, 1992 (the "**SEBI Act**") vide notification no. SEBI/LAD-NRO/GN/2021/39 dated August 9, 2021.

Management's Responsibility for the Reformatted Financial Information

2. The preparation of the Reformatted Financial Information based on audited financial statements of the Company prepared in accordance with the Indian Accounting Standard as prescribed under section 133 of the Act read with Companies (Indian Accounting Standard), Rules 2015, as amended ("**Ind AS**") and other accounting principles generally accepted in India, which are to be included in the Draft Prospectus to be filed with BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE" and the Securities and Exchange Board of India ("SEBI") (the "Draft Prospectus") or Prospectus to be filed with the Registrar of Companies, Mumbai ("RoC"), BSE, NSE and SEBI ("Prospectus") (Draft Prospectus and Prospectus, collectively referred as the ''offer documents''), is the responsibility of the management of the Company. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Reformatted Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act and the Regulations.

Auditors' Responsibilities

3. We have examined such Reformatted Financial Information taking into consideration:

    a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated October 17, 2022, requesting us to carry out work on such Reformatted Financial Information in connection with the Issue;

    b) the Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India (the "Guidance Note");

    c) The requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the Issue.

4. The Company proposes to make an offer which comprises an issue of Secured Redeemable Non-Convertible of Rs.1,000 each by the Company, as may be decided by the Board of Directors of the Company.

Reformatted Financial Information

5. These Reformatted Financial Information have been compiled by the management from:

   a) the audited financial statements of the Company as at and for the year ended March 31, 2022, which have been approved by the Board of Directors at their meeting held on May 5, 2022.

   b) the audited financial statements of the Company as at and for the years ended March 31, 2021 and March 31, 2020, which have been approved by the Board of Directors at their meetings held on June 28, 2021 and June 29, 2020 respectively.

6. For the purpose of our examination, we have relied on:

   a) Auditors' reports issued by V.C.Shah & Co. dated May 5, 2022 on the financial statements of the Company as at and for the year ended March 31, 2022 as referred in paragraph 5(a) above;

   b) Auditors' reports issued by MSKA & Associates dated June 28, 2021 and June 29, 2020 on the financial statements of the Company as at and for the years ended March 31, 2021 and March 31, 2020 respectively as referred in paragraph 5(b) above;

   c) Examination Report submitted by V.C.Shah & Co. dated December 21, 2022 on the Reformatted Financial Information of the Company as at and for the year ended March 31, 2022 and the examination report submitted by MSKA & Associates dated December 21, 2022 on the Reformatted Financial Information of the Company as at and for each of the years ended on March 31, 2021 and March 31, 2020 respectively. The examination report included for the said years is based solely on these reports submitted by V.C.Shah & Co. ("VCS") and MSKA & Associates ("MSKA") (VCS and MSKA together referred as "Previous Auditors").

      MSKA in their examination report had included following emphasis of matter paragraph which is reproduced below:

      Emphasis of Matter

      For the year ended March 31, 2021

      We draw attention to Note 55 to the Reformatted Financial Information, which describes that the extent to which the COVID-19 Pandemic will impact the company's financial statements will depend on future developments, which are highly uncertain.

      For the year ended March 31, 2020

      We draw attention to Note 55 to the Reformatted Financial Information, which describes that the extent to which the COVID-19 Pandemic will impact the Company's financial statements will depend on future developments, which are highly uncertain.

      V.C.Shah & Co. in their examination report had included following emphasis of matter paragraph which is reproduced below:

      For the year ended March 31, 2022

      We draw attention to Note 62 to the Reformatted Financial Information, regarding the proposed demerger of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) (demerged undertaking) into the Company by way of composite scheme of amalgamation and arrangement.

7. Taking into consideration the requirements of Section 26 of Part I of Chapter III of the Act, the Regulations and the terms of our engagement agreed with you, and having placed reliance on the examination reports submitted by previous auditors referred to in paragraph 6(c) above, we further report that:

   a) Reformatted Financial Information of the Company as at and for each of the years ended March 31, 2022, 2021 and 2020 have been examined by us, as set out in Annexure I to Annexure V to this report. These

Reformatted Financial Information have been prepared after regrouping, which is more fully described in significant accounting policies and notes (Refer Annexure V);

b) based on our examination as above:

i. the Reformatted Financial Information have to be read in conjunction with the notes thereon as given in Annexure V; and

ii. the figures of earlier period have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform to the classification adopted for the audited financial statements of the Company as at and for the year ended March 31, 2022.

Opinion

8. In our opinion and relying on the examination reports issued by previous auditors as at and for each of the years ended March 31, 2022, 2021 and 2020 as referred to in paragraph 6(c) above, the Reformatted Financial Information, as disclosed in the Annexures to this report, read with respective significant accounting policies disclosed in Annexure V, after making regroupings / reclassifications as considered appropriate and disclosed has been prepared by the Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act and the Regulations.

Other Matters

9. We have not audited any financial statements of the Company as of any date or for any period subsequent to September 30, 2022. Accordingly, we express no opinion on the financial position, results of operation or cash flows of the Company as of any date or for any period subsequent to September 30, 2022.

10. In the preparation and presentation of Reformatted Financial Information based on audited financial statements as referred to in paragraph 5 above, no adjustments have been made for any events occurring subsequent to date of the audit report specified in paragraph 6 above.

11. We have no responsibility to update our Report for events and circumstances occurring after the date of the report.

12. This Report should not in any way be construed as a reissuance or re-dating of any of the previous audit report issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

Restrictions on use

13. This Report is intended solely for use of the management for inclusion in the Draft Prospectus and the Prospectus to be filed with Registrar of Companies, Mumbai, SEBI, National Stock Exchange of India Limited and BSE Limited in connection with the proposed Issue of NCDs of the Company and is not to be used, referred to or distributed for any other purpose.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sarvesh Warty
Partner
Membership No. 121411

UDIN: 22121411BFVWKT2549
Mumbai
December 21, 2022

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Reformatted Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020

(Rs. In lakhs)

	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
	ASSETS				
(1)	**Financial assets**				
(a)	Cash and cash equivalents	4	36,802.1	70,927.2	60,855.2
(b)	Receivables	5			
	Trade Receivables		-	-	5.8
(c)	Loans	6	59,283.8	1,38,266.0	2,55,579.7
(d)	Investments	7	-	596.2	79,912.2
(e)	Other financial assets	8	105.9	398.3	594.7
	Total Financial Assets		**96,191.8**	**2,10,187.7**	**3,96,947.6**
(2)	**Non-Financial assets**				
(a)	Current Tax Assets (Net)	9	3,622.8	10,178.5	10,486.0
(b)	Deferred tax assets (Net)	10	52,046.8	30,033.5	47,389.7
(c)	Property, plant and equipment	11	0.0	730.4	950.5
(d)	Other Intangible asset	12	-	17.0	33.9
(e)	Other non-financial assets	13	650.9	405.5	102.0
	Total Non-Financial Assets		**56,320.5**	**41,364.9**	**58,962.1**
	Total Assets		**1,52,512.3**	**2,51,552.6**	**4,55,909.7**
	LIABILITIES AND EQUITY				
	LIABILITIES				
(1)	**Financial Liabilities**				
(a)	Payables				
	Trade Payables	14			
	(i) total outstanding dues of micro enterprises and small enterprises		1.2	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,674.8	599.3	662.2
(b)	Debt Securities	15	-	25,940.3	1,03,841.0
(c)	Borrowings (Other than Debt Securities)	16	43,379.5	99,631.0	1,85,817.5
(d)	Other financial liabilities	17	760.7	17,387.3	43,876.7
	Total Financial Liabilities		**45,816.2**	**1,43,557.9**	**3,34,197.4**
(2)	**Non-Financial Liabilities**				
(a)	Current tax liabilities (Net)	18	6.5	51.3	149.5
(b)	Provisions	19	68.1	226.9	174.7
(c)	Other non-financial liabilities	20	242.0	682.4	434.1
	Total Non-Financial Liabilities		**316.6**	**960.6**	**758.2**
	Total liabilities		**46,132.8**	**1,44,518.5**	**3,34,955.7**
(3)	**EQUITY**				
(a)	Equity Share Capital	21	46,022.7	46,022.7	46,022.7
(b)	Other equity	22	60,356.8	61,011.4	74,931.3
	Total equity		**1,06,379.5**	**1,07,034.1**	**1,20,954.0**
	Total equity and liabilities		**1,52,512.3**	**2,51,552.6**	**4,55,909.7**

The accompanying notes are an integral part of the reformatted financial statements.

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai

For and on behalf of the Board of Directors of
InCred Financial Services Limited
(Formerly known as KKR India
CIN: U67190MH1995PLC360817

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)

Reformatted Statement of Profit and Loss for the year ended March 31, 2022, March 31, 2021 and March 31, 2020

(Rs. In lakhs)

	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
	Revenue from Operations				
(i)	Interest Income	23	15,846.5	38,965.3	73,701.6
(ii)	Fees and commission Income	24	-	77.9	44.7
(I)	**Total Revenue from Operations**		**15,846.5**	**39,043.2**	**73,746.3**
(II)	**Other Income**	25	955.9	474.7	27.0
(III)	**Total Income (I+II)**		**16,802.4**	**39,517.9**	**73,773.3**
	Expenses				
(i)	Finance cost	26	9,174.9	22,875.0	38,757.5
(ii)	Net loss on fair value changes	27	11,765.4	22,573.0	71,281.4
(iii)	Impairment on financial instruments	28	10,785.9	(20,161.9)	1,20,001.1
(iv)	Employee benefits expenses	29	2,324.0	3,204.4	3,450.7
(v)	Depreciation and amortisation expense	11	253.2	284.6	231.7
(vi)	Other expenses	30	5,062.2	7,339.6	3,899.0
(IV)	**Total expenses**		**39,365.6**	**36,114.7**	**2,37,621.4**
(V)	**Profit / (Loss) before Tax (III-IV)**		**(22,563.2)**	**3,403.2**	**(1,63,848.1)**
	Tax expense				
	- Current tax	33	-	-	-
	- for earlier year		191.5	(6.1)	569.4
	- Deferred tax	10	(22,035.1)	17,349.4	(38,833.7)
(VI)	**Total tax expense**		(21,843.6)	17,343.3	(38,264.3)
(VII)	**Net Profit/ (Loss) After Tax**		**(719.6)**	**(13,940.1)**	**(1,25,583.8)**
(VIII)	**Other comprehensive income**				
	(i) Items that will not be reclassified to profit or loss - Remeasurement of defined benefit plans	31	86.8	27.0	(46.2)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	31	(21.8)	(6.8)	11.6
	Other Comprehensive Income		**65.0**	**20.2**	**(34.6)**
(IX)	**Total comprehensive income (VII+VIII)**		**(654.6)**	**(13,919.9)**	**(1,25,618.4)**
(X)	**Earnings per equity share (Refer note 38)**				
	Basic (₹)	40	**(0.16)**	**(3.03)**	**(27.29)**
	Diluted (₹)	40	**(0.16)**	**(3.03)**	**(27.29)**

The accompanying notes are an integral part of the reformatted financial statements.

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
(Formerly known as KKR India Financial Services Limited)
CIN: U67190MH1995PLC360817

per Sarvesh Warty
Partner
Membership No: 121411

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai

Place: Mumbai

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Reformatted Cash Flow Statement for the year ended March 31, 2022, March 31, 2021 and March 31, 2020

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
(A) Cash Flow from Operating Activities			
Profit/(Loss) before Tax	(22,563.2)	3,403.2	(1,63,848.1)
Adjustments for:			
Depreciation and amortisation	253.2	284.6	231.7
Impairment on financial instruments (Expected Credit Loss)	10,785.9	(18,661.9)	1,20,001.1
Net loss on fair value changes	11,765.4	22,913.5	71,281.4
Interest expense	9,269.1	22,499.5	39,473.8
Interest income	110.6	710.4	2,234.7
Leasehold asset written off	64.9	-	-
Software expenses written off	17.0	-	-
Provision for doubtful advance			384.3
Provision for Employee benefits	93.3	154.1	(25.8)
Cash Outflow towards finance cost	(25,264.2)	(48,927.6)	(49,120.3)
Operating Cash Flow before Working Capital Changes	**(15,468.0)**	**(17,624.2)**	**20,612.8**
Adjustments for Working Capital Changes			
Decrease in Loans to Corporate and others	56,318.5	1,22,639.1	41,649.3
Decrease in Investments	597.9	69,028.6	46,234.4
Decrease in Trade receivables	-	5.8	185.3
Decrease/(Increase) in Other financial assets	292.4	196.4	(73.9)
(Increase) in Leased Asset	-	(37.0)	(875.0)
(Increase) in Other non-financial assets	(245.4)	(171.9)	(444.6)
Increase/(Decrease) Trade and other payables	1,076.7	(63.3)	(934.2)
(Decrease) in Provision for Employee benefits	(165.3)	(74.9)	-
(Decrease) in Other non-financial liability	(440.4)	-	(467.0)
Increase/ (Decrease) in Other Financial Liabilities	(537.3)	(320.1)	2,168.7
Cash flows used in operating activities	**41,429.1**	**1,73,578.5**	**1,08,055.8**
Income tax paid/ (Refund)	6,319.5	215.3	(6,870.5)
Net Cash generated from/(used in) Operating Activities (A)	**47,748.6**	**1,73,793.8**	**1,01,185.3**
(B) Cash Flow from Investing Activities			
Purchase of property plant and equipment	(1.6)	(11.2)	(214.2)
Sale of property plant and equipment	413.9	1.1	-
Net Cash generated from/(used in) Investing Activities (B)	**412.3**	**(10.1)**	**(214.2)**
(C) Cash Flow from Financing Activities			
Debt securities repaid	(26,000.0)	(78,000.0)	(75,500.0)
Borrowings (other than debt securities) taken / (repaid) (net)	(56,286.1)	(85,711.7)	17,211.3
Net Cash generated from/(used in) Financing Activities (C)	**(82,286.1)**	**(1,63,711.7)**	**(58,288.7)**
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)	(34,125.1)	10,072.0	42,682.4
Add: Cash and cash equivalents at the beginning of the year	70,927.2	60,855.2	18,172.8
Cash and cash equivalents at the end of the year *	**36,802.1**	**70,927.2**	**60,855.2**

***Components of Cash and Cash Equivalents**			
Balances with Banks :			
- In Current Accounts	8,577.0	251.2	11,203.6
- In Deposit accounts with original maturity of 3 months or less	28,225.1	70,676.0	49,651.6
	-	-	-
The above Statement of Cash Flow has been prepared under the indirect method set out in Ind AS-7-Statement of Cash Flow.			

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
(Formerly known as KKR India Financial Services Limited)
CIN: U67190MH1995PLC360817

per Sarvesh Warty
Partner
Membership No: 121411

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai

Place: Mumbai

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)

REFORMATTED STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

Current reporting period (FY 21-22)

(Rs. In lakhs)

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
46,022.7	-	46,022.7	-	46,022.7

Previous reporting period (FY 20-21)

(Rs. In lakhs)

Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
46,022.7	-	46,022.7	-	46,022.7

Previous reporting period (FY 19-20)

(Rs. In lakhs)

Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
46,022.7	-	46,022.7	-	46,022.7

B. OTHER EQUITY

(Rs. In lakhs)

Particulars	Reserves and Surplus			Total
	Securities Premium	Retained Earnings	Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934	
Balance as at April 1, 2021	**1,24,367.6**	**(79,478.6)**	**16,122.4**	**61,011.4**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-
Total Comprehensive Income for the current year	-	(654.6)	-	(654.6)
Dividends	-	-	-	-
Transfer to retained earnings	-	-	-	-
Any other change (to be specified)	-	-	-	-
Balance as at March 31, 2022	**1,24,367.6**	**(80,133.2)**	**16,122.4**	**60,356.8**

(Rs. In lakhs)

Particulars	Reserves and Surplus			Total
	Securities Premium	Retained Earnings	Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934	
Balance as at April 1, 2020	**1,24,367.6**	**(65,558.7)**	**16,122.4**	**74,931.3**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-
Total Comprehensive Income for the year	-	(13,919.9)	-	(13,919.9)
Dividends	-	-	-	
Transfer to retained earnings	-	-	-	
Any other change (to be specified)	-		-	
Balance as at March 31, 2021	**1,24,367.6**	**(79,478.6)**	**16,122.4**	**61,011.4**

(Rs. In lakhs)

Particulars	Reserves and Surplus			Total
	Securities Premium	Retained Earnings	Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934	
Balance as at April 1, 2019	**1,24,367.6**	**60,059.7**	**16,122.4**	**2,00,549.7**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-	-
Total Comprehensive Income for the year	-	(1,25,618.4)	-	(1,25,618.4)
Dividends	-	-	-	
Transfer to retained earnings	-	-	-	
Any other change (to be specified)	-		-	
Balance as at March 31, 2020	**1,24,367.6**	**(65,558.7)**	**16,122.4**	**74,931.3**

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai

For and on behalf of the Board of Directors of
InCred Financial Services Limited
(Formerly known as KKR India Financial Services Limited)
CIN: U67190MH1995PLC360817

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai

Note 1. About the Company

KKR India Financial Services Limited (the Company), was incorporated as a private limited company on February 3, 1995 under the provisions of the Companies Act, 1956. The Company is registered with the Reserve Bank of India as Non-deposit taking, Non-Banking Financial Company (NBFC). The Company is a Non-deposit taking, Systemically Important NBFC as defined in Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Company is primarily engaged in the business of providing structured and wholesale finance to Indian corporates.

The During Financial year 2019-20, the Company was converted from private limited company to public limited company vide fresh Certificate of Incorporation dated July 24, 2019 issued by the Ministry of Corporate Affairs, Registrar of Companies, Mumbai, Maharashtra.

The registered office of the Company is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai – 400051

Note 2. Significant accounting policies

a. Basis of accounting and preparation of reformatted financial statements

Statement of compliance

The Reformatted statement of Assets and Liabilities of the Company as at March 31, 2022; March 31, 2021 and March 31, 2020 and Reformatted Statement of Profit and Loss and the Reformatted Statement of Cash Flows and Reformatted Statement of change in equity and the Summary of Significant Accounting Policies and notes for the year ended March 31, 2022; March 31, 2021 and March 31, 2020 (together referred as "Reformatted financial information" have been extracted by the Management from the Audited Financial Statements of the Company for the year ended March 31, 2022; March 31, 2021 and March 31, 2020 ("Audited Financial Statements") The Reformatted Ind AS Consolidated financial information have been prepared by the management in connection with the proposed listing of Secured Senior Listed Transferable Redeemable Non-Convertible Debentures of the Company with BSE Limited and NSE Limited ('the stock exchanges'), in accordance with the requirements of:

a) Section 26 of the Companies Act, 2013; and
b) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ('the Regulations') issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act

Historical cost convention
The reformatted financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these reformatted financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

b. Use of estimates

The preparation of the reformatted financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the reformatted financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the reformatted financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the reformatted financial statements.

c. Presentation of reformatted financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the reformatted financial statements are presented in Indian Rupees in millions rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

i. Interest and Dividend income
Interest income on financial instruments at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate (EIR) applicable.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

ii. Fee income:
Fee income include fees other than those that are an integral part of EIR such fees are accounted as an accrual basis in the Statement of Profit and Loss.

iii. Other operational revenue:
Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

e. (I) Property, plant and equipment (PPE)

Property, plant and equipment (PPE) is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under:

Assets	Useful Life
Furniture and fixtures	3 years
Office equipment	3 years
Computer	3 years
Leasehold improvements	amortised over the period of lease

e. (II) Intangible assets

i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Standalone Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

f. Impairment of assets

As at the end of each accounting year, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the property, plant and equipment are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

g. Employee benefits

Defined contribution plans - Provident Fund

Company's contributions to provident and other funds are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Defined benefit plans - Gratuity

The Company's Gratuity liability under the Payment of Gratuity Act,1972 is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability is computed by applying the discount rate, used to measure the net defined liability, to the net defined liability at the start of the financial year after taking into account any changes as a result of payment and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

h. Leases

Under Ind AS 116

Lease:

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

a) the use of an identified asset,
b) the right to obtain substantially all the economic benefits from use of the identified asset, and
c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, for all lease arrangements in which it is a lessee, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over lease term of right to use assets.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the Statement of profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

i. Financial instruments

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

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues 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 and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

• if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

• in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets
All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the Statement of Profit and Loss.
All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
• Loans / investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
• all other loans / investments (e.g. loans / investments managed on a fair value basis, or held for sale, or with contractual cash flow that are not SPPI) and equity investments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:
• the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
• the Company may irrevocably designate loan / investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortised cost or at FVTOCI
The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.
For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.
For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.
Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.
An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:
• 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;
• the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
• how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.
When loans / investments measured at FVTOCI are derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to the Statement of Profit or Loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss but transferred within equity.
Loans/Investments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL
Financial assets at FVTPL are:
• assets with contractual cash flows that are not SPPI; or/and
• assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
• assets designated at FVTPL using the fair value option.
These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in the Statement of Profit and Loss.

Reclassifications
If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment
The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:
- loans and advances to customers;
- debt investment securities;
- lease receivables; and
- loan commitments issued.

No impairment loss is recognised on equity investments.
ECLs are required to be measured through a loss allowance at an amount equal to:
• 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
• full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.
ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.
• for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is drawn down; and
• for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.
The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets
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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:
• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;
• the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
• the disappearance of an active market for a security because of financial difficulties; or
• the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Derecognition of financial assets

A financial asset is derecognised only when:
• The Company has transferred the rights to receive cash flows from the financial assets
• The rights to receive cash flows from the asset have expired or
• retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial assets is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Write-off
Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by a Company entity 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.

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 are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
• it has been incurred principally for the purpose of repurchasing it in the near term; or
• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
• it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities subsequently measured at amortised cost
Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

j. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less including interest accrued, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above.

k. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense calculated using the EIR, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

l. Foreign currencies

(i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company has been determined based on the primary economic environment in which the Company operates considering the currency in which funds are generated, spent and retained.
(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year end Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

m. Earnings per share

Basic earnings per share are computed by dividing net profit or loss for the year attributable to equity shareholders
for the year by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

n. Taxes on income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current income taxes are determined based on the taxable income of the Company.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:
(i) an entity has a present obligation (legal or constructive) as a result of a past event; and
(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(iii) a reliable estimate can be made of the amount of the obligation
Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.
Contingent liability is disclosed in case of:
(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
(ii) a present obligation arising from past events, when no reliable estimate is possible.
Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.
Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:
Contingent assets are not recognised in the reformatted financial statements.

p. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
a) estimated amount of contracts remaining to be executed on capital account and not provided for;
b) uncalled liability on shares and other investments partly paid;
c) funding related commitment to associate and joint venture companies; and
d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Note 3. Critical accounting judgements and key sources of estimation uncertainties

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:

(i) Impairment of loans / investments portfolio at amortised cost
The measurement of impairment losses across all categories of financial assets at amortised cost requires judgement, 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 which include quantitative and qualitative information and analysis, based on the Company's historical experience and forward-looking information. In certain cases, the assessment is based on past experience is required for future estimation of cash flow which requires significant judgement. The inputs and method applied for impairment assessment are detailed in Note 32.

(ii) Fair value of financial assets
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
All financial assets are initially recognised at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Company's financial instruments are carried at fair value, with changes in fair value either reported within the income statement. Details of the type and classification of the Company's financial assets are set out in note 32 and the accounting policy set out in note 2 (i).
Since the market for the Company's financial assets, which are in unlisted securities, is not active, the Company establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Determination of fair value is based on the best information available in the circumstances and may incorporate the managements' own assumptions, including appropriate risk adjustments for non-performance and lack of marketability.
Because of the inherent uncertainty of the valuation methodologies and assumptions, estimated fair values of such assets may differ from the values that would have been used had a ready market for the assets existed and the differences could be material. Considerable judgement is necessarily required in interpreting market data to determine the estimates of value; accordingly the estimate of value presented in the reformatted financial statements are not necessarily indicative of the amounts that the Company could realize in market exchange.

(iii) Effective Interest Rate (EIR) method
The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).
This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to Company's base rate and other fee income/expense that are integral parts of the instrument.

Note 4. Cash and cash equivalents

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(i) Cash on hand	-	-	0.0
(ii) Balances with banks:			
- In Current Accounts	8,577.0	251.2	11,203.6
- In Deposit accounts with original maturity of 3 months or less	28,225.1	70,676.0	49,651.6
(iii) Cheques on hand	-	-	-
Total	**36,802.1**	**70,927.2**	**60,855.2**

Note 5. Receivables

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Amortised Cost			
Trade receivables	**-**	**-**	**-**
Receivables considered good - Secured	**-**	**-**	**-**
Receivables considered good - Unsecured	**-**	**-**	**40.1**
Receivables which have significant increase in Credit Risk*	**350.0**	**350.0**	**-**
Receivables - Credit impaired	**-**	**-**	**43.7**
Total			
Impairment allowance	(350.0)	(350.0)	(78.0)
Total	**-**	**-**	**5.8**

*Management has recorded impairment allowance on the entire balance after assessment of the underlying credit risk and recoverability of the amount from the party.

Trade receivables as of 31st March, 2022

(Rs. In lakhs)

Particulars	Unbilled receivables	Outstanding for following periods from due date of payment					
		Less than 6 months	More than 6 Month Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	350.0	-	-	-	-	-	350.0
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	**-**	**-**	**-**	**-**	**-**	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-						-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**350.0**	**-**	**-**	**-**	**-**	**-**	**350.0**

Trade receivables as of 31st March, 2021

(Rs. In lakhs)

Particulars	Unbilled receivables	Outstanding for following periods from due date of payment					
		Less than 6 months	More than 6 Month Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	350.0	-	-	-	-	-	350.0
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	**-**	**-**	**-**	**-**	**-**	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-						-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**350.0**	**-**	**-**	**-**	**-**	**-**	**350.0**

Trade receivables as of 31st March, 2020

(Rs. In lakhs)

Particulars	Unbilled receivables	Outstanding for following periods from due date of payment					
		Less than 6 months	Less than 6 months	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	35.1	2.6	2.4	-	-	40.1
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	43.7	-	-	43.7
(iv) Disputed Trade Receivables–considered good	-	**-**	**-**	**-**	**-**	**-**	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-						-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**-**	**35.1**	**2.6**	**46.0**	**-**	**-**	**83.8**

Notes:

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

(ii) There are no trade receivables for which there has been a significant increase in credit risk or which have become credit impaired other than those disclosed as doubtful above.

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

(iv) Impairment allowance represents allowance for unbilled revenue which in the opinion of the management is doubtful of recovery.

Note 6. Loans

(Rs. In lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021			As at March 31, 2020		
	Amortised cost	At Fair Value through profit or loss	Total	Amortised cost	At Fair Value through profit or loss	Total	Amortised cost	At Fair Value through profit or loss	Total
A									
Term Loans to Corporates and others	63,015.7	9,324.6	72,340.3	1,15,720.3	31,777.8	1,47,498.1	2,35,922.8	48,783.8	2,84,706.6
Total – Gross (A)	**63,015.7**	**9,324.6**	**72,340.3**	**1,15,720.3**	**31,777.8**	**1,47,498.1**	**2,35,922.8**	**48,783.8**	**2,84,706.6**
Less: Impairment loss allowance	(13,056.5)	-	(13,056.5)	(9,232.1)	-	(9,232.1)	(29,126.9)	-	(29,126.9)
Total – Net (A)	**49,959.2**	**9,324.6**	**59,283.8**	**1,06,488.2**	**31,777.8**	**1,38,266.0**	**2,06,795.9**	**48,783.8**	**2,55,579.7**
B									
(a) Secured by tangible assets (Refer Note (i) below)	61,533.7	9,085.6	70,619.3	1,05,206.4	31,142.3	1,36,348.7	2,01,404.0	48,783.8	2,50,187.8
(b) Secured by intangible assets	-		-	-		-	-		-
(c) Unsecured	1,482.0	239.0	1,721.0	10,513.9	635.5	11,149.4	34,518.8	-	34,518.8
Total – Gross (B)	**63,015.7**	**9,324.6**	**72,340.3**	**1,15,720.3**	**31,777.8**	**1,47,498.1**	**2,35,922.8**	**48,783.8**	**2,84,706.6**
Less: Impairment loss allowance	(13,056.5)	-	(13,056.5)	(9,232.1)	-	(9,232.1)	(29,126.9)	-	(29,126.9)
Total – Net (B)	**49,959.2**	**9,324.6**	**59,283.8**	**1,06,488.2**	**31,777.8**	**1,38,266.0**	**2,06,795.9**	**48,783.8**	**2,55,579.7**
C									
Loans in India									
(i) Public Sector	-	-	-	-	-	-	-	-	-
(ii) Others	63,015.7	9,324.6	72,340.3	1,15,720.3	31,777.8	1,47,498.1	2,35,922.8	48,783.8	2,84,706.6
Total (C) Gross	**63,015.7**	**9,324.6**	**72,340.3**	**1,15,720.3**	**31,777.8**	**1,47,498.1**	**2,35,922.8**	**48,783.8**	**2,84,706.6**
Less: Impairment loss allowance	(13,056.5)	-	(13,056.5)	(9,232.1)	-	(9,232.1)	(29,126.9)	-	(29,126.9)
Total (C) Net	**49,959.2**	**9,324.6**	**59,283.8**	**1,06,488.2**	**31,777.8**	**1,38,266.0**	**2,06,795.9**	**48,783.8**	**2,55,579.7**

Notes:

(i) Term loans are secured against tangible assets such as real estate (including land, residential/commercial/Industrial property, etc.), plant and machinery and equity shares of unlisted companies.

(ii) The Company does not have any loans outside India.

iii) During the year, the company has not advanced or loaned or invested funds to any other person(s) or entity(ies) with the understanding that the Intermediary shall-
(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
Further, in relation to amount of funds advanced or loaned or invested in the Intermediary funded in the earlier years and remaining outstanding as on April 1, 2021, there were no unutilised amounts remaining as on 01.04.2021 which are now utilized in the current year.

(iv) The Company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.

Note 7. Investments

(Rs. In lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021			As at March 31, 2020		
	Amortised cost	At Fair Value Through profit or loss	Total	Amortised cost	At Fair Value Through profit or loss	Total	Amortised cost	At Fair Value Through profit or loss	Total
Debt Securities	-	-	-	-	596.2	596.2	50,490.1	58,492.2	1,08,982.3
Investment in Equity shares	-	-	-	-	-	-	-	2,562.2	2,562.2
Less: Expected Credit Loss	-	-	-	-	-	-	(31,632.3)	-	(31,632.3)
Total	**-**	**-**	**-**	**-**	**596.2**	**596.2**	**18,857.8**	**61,054.4**	**79,912.2**

Note:

The Company does not have any Investment outside India.

Note 8. Others financial assets

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Contractually recoverable expenses	0.7	300.7	491.5
Security deposits	104.6	82.0	74.8
Advance to Vendors	0.6	15.6	28.4
Total	**105.9**	**398.3**	**594.7**

Notes:

1. The Company has assessed that the impact of impairment of other financial assets are immaterial, hence no impairment loss has been provided.

Note 9. Current Tax Assets (Net)

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source (Net of provision for tax ` 41364.2 Lakh) (2020-21: ` 40907.0 Lakh) (2019-20: ` 4601.4 Lakh)	3,622.8	10,178.5	10,486.0
Total	**3,622.8**	**10,178.5**	**10,486.0**

Note 10. Deferred Tax Assets /(Liabilities) (Net)

A) The major components of deferred tax assets and liabilities are:

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Assets:			
Provisions for employee benefit	184.0	233.1	469.1
Carried forward Business Loss	44,487.5	40,918.2	21,690.7
Depreciation	1.7	68.4	89.0
Expected Credit Loss on Loans / Investments / Receivables at amortised cost	3,466.4	2,411.7	16,599.2
Loss on Loans / Investments at FVTPL	3,355.1	2,547.6	10,075.8
Amortised Fees Income	115.4	143.2	553.0
Amortised Finance Cost	-	-	(9.3)
Disallowance under section 40(a) of Income-tax Act, 1961	76.4	14.2	14.7
Others	248.9	-	-
Carried forward Short Term Capital Loss	141.7		
	52,077.1	**46,336.4**	**49,482.2**
Liabilities:			
Amortised Finance Cost	30.3	54.0	-
Others	-	(0.2)	2,092.5
Deffered tax asset reserve*	-	16,249.1	-
	30.3	**16,302.9**	**2,092.5**
Net Deferred Tax Asset / (Liability)	**52,046.8**	**30,033.5**	**47,389.7**

B) The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

(Rs. In lakhs)

Deferred tax asset / (liability)	Balance as at April 1, 2021	Recognised in profit or loss (Expense) /Income	Recognised in other equity	Balance as at March 31 2022
Provisions for employee benefit	233.1	(27.3)	(21.8)	184.0
Carried forward Business Loss	40,918.2	3,569.3	-	44,487.5
Depreciation	68.4	(66.7)	-	1.7
Expected Credit Loss on Loans / Investments at amortised cost	2,411.7	1,054.7	-	3,466.4
Amortised fee income	143.2	(27.8)	-	115.4
Disallowance under section 40(a) of Income-tax Act, 1961	14.2	62.2	-	76.4
Others	0.2	248.7	-	248.9
Deffered tax asset reserve*	(16,249.1)	16,249.1	-	-
Amortised finance cost	(54.0)	23.7	-	(30.3)
Carried forward Short Term Capital Loss	-	141.7		141.7
(Gain)/Loss on Loans / Investments at FVTPL	2,547.6	807.5	-	3,355.1
	30,033.5	**22,035.1**	**(21.8)**	**52,046.8**

(Rs. In lakhs)

Deferred tax asset / (liability)	Balance as at April 1, 2020	Recognised in profit or loss (Expense) /Income	Recognised in other equity	Balance as at March 31 2021
Provisions for employee benefit	469.1	(26.0)	(6.8)	436.3
Carried forward Business Loss	21,690.7	19,227.5	-	40,918.2
Depreciation	89.0	5.1	-	94.1
Expected Credit Loss on Loans / Investments at amortised cost	16,599.2	(12,968.3)	-	3,630.9
Amortised fee income	553.0	(178.8)	-	374.2
Disallowance under section 40(a) of Income-tax Act, 1961	14.7	0.8	-	15.5
Others	(2,092.5)	(254.5)	-	(2,347.0)
Deffered tax asset reserve*	-	(16,249.1)	-	(16,249.1)
Amortised finance cost	(9.3)	(94.5)	-	(103.8)
Carried forward Short Term Capital Loss	-	-	-	-
(Gain)/Loss on Loans / Investments at FVTPL	10,075.8	(6,811.6)	-	3,264.2
	47,389.7	**(17,349.4)**	**(6.8)**	**30,033.5**

(Rs. In lakhs)

Deferred tax asset / (liability)	Balance as at April 1, 2019	Recognised in profit or loss (Expense) /Income	Recognised in other equity	Balance as at March 31 2020
Provisions for employee benefit	726.2	(268.7)	11.6	469.1
Carried forward Business Loss	-	21,690.7	-	21,690.7
Depreciation	92.0	(3.0)	-	89.0
Expected Credit Loss on Loans / Investments at amortised cost	4,467.5	12,131.7	-	16,599.2
Amortised fee income	825.6	(272.6)	-	553.0
Disallowance under section 40(a) of Income-tax Act, 1961	4.4	10.3	-	14.7
Others	45.7	(2,138.2)	-	(2,092.5)
Deffered tax asset reserve*	-	-	-	-
Amortised finance cost	(178.0)	168.7	-	(9.3)
Carried forward Short Term Capital Loss	-	-	-	-
(Gain)/Loss on Loans / Investments at FVTPL	2,560.9	7,514.9	-	10,075.8
	8,544.3	**38,833.8**	**11.6**	**47,389.7**

Note:

*The Company has recognised deferred tax assets on carried forward tax losses with respect Financial Year (FY) 2019-20, FY 2020-21 and tax losses incurred in FY 2021-22 . A composite scheme of arrangement has been filed between KKR Capital Markets India Private Limited (KCM) , KKR India Financial Services Limited (KIFSL), Incred Financial Services Limited (IFSL or Incred), Bee Finance Limited(BFL), and their respective shareholders with NCLT Mumbai on September 27, 2021. The resultant entity (post the reorganization subject to necessary approvals) is expected to use the brand name 'InCred Financial Services Ltd' (Incred) and will be spearheaded by the current leadership team of Incred. A consortium led by KKR and comprising existing investors in KIFS will retain a significant minority stake. Based on representation by Incred, the Company believes the said deferred tax assets shall be recoverable based on the estimated future taxable income of the new demerged Company .The losses are allowed to be carried forward to the years in which based on the representation by Incred, the Company expects that there will be sufficient taxable profits to offset these losses.

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Notes forming part of the reformatted financial statements

Note 11. Property, plant and equipment

(Rs. In lakhs)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	For the Year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Furniture and Fixtures	18.6	-	18.6	-	14.9	2.0	16.9	-	-	3.7
Office Equipment	67.6	1.5	69.1	-	50.9	10.2	61.1	-	-	16.7
Computers	117.6	-	86.3	31.3	80.7	28.4	77.8	31.3	-	36.9
Leasehold improvements	258.8	-	258.8	0.0	164.0	30.0	194.0	-	0.0	94.8
Sub total (A)	**462.6**	**1.5**	**432.8**	**31.3**	**310.5**	**70.6**	**349.8**	**31.3**	**0.0**	**152.1**
Right-of-use Asset	912.0	-	912.0	-	333.7	182.6	516.3	-	-	578.3
Sub total (B)	**912.0**	**-**	**912.0**	**-**	**333.7**	**182.6**	**516.3**	**-**	**-**	**578.3**
Total	**1,374.6**	**1.5**	**1,344.8**	**31.3**	**644.2**	**253.2**	**866.1**	**31.3**	**0.0**	**730.4**

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2020	Additions	Disposals	As at March 31, 2021	As at April 01, 2020	For the Year	Disposals	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Furniture and Fixtures	18.6	-	-	18.6	12.0	2.9	-	14.9	3.7	6.3
Office Equipment	66.1	2.6	1.1	67.6	37.6	13.3	-	50.9	16.8	28.5
Computers	109.0	8.6	-	117.6	47.1	33.8	-	80.8	36.8	61.8
Leasehold improvements	258.8	-	-	258.8	134.0	30.0	-	164.0	94.8	124.8
Sub total (A)	**452.5**	**11.2**	**1.1**	**462.6**	**230.7**	**79.9**	**-**	**310.6**	**152.1**	**221.4**
Right-of-use Asset	875.0	37.0	-	912.0	145.9	187.8	-	333.7	578.3	729.1
Sub total (B)	**875.0**	**37.0**	**-**	**912.0**	**145.9**	**187.8**	**-**	**333.7**	**578.3**	**729.1**
Total	**1,327.4**	**48.2**	**1.1**	**1,374.6**	**376.6**	**267.8**	**-**	**644.4**	**730.4**	**950.5**

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2019	Additions	Disposals	As at March 31, 2020	As at April 01, 2019	For the Year	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Furniture and Fixtures	11.5	7.1	-	18.6	10.4	1.9	-	12.3	6.3	1.1
Office Equipment	41.1	25.0	-	66.1	27.9	9.7	-	37.6	28.6	13.2
Computers	66.2	42.8	-	109.0	15.1	32.1	-	47.2	61.8	51.1
Leasehold improvements	119.0	139.8	-	258.8	109.0	25.0	-	134.0	124.8	10.0
Sub total (A)	**237.8**	**214.7**	**-**	**452.5**	**162.4**	**68.7**	**-**	**231.1**	**221.4**	**75.4**
Right-of-use Asset	-	875.0	-	875.0	-	145.9	-	145.9	729.1	-
Sub total (B)	**-**	**875.0**	**-**	**875.0**	**-**	**145.9**	**-**	**145.9**	**729.1**	**-**
Total	**237.8**	**1,089.7**	**-**	**1,327.5**	**162.4**	**214.6**	**-**	**377.0**	**950.5**	**75.4**

Note: The company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year

Note 12. Intangible Asset (The Intangible assets are other than internally generated)

(Rs. In lakhs)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	For the Year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	51.0	-	51.0	-	34.0	-	34.0	-	-	17.0
Total	**51.0**	**-**	**51.0**	**-**	**34.0**	**-**	**34.0**	**-**	**-**	**17.0**

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2020	Additions	Disposals	As at March 31, 2021	As at April 01, 2020	For the Year	Disposals	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Software	51.0	-	-	51.0	17.1	16.8	-	33.9	17.1	33.9
Total	**51.0**	**-**	**-**	**51.0**	**17.1**	**16.8**	**-**	**33.9**	**17.1**	**33.9**

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2019	Additions	Disposals	As at March 31, 2020	As at April 01, 2019	For the Year	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Software	-	51.0	-	51.0	-	17.1	-	17.1	33.9	-
Total	**-**	**51.0**	**-**	**51.0**	**-**	**17.1**	**-**	**17.1**	**33.9**	**-**

Note: The company has not revalued its Intangible Asset during the year

Note 13. Other non-financial assets

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	5.3	9.9	3.4
GST input receivable	645.6	395.6	65.8
Prepaid Rent	-	-	32.8
Total	**650.9**	**405.5**	**102.0**

Note 14. Trade Payables

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	1.2	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,674.8	599.3	662.2
Total	**1,676.0**	**599.3**	**662.2**

(Rs. In lakhs)

Particulars	Unbilled payables	Not due	Outstanding for following periods from due date of payments				
			Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) MSME	1.2	-	-	-	-	-	-
(ii) Others	442.0	826.6	406.2	-	-	-	406.2
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	**443.2**	**826.6**	**406.2**	**-**	**-**	**-**	**406.2**

(Rs. In lakhs)

Particulars	Unbilled payables	Not due	Outstanding for following periods from due date of payments				
			Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	226.2	-	373.1	-	-	-	373.1
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	**226.2**	**-**	**373.1**	**-**	**-**	**-**	**373.1**

(Rs. In lakhs)

Particulars	Unbilled payables	Not due	Outstanding for following periods from due date of payments				
			Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	662.2	-	-	-	662.2
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	**-**	**-**	**662.2**	**-**	**-**	**-**	**662.2**

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(i) Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	1.2	-	-
(ii) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end - -	-	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-	-
(vii) Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (since paid	-	-	-
Total	**1.2**	**-**	**-**

Note:
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note 15. Debt Securities- At Amortised Cost

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures	-	25,940.3	1,03,841.0
Total	**-**	**25,940.3**	**1,03,841.0**

Notes:

(i) The Company does not have any Borrowings outside India.

(ii) Terms of NCD's

(a) The January 2015 Series 5 NCDs of Rs. 6000 lakh is redeemable on January 16, 2022.

(b) The April 2015 Series 4 NCDs of Rs. 7000 lakh is redeemable on April 23, 2021.

(c) The December 2016 Series 2 and 3 NCDs of Rs. 6500 lakh each are redeemable on March 9, 2022 and March 9, 2023 respectively, with a prepayment option with the Company in respect of Series 3 NCDs.

(c) The December 2015 Series 3 NCDs of Rs. 7500 lakh is redeemable on March 14, 2021.

(d) The February 2016 Series 3 NCDs of Rs. 7500 lakh is redeemable on April 14, 2021, with a prepayment option with the Company in respect of Series 3 NCDs.

(e) The November 2016 Series 2 NCDs of Rs. 1,0000 lakh is redeemable on October 4, 2020.

(f) The April 2017 Series 1 and 2 NCDs of Rs. 2,0000 lakh each are redeemable on April 10, 2020 and March 10, 2021.

(i) The NCDs are redeemable at the amounts arrived at by multiplying the outstanding principal amount of such NCDs being redeemed on the redemption date, by the Internal Rate of Return (IRR). IRR is calculated as (1 + r)^n, where r = is a rate ranging between 8.90% to 10.50% per annum compounded annually and n = number of days for which the NCDs are outstanding/365. In case of prepayment, an additional prepayment premium would be payable in the range of 0.50% to 2.00% of the face value of the amount being prepaid.

(j) All the NCDs are secured by first priority non-exclusive hypothecation on a floating charge basis over whole of the loans, non-convertible debentures, optionally convertible debentures and receivable thereof, of the Company, whether current or in future, other than excluded assets as defined in the terms of the NCDs.

(k) All NCDS are additionally secured by Cash Security comprising cash in specified bank accounts and fixed deposits created / to be created by the Company.

Note 16. Borrowings (Other Than Debt Securities) - At Amortised Cost

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Secured			
Term Loans from Banks	20,879.5	64,844.9	1,48,319.7
Loan Repayable on Demand			
From Banks (Working Capital Demand Loan)	22,500.0	22,500.0	22,500.0
From Banks (Cash Credit)	-	12,286.0	14,997.8
Total	**43,379.5**	**99,631.0**	**1,85,817.5**

Notes:

(i) The Company does not have any Borrowings outside India.

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

iii) The Company has utilised funds raised from issue of securities or borrowings from banks and financial institutions for the specific purposes for which they were issued/taken.

(iv) The Company has not been declared as a wilful defaulter by any lender who has powers to declare a company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.

(v) Terms of Term loans :

Terms of repayment schedule of borrowings other than debt securities:-

(Rs. In lakhs)

Instrument with repayment terms	Maturity Date	As at 31st March, 2022			As at 31st March, 2021			As at 31st March, 2020		
		Interest Rate Range (%)	Carrying amount	Face Value	Interest Rate Range (%)	Carrying amount	Face Value	Interest Rate Range (%)	Carrying amount	Face Value
Term loan from banks										
State bank of India	25-03-2024	9.95%	11,047.4	1,100.0	9.40% to 9.95%	21,112.2	2,100.0	9.40%	34,500.8	3,450.0
Ratnakar Bank Limited	31-03-2023	8.05% to 8.70%	9,832.1	1,000.0	8.45% to 9.35%	15,778.8	1,600.0	9.35% to 9.55%	17,370.3	1,750.0
Bank of Baroda	31-03-2022	-	-	-	9.40% to 10.40%	27,953.9	2,800.0	10.25% to 10.60%	84,485.8	8,400.0
Indusind Bank								9.65% to 9.75%	11,962.9	1,200.0
Cash credit from banks	03-02-2023	-	-	-	9.40% to 9.95%	12,286.0	1,228.6	9.40%	14,997.8	1,499.8
Working Capital Demand Loan	03-02-2023	9.95%	22,500.0	2,250.0	8.50% to 9.35%	22,500.0	2,250.0	9.35%	22,500.0	2,250.0
			43,379.5	**4,350.0**		**99,630.9**	**9,978.6**		**1,85,817.5**	**18,549.8**

Note 16. Borrowings (Other Than Debt Securities) - At Amortised Cost (Cont...)

Disclosure in respect of Borrowings obtained on the basis of security of current assets FY 22

(Rs. In lakhs)

Quarter	Name of Lender	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	State Bank of India	Loans and advances / Receivables	1,08,262.2	1,08,262.2	-	Not applicable
Jun-21	Ratnakar Bank Limited	Loans and advances / Receivables	1,08,262.2	1,08,262.2	-	
Jun-21	Bank of Baroda	Loans and advances / Receivables	1,08,262.2	1,08,262.2	-	
Sep-21	State Bank of India	Loans and advances / Receivables	1,06,207.1	1,06,207.1	-	
Sep-21	Ratnakar Bank Limited	Loans and advances / Receivables	1,06,207.1	1,06,207.1	-	
Sep-21	Bank of Baroda	Loans and advances / Receivables	1,06,207.1	1,06,207.1	-	
Dec-21	State Bank of India	Loans and advances / Receivables	92,985.8	92,985.8	-	
Dec-21	Ratnakar Bank Limited	Loans and advances / Receivables	92,985.8	92,985.8	-	
Mar-22	State Bank of India	Loans and advances / Receivables	84,647.8	84,647.8	-	
Mar-22	Ratnakar Bank Limited	Loans and advances / Receivables	84,647.8	84,647.8	-	
Jun-21	NCD Holders	Loans and advances	16,397.5	16,397.5	-	
Sep-21	NCD Holders	Loans and advances	9,097.5	9,097.5	-	
Dec-21	NCD Holders	Loans and advances	7,860.7	7,860.7	-	

Disclosure in respect of Borrowings obtained on the basis of security of current assets FY 21

Quarter	Name of Lender	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-20	State Bank of India	Loans and advances / Receivables	3,70,197.1	3,70,197.1	-	Not applicable
Jun-20	Ratnakar Bank Limited	Loans and advances / Receivables	3,70,197.1	3,70,197.1	-	
Jun-20	Bank of Baroda	Loans and advances / Receivables	3,70,197.1	3,70,197.1	-	
Jun-20	Indusind bank	Loans and advances / Receivables	3,70,197.1	3,70,197.1	-	
Sep-20	State Bank of India	Loans and advances / Receivables	2,43,973.8	2,43,973.8	-	
Sep-20	Ratnakar Bank Limited	Loans and advances / Receivables	2,43,973.8	2,43,973.8	-	
Sep-20	Bank of Baroda	Loans and advances / Receivables	2,43,973.8	2,43,973.8	-	
Dec-20	State Bank of India	Loans and advances / Receivables	1,93,935.8	1,93,935.8	0.00	
Dec-20	Ratnakar Bank Limited	Loans and advances / Receivables	1,93,935.8	1,93,935.8	0.00	
Dec-20	Bank of Baroda	Loans and advances / Receivables	1,93,935.8	1,93,935.8	0.00	
Mar-21	State Bank of India	Loans and advances / Receivables	1,58,786.1	1,58,786.1	-	
Mar-21	Ratnakar Bank Limited	Loans and advances / Receivables	1,58,786.1	1,58,786.1	-	
Mar-21	Bank of Baroda	Loans and advances / Receivables	1,58,786.1	1,58,786.1	-	
Jun-20	NCD Holders	Loans and advances / Receivables	3,70,197.1	3,70,197.1	-	
Sep-20	NCD Holders	Loans and advances / Receivables	2,43,973.8	2,43,973.8	-	
Dec-20	NCD Holders	Loans and advances / Receivables	1,93,935.8	1,93,935.8	-	
Mar-21	NCD Holders	Loans and advances / Receivables	1,58,786.1	1,58,786.1	-	

Disclosure in respect of Borrowings obtained on the basis of security of current assets FY 20

Quarter	Name of Lender	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-19	State Bank of India	Loans and advances / Receivables	6,60,148.8	6,60,498.8	(350.00)	Banks are provided with security of Bankable assets
Jun-19	Ratnakar Bank Limited	Loans and advances / Receivables	6,60,148.8	6,60,498.8	(350.00)	
Jun-19	Bank of Baroda	Loans and advances / Receivables	6,60,148.8	6,60,498.8	(350.00)	
Jun-19	Indusind Bank	Loans and advances / Receivables	6,60,148.8	6,60,498.8	(350.00)	
Jun-19	DCB bank	Loans and advances / Receivables	6,60,148.8	6,60,498.8	(350.00)	
Sep-19	State Bank of India	Loans and advances / Receivables	5,96,424.0	5,89,066.9	7,357.06	
Sep-19	Ratnakar Bank Limited	Loans and advances / Receivables	5,96,424.0	5,89,066.9	7,357.06	
Sep-19	Bank of Baroda	Loans and advances / Receivables	5,96,424.0	5,89,066.9	7,357.06	
Sep-19	Indusind Bank	Loans and advances / Receivables	5,96,424.0	5,89,066.9	7,357.06	
Sep-19	DCB bank	Loans and advances / Receivables	5,96,424.0	5,89,066.9	7,357.06	
Dec-19	State Bank of India	Loans and advances / Receivables	5,22,193.4	5,14,939.4	7,254.04	
Dec-19	Ratnakar Bank Limited	Loans and advances / Receivables	5,22,193.4	5,14,939.4	7,254.04	
Dec-19	Bank of Baroda	Loans and advances / Receivables	5,22,193.4	5,14,939.4	7,254.04	
Dec-19	Indusind Bank	Loans and advances / Receivables	5,22,193.4	5,14,939.4	7,254.04	
Mar-20	State Bank of India	Loans and advances / Receivables	4,34,720.0	4,34,720.0	-	
Mar-20	Ratnakar Bank Limited	Loans and advances / Receivables	4,34,720.0	4,34,720.0	-	
Mar-20	Bank of Baroda	Loans and advances / Receivables	4,34,720.0	4,34,720.0	-	
Mar-20	Indusind Bank	Loans and advances / Receivables	4,34,720.0	4,34,720.0	-	
Jun-19	NCD Holders	Loans and advances / Receivables	6,60,148.8	6,60,498.8	(350.00)	NCD holders are provided with security of Non-bankable assets
Sep-19	NCD Holders	Loans and advances / Receivables	5,96,424.0	5,89,066.9	7,357.06	
Dec-19	NCD Holders	Loans and advances / Receivables	5,22,193.4	5,14,939.4	7,254.04	
Mar-20	NCD Holders	Loans and advances / Receivables	4,34,720.0	4,34,720.0	-	

Notes:

a) Term loans and Working Capital Demand Loans from banks are secured by way of First pari-passu charge on standard loans and advances / receivables of the Company which are eligible for direct bank finance as per RBI guidelines.

(b) The company has borrowings from banks/financial institutions on the basis of security of current assets. The quaterly returns and/or statements of current assets filed with lending banks/financial institution are in agreement with the books of accounts.

Note 17. Other financial liabilities

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Interest Accrued but not due on Debt Securities at amortised cost	-	16,089.4	42,142.1
Obligations under finance lease	-	617.7	759.6
Employee benefits payable	760.7	680.2	975.0
Total	**760.7**	**17,387.3**	**43,876.7**

Note 18. Current tax liabilities (Net)

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Provision for Tax (Net of Advance tax and tax deducted at source`111.8 Lakh) (Previous Year: `1698.6 Lakh)	6.5	51.3	149.5
Total	**6.5**	**51.3**	**149.5**

Note 19. Provisions

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits			
- Gratuity	11.2	70.3	77.5
- Compensated Absences	56.9	156.6	97.2
Total	**68.1**	**226.9**	**174.7**

Note 20. Other non-financial liabilities

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Statutory liabilities	236.1	570.5	434.1
Revenue received in advance	5.9	111.9	-
Total	**242.0**	**682.4**	**434.1**

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Notes forming part of the reformatted financial statements

Note 21. Equity Share Capital

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
AUTHORISED			
500,000,000 (Equity Shares of Rs. 10/- each)	50,000.0	50,000.0	50,000.0
	50,000.0	**50,000.0**	**50,000.0**
ISSUED, SUBSCRIBED AND FULLY PAID UP			
460,226,538 (Equity Shares of Rs. 10/- each fully paid-up)	46,022.7	46,022.7	46,022.7
	46,022.7	**46,022.7**	**46,022.7**

(a) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount	Number	Amount
Equity shares outstanding as at the beginning of the year	46,02,26,538	46,022.7	46,02,26,538	46,022.7	46,02,26,538	46,022.7
Issued during the year	-	-	-	-	-	-
Equity shares outstanding as at the end of the year	**46,02,26,538**	**46,022.7**	**46,02,26,538**	**46,022.7**	**46,02,26,538**	**46,022.7**

(b) Rights, preferences and restrictions attached to equity shares

The Equity shares of `10 each, fully paid up have equal voting rights. Right to receive dividend as may be approved by the Board / Annual General Meeting. The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 2013. Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

(c) Shares held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Number	%	Number	%	Number	%
KKR Capital Markets India Private Limited (including 400 Equity Shares held by a nominee)	46,02,26,538	100%	46,02,26,538	100%	46,02,26,538	100%

(d) Details of shareholders holding more than 5 percent shares in the Company are given below:

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Number	%	Number	%	Number	%
KKR Capital Markets India Private Limited (including 400 Equity Shares held by a nominee)	46,02,26,538	100%	46,02,26,538	100%	46,02,26,538	100%

(e) Shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment, including the terms and amounts : NIL

(f) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash, Aggregate number and class of shares allotted as fully paid up by way of bonus shares, and aggregate number and class of shares bought back during the period of five years immediately preceding the date as at which the Balance Sheet is prepared: NIL

(g) Refer note 34(A) for Company's objectives, policies and processes for managing capital

(h) Details of shares held by the Promoters

As at 31 March 2022

Sr. No.	Promoter* name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares**	% Change during the year***
1.0	KKR Capital Markets India Private Limited	46,02,26,538	-	46,02,26,538	100%	-

As at 31 March 2021

Sr. No.	Promoter* name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares**	% Change during the year***
1.0	KKR Capital Markets India Private Limited	46,02,26,538	-	46,02,26,538	100%	-

As at 31 March 2020

Sr. No.	Promoter* name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares**	% Change during the year***
1.0	KKR Capital Markets India Private Limited	46,02,26,538	-	46,02,26,538	100%	-

*Promoter here means promoter as defined in the Companies Act, 2013

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Notes forming part of the reformatted financial statements

Note 22. Other equity

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934			
Opening balance	16,122.4	16,122.4	16,122.4
Add: Transfer from retained earnings	-	-	-
Closing balance	**16,122.4**	**16,122.4**	**16,122.4**
(b) Securities premium account			
Opening balance	1,24,367.6	1,24,367.6	1,24,367.6
Add: Received during the year	-	-	-
Closing balance	**1,24,367.6**	**1,24,367.6**	**1,24,367.6**
(c) Retained earnings (Surplus in statement of profit and loss)			
Opening balance	(79,478.6)	(65,558.7)	60,059.7
Profit/ (Loss) for the year	(719.6)	(13,940.1)	(1,25,583.8)
Remeasurment gain/(loss) on defined benefit plans	65.0	20.2	(34.6)
Less: Transfer to Reserve Fund under Section 45 I C of Reserve Bank of India Act, 1934	-	-	-
Closing balance	**(80,133.2)**	**(79,478.6)**	**(65,558.7)**
TOTAL	**60,356.8**	**61,011.4**	**74,931.3**

Note 20.1 Nature and purpose of reserve

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

This is a Statutory reserve created in accordance with section 45 IC(1) of the RBI Act, 1934 which requires the Company to transfer a specified sum (not less than 20% of its profit after tax) to Reserve Fund based on its net profit as per the profit and loss account.
As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI

(b) Securities premium

Securities premium 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 section 52 of Companies Act, 2013.

(c) Retained earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders

Note 23. Interest Income

(Rs. In lakhs)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021			Year ended March 31, 2020		
	On Financial Assets measured at Amortised Cost	On Financial Assets classified at Fair value through Profit or Loss	Total	On Financial Assets measured at Amortised Cost	On Financial Assets classified at Fair value through Profit or Loss	Total	On Financial Assets measured at Amortised Cost	On Financial Assets classified at Fair value through Profit or Loss	Total
Interest on loans	11,537.2	3,186.4	14,723.6	23,122.7	5,597.2	28,719.9	38,594.7	10,634.0	49,228.7
Interest income from investments	-	2.0	2.0	2,231.7	6,305.8	8,537.5	7,898.1	15,080.6	22,978.7
Interest on fixed deposits with banks	1,113.5	-	1,113.5	1,701.1	-	1,701.1	1,494.2	-	1,494.2
Other Interest Income	7.4	-	7.4	6.8	-	6.8	-	-	-
Total	**12,658.1**	**3,188.4**	**15,846.5**	**27,062.3**	**11,903.0**	**38,965.3**	**47,987.0**	**25,714.6**	**73,701.6**

Note 24. Fees and Commission Income

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Finance arrangement fees	-	77.5	13.7
Advisory fees	-	0.4	31.0
Total	**-**	**77.9**	**44.7**

Note 25. Other Income

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Reversal of provision on fee of previous year	-	34.3	-
Interest on Income Tax refund	791.8	440.4	-
Gain on termination of lease	84.5	-	-
Miscellaneous Income	58.5	-	-
Provision for Compensated absences no longer required written back	21.1	-	-
Income on recovery from loan written off in previous years	-	-	22.8
Discount value of future rent	-	-	4.2
Total	**955.9**	**474.7**	**27.0**

Note 26. Finance cost

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
	On Financial liabilities measured at Amortised Cost		
Interest on debt securities	1,833.6	9,725.9	19,737.1
Interest on borrowings (other than debt securities)	7,289.3	13,083.0	18,962.4
Interest expense on lease liability	52.0	66.1	58.0
Total	**9,174.9**	**22,875.0**	**38,757.5**

Note 27. Net loss on fair value changes

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
(A) Net gain on financial instruments at fair value through profit or loss	-	-	-
On trading portfolio			
- Investments	-	-	-
- Derivatives	-	-	-
- Others	11,765.4	22,573.0	29,858.8
(B) Others	-	-	-
Total Net gain/ (loss) on fair value changes(C)	**11,765.4**	**22,573.0**	**29,858.8**
Fair Value changes:			
-Realised	8,557.1	49,637.6	41,422.6
-Unrealised	3,208.3	(27,064.6)	29,858.8
Total Net gain/ (loss) on fair value changes (D)	**11,765.4**	**22,573.0**	**71,281.4**

Note 28. Impairment on financial instruments

The table below shows the ECL changes in terms of Ind AS 109 on financial instruments for the year recorded in the profit and loss based on evaluation stage:

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
	Total	Total	Total
Loans/ Investment at amortised cost*	11,758.7	(20,722.9)	1,19,900.0
Loan commitments	(972.8)	561.0	101.1
Total impairment loss	**10,785.9**	**(20,161.9)**	**1,20,001.1**

* Includes loans written off FY 22`6961.5 lakh (written off net of recovery), FY 21 31365.2 lakh (written off net of recovery) and FY 20 71798.2 lakh

Note 29. Employee benefit expense

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages (including reimbursements) (Refer Note 37)	2,187.9	2,898.4	3,044.4
Share based payment to employees (Refer Note 42)	(86.8)	(66.1)	2.3
Contribution to Provident Fund	39.8	41.1	39.5
Gratuity (Refer Note 36)	27.6	33.7	58.0
Compensated absences	-	93.5	64.3
Staff Welfare Expenses	155.5	203.8	242.2
Total	**2,324.0**	**3,204.4**	**3,450.7**

Note 30. Other expenses

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Rent	29.3	5.9	35.6
Rates and taxes	75.1	5.0	10.5
Electricity and water charges	11.2	6.5	8.2
Travelling and conveyance	22.1	7.1	447.4
Legal and professional expenses	4,616.6	3,813.6	2,782.5
Office Expenses	0.0	3.7	8.9
Membership and subscription Expenses	36.5	75.5	38.9
Auditors' Remuneration (Refer Note (i) below)	25.4	23.1	22.0
Donation	-	0.9	1.5
Corporate Social Responsibility Expenses (Refer Note (ii) below)	-	-	-
Insurance	6.4	3.8	3.8
Loss on disposal of non-current loan/Investment	-	3,250.2	-
Provision for doubtful advance	-	-	384.3
Foreign exchange loss (net)	5.1	11.2	8.7
Net loss on derecognition of property, plant and equipment	64.9	-	-
Net loss on derecognition of intangible asset	17.0	-	-
Miscellaneous expenses	152.6	133.1	146.7
Total	**5,062.2**	**7,339.6**	**3,899.0**

Notes:

(i) Auditors' Remuneration

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
a) For Statutory Audit	22.6	20.5	20.5
b) For Tax Audit	1.5	1.5	1.5
c) For taxation related service	-	-	-
d) For other services (Certification Fees)	1.3	1.1	-
e) For reimbursement of expenses	-	-	-
Total	**25.4**	**23.1**	**22.0**

(ii) Corporate Social Responsibility Expenses

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Gross Amount Required to be spent during the year	-	-	-
Amount spent during the year on CSR for purposes other than construction /acquisition of any asset.	-	-	-
Shortfall	-	-	-
Total of previous year shortfall	-	-	-
Reason for shortfall	-	-	-
Nature of CSR activities	Not applicable	Not applicable	Not applicable

Note 31. Other comprehensive income

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gain on defined benefit plan	(86.8)	(27.0)	46.2
Income tax relating to these items	21.8	6.8	(11.6)
Total other comprehensive income for the year, net of tax	**(65.0)**	**(20.2)**	**34.6**

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Note 32 - Loans / Investments at amortised cost

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

1.1 Credit quality of assets

(Rs. In lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*												
Performing grade	47,508.3	-	-	**47,508.3**	89,461.0	-	-	**89,461.0**	1,78,708.9	-	-	**1,78,708.9**
Under Performing grade	-	15,507.4	-	**15,507.4**	-	26,259.3	-	**26,259.3**	-	81,220.5	-	**81,220.5**
Non-performing grade	-	-	-	-	-	-	-	**-**	-	-	26,483.5	**26,483.5**
Total	**47,508.3**	**15,507.4**	**-**	**63,015.7**	**89,461.0**	**26,259.3**	**-**	**1,15,720.3**	**1,78,708.9**	**81,220.5**	**26,483.5**	**2,86,412.9**

1.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

(Rs. In lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**89,461.0**	**26,259.3**	**-**	**1,15,720.3**	**1,78,708.9**	**81,220.5**	**26,483.5**	**2,86,412.9**	**3,41,875.4**	**21,130.8**	**16,110.7**	**3,79,116.9**
New assets originated (net)	38.0	1,410.1	-	**1,448.1**	(466.8)	(1,784.4)	-	**(2,251.2)**	83,283.0	30,311.2	1,860.7	**1,15,454.9**
Assets derecognised or repaid (excluding write offs) (net)	(21,160.9)	(11,398.0)	(17,236.7)	**(49,795.6)**	(72,622.0)	(58,356.6)	(8,483.0)	**(1,39,461.6)**	(1,38,552.5)	(1,998.0)	-	**(1,40,550.5)**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Transfers to / from Stage 2	764.0	(764.0)	-	**-**	(16,159.1)	16,159.1	-	**-**	(50,909.2)	50,909.2	-	**-**
Transfers to Stage 3	(21,593.8)	-	21,593.8	**-**	-	(10,979.3)	10,979.3	**-**	(8,512.1)	-	8,512.1	**-**
Amounts written off	-	-	(4,357.1)	**(4,357.1)**	-	-	(28,979.8)	**(28,979.8)**	(48,475.7)	(19,132.7)	-	**(67,608.4)**
Gross carrying amount closing balance	**47,508.3**	**15,507.4**	**-**	**63,015.7**	**89,461.0**	**26,259.3**	**-**	**1,15,720.3**	**1,78,708.9**	**81,220.5**	**26,483.5**	**2,86,412.9**

Reconciliation of ECL balance is given below:

(Rs. In lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**3,571.5**	**5,660.6**	**-**	**9,232.1**	**4,240.1**	**36,017.0**	**20,502.1**	**60,759.2**	**6,154.0**	**629.7**	**5,772.6**	**12,556.3**
Assets originated/derecognised/repaid (excluding write-off)	(2,157.0)	(919.0)	(2,280.4)	**(5,356.4)**	(292.5)	(19,753.2)	(5,089.8)	**(25,135.4)**	1,814.5	35,406.9	14,296.2	**51,517.6**
Transfers to Stage 1				**-**				**-**	-	-	-	**-**
Transfers to Stage 2	2,960.5	(2,960.5)		**-**	(376.1)	376.1		**-**	(610.1)	610.1	-	**-**
Transfers to Stage 3	(2,707.7)		2,707.7	**-**		(10,979.3)	10,979.3	**-**	(433.3)	-	433.3	**-**
Amounts written off		-	(427.3)	**(427.3)**		-	(26,391.7)	**(26,391.7)**	(2,685.0)	(629.7)	-	**(3,314.7)**
Net remeasurement of loss allowance	2,044.3	7,563.8		**9,608.1**								
ECL allowance - closing balance	**3,711.6**	**9,344.9**	**(0.0)**	**13,056.5**	**3,571.5**	**5,660.6**	**-**	**9,232.1**	**4,240.1**	**36,017.0**	**20,502.1**	**60,759.2**

***Internal rating grades are classified on below basis**

Grade	Classification Basis	Stage
Performing grade	0-30 DPD	Stage 1
Under Performing grade	31-90 DPD	Stage 2
Non-performing grade	>90 DPD	Stage 3

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Note 33. Income Taxes

1. Income Tax recognised in Total Comprehensive Income

(Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax	-	-	-
Current tax pertaining to prior periods	191.5	(6.1)	569.4
Deferred Tax charge / (credit)	(22,035.1)	17,349.4	(38,833.7)
Total Income tax expense recognised in the Statement of Profit and Loss	**(21,843.6)**	**17,343.3**	**(38,264.3)**
Tax on Other Comprehensive Income	21.8	6.8	11.6
Total Income tax expense recognised in Total Comprehensive Income	**(21,821.8)**	**17,350.1**	**(38,252.7)**

2. Reconciliation of effective tax rate

(Rs. In lakhs)

Particulars	For the year ended 31st March, 2022		For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	Amount	%age	Amount	%age	Amount	%age
Profit/(Loss) before tax	(22,563.2)		3,403.2		(1,63,848.1)	
Statutory tax rate	25.17%	25.17%	25.17%	25.17%	25.17%	25.17%
Tax using the Company's statutory tax rate	(5,678.7)		856.5		(41,237.3)	
Tax effect of						
DTA reserve reversed in CY	(16,249.1)	72.02%	16,249.1	477.47%	-	0.00%
Effects of different tax rate	(37.8)	0.17%	-	0.00%	2,402.0	-1.47%
Tax effects of amounts which are disallowed for taxable income	34.1	-0.15%	187.1	5.50%	13.2	-0.01%
Tax adjustment for earlier years	87.8	-0.39%	50.6	1.49%	-	0.00%
Total Tax expense	**(21,843.6)**	**96.81%**	**17,343.3**	**509.62%**	**(38,822.1)**	**23.69%**

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Notes forming part of the reformatted financial statements

Note 34. Financial instruments

A. Capital Management

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

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board. For details of Capital to Risk Assets Ratio (CRAR) refer Note no. 44(1)

B. Financial instruments

(i) Fair Value

Classes and categories of financial instruments and their fair values
The following table combines information about:
• classes of financial instruments based on their nature and characteristics;
• the carrying amounts of financial instruments;
• fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
• fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed
Set out below, is the accounting classification of financial instruments by category:

(Rs. In lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets						
Investments	-	-	596.2	-	61,054.4	18,857.8
Trade receivables	-	-	-	-	-	5.8
Loans	9,324.6	49,959.2	31,777.8	1,06,488.2	48,783.8	2,06,795.9
Cash and cash equivalents	-	36,802.1	-	70,927.2	-	60,855.2
Security deposits	-	104.6	-	82.0	-	74.8
Other Financial Assets	-	1.3	-	316.3	-	519.9
Total financial assets	**9,324.6**	**86,867.2**	**32,374.0**	**1,77,813.7**	**1,09,838.1**	**2,87,109.4**
Financial liabilities						
Debt Securities	-	-	-	25,940.3	-	1,03,841.0
Borrowings (Other than Debt Securities)	-	43,379.5	-	99,631.0	-	1,85,817.5
Finance lease obligation	-	0.0	-	617.7	-	759.6
Trade and other payables	-	1,676.0	-	599.3	-	662.2
Other financial liabilities	-	760.7	-	16,769.6	-	43,117.1
Total financial liabilities	**-**	**45,816.2**	**-**	**1,43,557.9**	**-**	**3,34,197.4**

(ii) Fair value and fair value hierarchy for financial assets at FVTPL

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rs. In lakhs)

			Fair Value			
Financial assets and liabilities measured at fair value - recurring fair value measurements	**Notes**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2022						
Financial assets						
Loans to Corporates and Others at FVTPL	6	9,324.6	-	-	9,324.6	9,324.6
Investments at FVTPL	7	-	-	-	-	-
Total financial assets		**9,324.6**	**-**	**-**	**9,324.6**	**9,324.6**

(Rs. In lakhs)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Notes**	**Carrying Amount**	**Fair Value**
As at March 31, 2022			
Financial assets			
Cash and cash equivalents	5	36,802.1	36,802.1
Trade Receivable	6	-	-
Loans - To Corporates and Others	7	49,959.2	58,320.0
Investments	8	-	-
Security deposits	9	104.6	104.6
Other financial assets	9	1.3	1.3
Total financial assets		**86,867.2**	**95,228.0**
Financial Liabilities			
Trade and other payables	14 and 15	1,676.0	1,676.0
Debt Securities	16	-	-
Borrowings other than Debt Securities	17	43,379.5	43,591.7
Finance lease obligation	17	0.0	0.0
Other Financial Liabilities	18	760.7	760.7
Total financial liabilities		**45,816.2**	**46,028.4**

(Rs. In lakhs)

			Fair Value			
Financial assets and liabilities measured at fair value - recurring fair value measurements	**Notes**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2021						
Financial assets						
Loans to Corporates and Others at FVTPL	6	31,777.8	-	-	31,777.8	**31,777.8**
Investments at FVTPL	7	596.2	-	-	596.2	**596.2**
Total financial assets		**32,374.0**	**-**	**-**	**32,374.0**	**32,374.0**

(Rs. In lakhs)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Notes**	**Carrying Amount**	**Fair Value**
As at March 31, 2021			
Financial assets			
Cash and cash equivalents	5	70,927.2	70,927.2
Trade Receivable	6	-	-
Loans - To Corporates and Others	7	1,06,488.2	1,01,423.5
Investments	8	-	-
Security deposits	9	82.0	82.0
Other financial assets	9	316.3	316.3
Total financial assets		**1,77,813.7**	**1,72,749.0**
Financial Liabilities			
Trade and other payables	14 and 15	599.3	599.3
Debt Securities	16	25,940.3	25,267.1
Borrowings other than Debt Securities	17	99,631.0	1,00,099.0
Finance lease obligation	17	617.7	617.7
Other Financial Liabilities	18	16,769.6	16,769.6
Total financial liabilities		**1,43,557.9**	**1,43,352.7**

(Rs. In lakhs)

			Fair Value			
Financial assets and liabilities measured at fair value - recurring fair value measurements	**Notes**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2020						
Financial assets						
Loans to Corporates and Others at FVTPL	6	48,783.8	-	-	48,783.8	**48,783.8**
Investments at FVTPL	7	61,054.4	256.2	-	60,798.2	**61,054.4**
Total financial assets		**1,09,838.2**	**256.2**	**-**	**1,09,582.0**	**1,09,838.2**

(Rs. In lakhs)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Notes**	**Carrying Amount**	**Fair Value**
As at March 31, 2020			
Financial assets			
Cash and cash equivalents	5	60,855.2	60,855.2
Trade Receivable	6	5.8	5.8
Loans - To Corporates and Others	7	2,06,795.9	1,96,491.8
Investments	8	18,857.8	13,003.0
Security deposits	9	74.8	74.8
Other financial assets	9	519.9	519.9
Total financial assets		**2,87,109.4**	**2,70,950.5**
Financial Liabilities			
Trade and other payables	14 and 15	662.2	662.2
Debt Securities	16	1,03,841.0	1,01,865.3
Borrowings other than Debt Securities	17	1,85,817.5	1,86,860.6
Finance lease obligation	17	759.6	759.6
Other Financial Liabilities	18	43,117.1	43,117.1
Total financial liabilities		**3,34,197.4**	**3,33,264.8**

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued at the closing Net Asset Value (NAV).

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

(iii) Valuation process and technique for financial assets at FVTPL

The management estimates the fair values of financial assets and liabilities required for financial reporting purposes, including level 3 fair values, after giving consideration to purchase price, market conditions, current and projected operating performance, expected cash flows, projected dividends, anticipated future securities' values and the market value of publicly traded shares of portfolio companies. Determination of fair value is based on the best information available in the circumstances and may incorporate the management's own assumptions, including appropriate risk adjustments for non-performance and lack of marketability. The method used to estimate the fair value of such assets is the income approach (e.g. the discounted cash flow method, waterfall approach based on issuer yield curve etc.)

Type of Financial Instrument	Valuation Technique
Loans to Corporates and others	Income Approach
Investments	Income Approach
Debt securities	Income Approach
Borrowings (other than debt securities)	Income Approach

Transfers between Level 1 and Level 2

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during FY 2021-22.

(iv). Level 3 fair values measurement

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

Particulars	As at April 1, 2021	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at March 31, 2022
Loans	10,121.1	3,207.7	-	2.4		13,331.1
Investments	1.7	-	-	(1.7)		0.0

Particulars	As at April 1, 2020	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at March 31, 2021
Loans	24,430.7	(14,309.6)	-	-	-	10,121.1
Investments	12,756.8	(9,745.6)	-	(3,009.4)	-	1.7

Particulars	As at April 1, 2019	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at March 31, 2020
Loans	5,036.1	20,188.5	-	(793.9)	-	24,430.7
Investments	2,292.5	7,180.8	4,667.8	(1,384.4)	-	12,756.8

(iv). Sensitivity of fair value measurements to changes in unobservable market data

The following table demonstrates the sensitivity to a reasonably possible change in the significant unobservable inputs (all other variables being considered as constant) of the Company's Statement of Profit and Loss and equity.

(Rs. In lakhs)

Particulars	Increase / (decrease) in the issuer yield curve	Sensitivity of profit or loss		Sensitivity of equity	
2021-22					
Loans/Investments at FVTPL	75 Basis point Up	Impact on Profit before Tax	(45.0)	Impact on equity	(33.7)
	75 Basis point down		47.3		35.4
2020-21					
Loans/Investments at FVTPL	50 Basis point Up	Impact on Profit before Tax	(118.7)	Impact on equity	(88.8)
	50 Basis point down		199.0		148.9
2019-20					
Loans/Investments at FVTPL	70 Basis point Up	Impact on Profit before Tax	(387.3)	Impact on equity	(136.4)
	70 Basis point down		(100.7)		139.7

C. Risk management framework

The Company's risks are managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. The company considers ongoing risk management as a critical function and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and interest rate risk.
It is the Company's policy to ensure that a robust risk awareness is embedded in its organizational risk culture. Further the Company has a designated Chief Risk Officer (CRO) overseeing the risk management functions.

1. Credit risk

Credit Risk in simple terms is the risk of borrowers / obligors ability to honour their obligations in timely manner and the loss that may be incurred by the Company in the event of the failure of borrowers to meet their repayment obligations. The Company manages this risk by setting limits for single and group borrower exposures, sectoral exposure norms and limits on unsecured exposures.

2. Impairment assessment

(i) Exposure at Default (EAD)

EAD is aggregate of the amortized principal, accrued interest and committed undrawn lines as on the default date and the same is used for purpose of ECL computation.

Exposure to Loans/Investments which are accounted as per amortized cost method have been classified under the following three stages at borrower level.
Stage 1 – Loans/Investments with low credit risk and where there is no significant increase in credit risk. The Loans/Investments up to 0-30 days are classified as Stage1.
Stage 2 – Loans/Investments with significant increase in credit risk as compared to the risk assessed at their origination are considered as stage 2. These include underperforming assets i.e. assets with overdue > 30 days and < 90 days or any other asset that the management, based on a qualitative assessment, considers to be underperforming in its view irrespective of the numbers of days the account is overdue.
Stage 3 – Non Performing or Impaired borrowers and defined as borrowers with over dues > 90 days or where the management, based on a qualitative assessment, considers the default to be imminent.

Credit Conversion Factor (CCF) for committed and undrawn lines:
Estimated drawdown within 1 year of date of ECL Calculation: 20%
Estimated drawdown beyond 1 year of date of ECL Calculation: 50%
However, as a measure of prudence, for undrawn lines, CCF of 50% is used irrespective of tenor over which drawdown would occur as the probability of the year 1 drawdown is high and therefore that becoming a funded exposure is more certain.

(ii) Significant increase in credit risk

The Company continuously monitors all loans/investments subject to ECLs. This monitoring is to evaluate if there has been any significant in the credit risk over the balance life of the loans/investments as compared to the assessed credit risk at the time of their origination. Such evaluation may lead to either revision in the probability of default and / or revision in the asset classification stage (1 or 2) based on overdue status or management's qualitative assessment that the underlying risk has significantly increased and the asset needs to be assessed either on the basis of lifetime PD or default PD if the default is considered imminent. The Company considers an exposure to have significantly increased in credit risk if contractual payments are more than 30 days past due or where the management, based on a qualitative assessment, considers the asset to be underperforming in its view irrespective of the numbers of days the account is overdue.

(iii) Definition of default and cure

In the event any borrower has defaulted on loan repayment obligations for 90 days or more, the same is considered as credit impaired i.e. stage 3.
Factors considered for Stage definition
Besides the number of days an account is overdue, the Company considers various qualitative factors to assess whether any exposure should be moved to Stage 2 or Stage 3 (for imminent threat of default cases). Some of the indicative parameters (non-exhaustive) are :
• Financial parameters such as drop in profitability / increase in debt / adverse changes in debt / EBIDTA or DSCR ratios
• A breach of contract such as a default or past due event or material covenant breaches;
• The restructuring of a loan or advance by the company on terms that the company would not consider otherwise; or
• It is becoming probable that the borrower will enter bankruptcy or other financial reorganization

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the borrower makes necessary payments and the borrower is not 90 days past due after such payments. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and the relative credit risk as compared to the asset origination stage.

(iv) estimation process

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 Company has its own internal ratings for client exposures and these have been mapped to leading external credit rating agency's ratings and probabilities of default. The Company has applied
a. 12 months PD to Stage 1 Loans and Investments
b. Lifetime PD for Stage 2 assets
c. 100% PD for Stage 3 assets

(v) Loss given default

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 would be expected to be received, including from realization of any prime/collateral security. LGD is computed based on discounted expected recoveries at an account level based on collateral valuation after applying appropriate hair cut and appropriate recovery time.

3. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Company has guidelines in place covering the acceptability and valuation of each type of collateral. Generally the Company accepts collaterals such as real estate (residential / commercial / land parcels), shares (listed / unlisted / promoter owned), plant and machinery, stock and book debts etc. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In case of defaults by customers (whether of due payments or underlying security conditions / covenants), the Company has the right to enforce the security and monetise the same towards part or full liquidation of the credit exposure.

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Notes forming part of the reformatted financial statements

4. Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations as and when they fall due on account of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with the approved Asset Liability Management (ALM) Policy framed as per the current regulatory guidelines. The Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the ALM Policy.

(Rs. In lakhs)

Sr. No.	Particulars	Carrying amount	Total	1 Day to 30/31 Days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year upto 3 Years	Over 3 Years upto 5 Years	Over 5 Years
	As at March 31, 2022										
	Non-derivative financial liabilities										
1	Borrowings (Other than Debt Securities)	43,379.5	43,379.5	-	-	2,500.0	2,500.0	32,500.0	5,879.5	-	-
2	Trade and other Payables	1,676.0	1,676.0	592.2	8.0	-		1,075.8	-	-	-
3	Other Financial Liabilities	760.7	760.7	30.0	-	-	-	730.7	-	-	-
	Derivative financial liabilities	**45,816.2**	**45,816.2**	**622.2**	**8.0**	**2,500.0**	**2,500.0**	**34,306.5**	**5,879.5**	-	-

(Rs. In lakhs)

Sr. No.	Particulars	Carrying amount	Total	1 Day to 30/31 Days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year upto 3 Years	Over 3 Years upto 5 Years	Over 5 Years
	As at March 31, 2021										
	Non-derivative financial liabilities										
1	Debt Securities	25,940.3	25,940.3	7,000.0	-	-	-	12,500.0	6,440.3		
2	Borrowings (Other than Debt Securities)	99,631.0	99,631.0	-	-	-	-	75,286.0	24,344.9		
3	Trade and other Payables	599.3	599.3	228.3	95.7	147.3	77.7	32.9	17.5		
4	Other Financial Liabilities	17,387.3	17,387.2	5,595.4	12.5	12.6	38.5	8,530.6	3,158.1	39.4	
	Derivative financial liabilities	**1,43,557.9**	**1,43,557.9**	**12,823.7**	**108.2**	**159.9**	**116.2**	**96,349.5**	**33,960.8**	**39.4**	**-**

Sr. No.	Particulars	Carrying amount	Total	1 Day to 30/31 Days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year upto 3 Years	Over 3 Years upto 5 Years	Over 5 Years
	As at March 31, 2020										
	Non-derivative financial liabilities										
1	Debt Securities	1,03,841.0	1,03,841.0	20,000.0	-	-	7,000.0	43,500.0	33,341.0	-	0
2	Borrowings (Other than Debt Securities)	1,85,817.5	1,85,817.5	28,000.0	-	-	-	92,497.8	49,000.0	16,319.7	-
3	Trade and other Payables	662.2	662.2	96.8	143.7	374.7	43.6	3.5	-	-	-
4	Other Financial Liabilities	43,876.7	43,876.7	6,289.8	11.4	11.5	2,345.4	18,708.4	16,247.0	263.2	-
	Derivative financial liabilities	**3,34,197.5**	**3,34,197.4**	**54,386.6**	**155.1**	**386.2**	**9,389.0**	**1,54,709.7**	**98,588.0**	**16,582.9**	**-**

Note: In computing the above information, the management has made certain estimates, assumptions and adjustments which are also used for regulatory submission.

5 - Maturity Analysis Of Assets & Laibilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months. With regards to loans and advances to customers, the Company uses the same basis of expected repayment as used for estimating the EIR.

(Rs. In lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021			As at March 31, 2020		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Assets									
Cash and cash equivalents	36,802.1	-	36,802.1	70,927.2	-	70,927.2	60,855.2	-	60,855.2
Trade Receivables	-	-	-	-	-	-	5.8	-	5.8
Loans	6,868.2	52,415.6	59,283.8	15,261.7	1,23,004.3	1,38,266.0	64,954.7	1,90,624.9	2,55,579.6
Investments	-	-	-	596.2	-	596.2	20,238.8	59,673.4	79,912.2
Other financial Assets	105.9	-	105.9	316.2	82.1	398.3	519.9	74.8	594.7
Non-Financial assets									
Current Tax Assets (Net)	-	3,622.8	3,622.8	-	10,178.5	10,178.5	-	10,486.0	10,486.0
Deferred tax assets (Net)	-	52,046.8	52,046.8	-	30,033.5	30,033.5	-	47,389.7	47,389.7
Property, plant and equipment	-	-	-	-	730.4	730.4	-	950.5	950.5
Other Intangible asset	-	-	-	-	17.0	17.0	-	33.9	33.9
Other non-financial assets	4.1	646.8	650.9	8.0	397.5	405.5	18.4	83.6	102.0
Total Assets	**43,780.3**	**1,08,732.0**	**1,52,512.3**	**87,109.3**	**1,64,443.3**	**2,51,552.6**	**1,46,592.8**	**3,09,316.8**	**4,55,909.6**
LIABILITIES									
Financial Liabilities									
Trade and other Payables	1,676.0	-	1,676.0	599.3	-	599.3	662.2	-	662.2
Debt Securities	-	-	-	19,500.0	6,440.3	25,940.3	70,434.4	33,406.6	1,03,841.0
Borrowings (Other than debt securities)	37,500.0	5,879.5	43,379.5	75,286.0	24,344.9	99,631.0	1,20,775.1	65,042.4	1,85,817.5
Finance lease obligation	-	-	-	156.0	461.7	617.7	141.9	617.8	759.7
Other financial liabilities	760.7	-	760.7	14,033.8	2,735.8	16,769.6	27,530.3	15,586.7	43,117.0
			-						
Non-Financial Liabilities			-						
Current tax liabilities (Net)	6.5	-	6.5	51.3	-	51.3	149.5	-	149.5
Provisions	35.9	32.2	68.1	30.6	196.3	226.9	30.4	144.3	174.7
Other non-financial liabilities	242.0		242.0	682.4	-	682.4	434.1	-	434.1
Total liabilities	**40,221.1**	**5,911.7**	**46,132.8**	**1,10,339.4**	**34,179.1**	**1,44,518.5**	**2,20,157.9**	**1,14,797.8**	**3,34,955.7**
Net	**3,559.2**	**1,02,820.3**	**1,06,379.5**	**(23,230.1)**	**1,30,264.2**	**1,07,034.1**	**(73,565.1)**	**1,94,519.0**	**1,20,953.9**

5. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The core business of the company is providing loans to Corporates and others. The Company borrows through various financial instruments to finance its core lending activity. These activities expose the Company to interest rate risk.

Exposure to interest rate risk (Rs. In lakhs)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021	As at 31-Mar-2020
Variable-rate instruments			
Variable Rate Loans	28,085.5	52,590.0	80,596.3
Variable Rate Borrowings	43,379.5	1,25,571.4	2,89,658.5
Total	**71,465.0**	**1,78,161.4**	**3,70,254.8**

Interest rate risk is measured through earnings at risk from an earnings perspective. Further, exposure to fluctuations in interest rates is measured by way of gap analysis across different time buckets (based on contracted / behavioural maturities), providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. Interest rate risk is monitored on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Company's statement of profit and loss and equity.

(Rs. In lakhs)

Currency	Increase / (decrease) in basis points	Sensitivity of profit or loss		Sensitivity of equity	
2021-22					
Borrowings	50 Basis point Up	Impact on Profit before Tax	(232.9)	Impact on equity	(174.3)
	50 Basis point Down		237.5		177.7
Variable rate Loans	75 Basis point Up	Impact on Profit before Tax	(63.8)	Impact on equity	(47.8)
	75 Basis point Down		65.1		48.7
2020-21					
Borrowings	50 Basis point Up	Impact on Profit before Tax	(592.5)	Impact on equity	(443.4)
	50 Basis point Down		600.1		449.0
Variable rate Loans	50 Basis point Up	Impact on Profit before Tax	(454.5)	Impact on equity	(340.1)
	50 Basis point Down		461.8		345.5
2019-20					
Borrowings	70 Basis point Up	Impact on Profit before Tax	(2,062.2)	Impact on equity	(1,543.2)
	70 Basis point Down		2,100.7		1,572.0
Variable rate Loans	70 Basis point Up	Impact on Profit before Tax	(907.9)	Impact on equity	(679.4)
	70 Basis point Down		926.9		693.6

Note 35. Change in liabilities arising from financing activities

(Rs. In lakhs)

Particulars	As at April 1, 2021	Cash flows	Other	As at March 31, 2022
Debt securities	25,940.4	(26,000.0)	59.6	0.0
Borrowings other than debt securities	99,630.9	(56,286.0)	34.6	43,379.5
Total liabilities from financing activities	**1,25,571.3**	**(82,286.0)**	**94.2**	**43,379.5**

(Rs. In lakhs)

Particulars	As at April 1, 2020	Cash flows	Other	As at March 31, 2021
Debt securities	1,03,841.1	(78,000.0)	99.3	25,940.4
Borrowings other than debt securities	1,85,817.5	(85,711.7)	(474.8)	99,630.9
Total liabilities from financing activities	**2,89,658.6**	**(1,63,711.7)**	**(375.5)**	**1,25,571.3**

(Rs. In lakhs)

Particulars	As at April 1, 2019	Cash flows	Other	As at March 31, 2020
Debt securities	1,79,158.5	(75,500.0)	182.6	1,03,841.1
Borrowings other than debt securities	1,68,014.2	17,315.7	487.6	1,85,817.5
Total liabilities from financing activities	**3,47,172.7**	**(58,184.3)**	**670.2**	**2,89,658.6**

Note 36

(i) Provident Fund

Provident fund for certain eligible employees is paid to recognised provident fund managed by the Government. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their termination/retirement, in accordance with PF rules. The contribution to the said recognised fund is considered as expenses in the Profit and loss account on accrual basis. The charge during the current year towards employer's share of contribution is INR 3.98 million(Previous year INR 4.11 million).

(ii) Gratuity Fund

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.
The gratuity policy of the company provides for lumpsum payment to vested employees at retirement or on termination of employment, based on respective employee's salary and years of employment in accordance with Payment of Gratuity Act, 1972.

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2022:

(Rs. In lakhs)

Particulars	As at April 1, 2021	Included in profit or loss		Benefits paid	Included in OCI		As at March 31, 2022
		Service cost	Net interest expense		Actuarial changes arising from changes in financial assumptions	Experience adjustments	
Defined benefit obligation	70.3	23.7	3.9	-	(0.0)	(86.7)	11.2
Benefit liability	**70.3**	**23.7**	**3.9**	**-**	**(0.0)**	**(86.7)**	**11.2**

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2021:

(Rs. In lakhs)

Particulars	As at April 1, 2020	Included in profit or loss		Benefits paid	Included in OCI		As at March 31, 2021
		Service cost	Net interest expense		Actuarial changes arising from changes in financial assumptions	Experience adjustments	
Defined benefit obligation	77.5	28.4	5.3	(13.9)	(3.5)	(23.5)	70.3
Benefit liability	**77.5**	**28.4**	**5.3**	**(13.9)**	**(3.5)**	**(23.5)**	**70.3**

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2020:

(Rs. In lakhs)

Particulars	As at April 1, 2019	Included in profit or loss		Benefits paid	Included in OCI		As at March 31, 2021
		Service cost	Net interest expense		Actuarial changes arising from changes in financial assumptions	Experience adjustments	
Defined benefit obligation	64.3	52.9	5.0	(91.0)	6.7	39.4	77.5
Benefit liability	**64.3**	**52.9**	**5.0**	**(91.0)**	**6.7**	**39.4**	**77.5**

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Discount rate	5.7%	5.6%	6.8%
Salary escalation rate	10.0%	10.0%	6.0%

Sensitivity analysis (Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Sensitivity Level	1% increase	1% increase	1% increase	1% decrease	1% decrease	1% decrease
Impact on defined benefit obligation						
1) Discount Rate	(0.6)	(3.2)	(7.1)	0.6	3.4	8.4
2) Future Salary Increases	0.5	2.3	5.3	(0.5)	(2.4)	(5.6)
3) Employee Turnover	(0.3)	(1.6)	0.4	0.3	1.7	(0.8)

Maturity Analysis of benefit payments (Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Within the next 12 months	0.0	2.0	14.3
Between 2 and 5 years	6.0	44.2	18.1
Between 6 and 10 years	5.7	32.4	26.5
Beyond 10 years	4.1	15.3	130.1
Total expected payments	**15.8**	**93.9**	**189.2**

Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized Rs. (21.1) lakh (FY 21 Rs.93.5 lakh, FY 20 Rs. 40.5 lakh) for Compensated Absences in the Statement of Profit and Loss.

Note 37. Related party transactions

A. Details of related parties

Names of related parties	Description of Relationship
Kohlberg Kravis Roberts & Co. L.P.	Ultimate Holding Company
KKR India Financial Investments Pte Limited	Indirect Holding Company
KKR Capital Markets India Private Limited	Holding company
KKR India Finance Holding LLC	Company having significant influence over the Company
KKR Asia Limited	Fellow subsidiary
KKR India Advisors Private Limited	Fellow subsidiary
Mr. Karthik Krishna	Key Managerial Personnel
Ms. Aparna Ravi	Key Managerial Personnel
Mr. Jigar Shah	Key Managerial Personnel
Mr. Sanjay Nayar	Key Managerial Personnel (w.e.f December 10, 2019 till December 30, 2020)
Mrs.Parul Sarda	Key Managerial Personnel (till June 30, 2020)

(a) Key management personnel compensation*

(Rs. In lakhs)

Sr. No.	Particulars	For the year ended March 31, 2022
i.	Short-term employee benefits	683.1
ii.	Post-employment benefits	-
iii.	Other Long Term Benefits	-
iv.	Share Based Payment	429.9
v.	Sitting fees	37.8
	Total	**1,150.8**

* The above figures do not include provisions for leave encashment and gratuity, as actuarial valuation are determined on overall basis.

(Rs. In lakhs)

B. Related party transactions	Ultimate Holding Company	Holding Company	Fellow subsidiaries	Company having significant influence over the Company
Description of transaction:				
Reimbursement of expenses:				
Kohlberg Kravis Roberts & Co. L.P.	33.0 (126.8)	- (-)	- (-)	- (-)
KKR Asia Limited	- (-)	- (-)	128.9 (180.9)	- (-)
KKR India Finance Holding LLC	- (-)	- (-)	- (-)	157.9 (155.5)
KKR India Advisors Private Limited	- (-)	- (-)	4.2 (15.5)	- (-)
KKR Capital Markets India Private Limited	- (-)	330.5 (496.3)	- (-)	- (-)
Recovery of expenses:				
KKR Capital Markets India Private Limited	- (-)	276.5 (420.3)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	211.2 (212.3)	- (-)
Sale of assets:				
KKR India Advisors Private Limited	- (-)	- (-)	18.2 (-)	- (-)

C. Related party balances as at March 31, 2022	Ultimate Holding Company	Holding Company	Fellow subsidiaries	Company having significant influence over the Company
Equity Share Capital:				
KKR Capital Markets India Private Limited	- (-)	46,022.7 (46,022.7)	- (-)	- (-)
Payables:				
KKR India Finance Holding LLC	- (-)	- (-)	- (-)	- (38.9)
Kohlberg Kravis Roberts & Co. L.P.	- (91.3)	- (-)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (5.8)	- (-)
KKR Capital Markets India Private Limited	- (-)	- (136.3)	- (-)	- (-)
Receivables:				
KKR Capital Markets India Private Limited	- (-)	- (20.3)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	0.7 (132.9)	- (-)

Notes :

1. Related parties have been identified by the management.
2. Figures in brackets pertain to those of the previous year.

Note 37. Related party transactions for FY 21

A. Details of related parties

Names of related parties	Description of Relationship
Kohlberg Kravis Roberts & Co. L.P.	Ultimate Holding Company
KKR India Financial Investments Pte Limited	Indirect Holding Company
KKR Capital Markets India Private Limited	Holding company
KKR India Finance Holding LLC	Fellow subsidiary
KKR Asia Limited	Fellow subsidiary
KKR India Advisors Private Limited	Fellow subsidiary
Mr. Karthik Krishna	Key Managerial Personnel (Independent Director w.e.f March 12,2020)
Ms. Aparna Ravi	Key Managerial Personnel (Independent Director w.e.f February 24,2021)
Mr. B V Krishnan	Key Managerial Personnel (till October 29,2019)
Mr. Tashwinder Singh	Key Managerial Personnel (till June 28,2019)
Mr. Jigar Shah	Key Managerial Personnel (w.e.f December 10, 2019)
Mr. Sanjay Nayar	Key Managerial Personnel (w.e.f December 10, 2019 till December 30, 2020)
Mrs.Parul Sarda	Key Managerial Personnel (till June 30, 2020)

(Rs. In lakhs)

B. Related party transactions	Ultimate Holding Company	Holding Company	Company having significant influence over the Company	Fellow subsidiaries	Key Management Personnel
Description of transaction:					
Reimbursement of expenses:					
Kohlberg Kravis Roberts & Co. L.P.	126.8 (58.0)	- (-)	- (-)	- (-)	- (-)
KKR Asia Limited	- (-)	- (-)	- (-)	180.9 (235.9)	- (-)
KKR India Finance Holding LLC	- (-)	- (-)	- (-)	155.5 (152.9)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	15.5 (296.0)	- (-)
KKR Capital Markets India Private Limited	- (-)	496.3 (153.4)	- (-)	- (-)	- (-)
Recovery of expenses:					
KKR Capital Markets India Private Limited	- (-)	420.3 (8.3)	- (-)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	212.3 (198.1)	- (-)
Sitting Fees to Independent Directors:					
Mr. Karthik Krishna	- (-)	- (-)	- (-)	- (-)	7.0 (-)
Ms. Aparna Ravi	- (-)	- (-)	- (-)	- (-)	3.0 (-)
Remuneration to Key Managerial personnel:					
Mr. BV Krishnan	- (-)	- (-)	- (-)	- (-)	- (83.1)
Mr. Tashwinder Singh	- (-)	- (-)	- (-)	- (-)	- (586.0)
Mr. Jigar Shah	- (-)	- (-)	- (-)	- (-)	599.1 (368.4)
Mr. Sanjay Nayar	- (-)	- (-)	- (-)	- (-)	37.5 (15.3)
Mrs.Parul Sarda	- (-)	- (-)	- (-)	- (-)	0.9 (3.6)

(Rs. In lakhs)

C. Related party balances as at March 31, 2021	Ultimate Holding Company	Holding Company	Company having significant influence over the Company	Fellow subsidiaries	Key Management Personnel
Equity Share Capital:					
KKR Capital Markets India Private Limited	- (-)	46,022.7 (46,022.7)	- (-)	- (-)	- (-)
Payables:					
KKR India Finance Holding LLC	- (-)	- (-)	38.9 (38.1)	- (-)	- (-)
Kohlberg Kravis Roberts & Co. L.P.	91.3 (58.0)	- (-)	- (-)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	5.8 (175.6)	- (-)
KKR Capital Markets India Private Limited	- (-)	136.3 (43.5)	- (-)	- (-)	- (-)
Receivables:					
KKR Capital Markets India Private Limited	- (-)	20.3 (210.1)	- (-)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	132.9 (123.7)	- (-)

Notes :

1. Related parties have been identified by the management.
2. Figures in brackets pertain to those of the previous year.

Note 37. Related party transactions for FY 20

A. Details of related parties

Names of related parties	Description of Relationship
Kohlberg Kravis Roberts & Co. L.P.	Ultimate Holding Company
KKR Mauritius PE Investments I, Limited	Company having significant influence over the Company
KKR India Financial Investments Pte Limited	Indirect Holding Company
KKR Capital Markets India Private Limited	Holding company
KKR India Finance Holding LLC	Fellow subsidiary
KKR Capital Markets LLC	Fellow subsidiary
KKR Asia Limited	Fellow subsidiary
KKR India Advisors Private Limited	Fellow subsidiary
Mr. B V Krishnan	Key Managerial Personnel (till October 29,2019)
Mr. Tashwinder Singh	Key Managerial Personnel (till June 28,2019)
Mr. Jigar Shah	Key Managerial Personnel (w.e.f December 10, 2019)
Mr. Sanjay Nayar	Key Managerial Personnel (w.e.f December 10, 2019)

(Rs. In lakhs)

B. Related party transactions	Ultimate Holding Company	Holding Company	Company having significant influence over the Company	Fellow subsidiaries	Key Management Personnel
Description of transaction:					
Reimbursement of expenses:					
Kohlberg Kravis Roberts & Co. L.P.	58.0 (281.2)	- (-)	- (-)	- (-)	- (-)
KKR Mauritius PE Investments I, Limited	- (-)	- (-)	- (34.5)	- (-)	- (-)
KKR Asia Limited	- (-)	- (-)	- (-)	235.9 (151.0)	- (-)
KKR India Finance Holding LLC	- (-)	- (-)	- (-)	152.9 (149.5)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	29.6 (672.7)	- (-)
KKR Capital Markets India Private Limited	- (-)	153.4 (8.9)	- (-)	- (-)	- (-)
Recovery of expenses:					
KKR Capital Markets India Private Limited	- (-)	8.3 (2.2)	- (-)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	198.1 (139.6)	- (-)
Interest income:					
KKR Capital Markets India Private Limited	- (-)	- (18.6)	- (-)	- (-)	- (-)
Finance arrangement fees:					
KKR Capital Markets India Private Limited	- (-)	- (27.3)	- (-)	- (-)	- (-)
Remuneration to Key Managerial personnel:					
Mr. BV Krishnan	- (-)	- (-)	- (-)	- (-)	83.1 (1,887.1)
Mr. Tashwinder Singh	- (-)	- (-)	- (-)	- (-)	586.0 (923.9)
Mr. Jigar Shah	- (-)	- (-)	- (-)	- (-)	368.4 (-)
Mr. Sanjay Nayar	- (-)	- (-)	- (-)	- (-)	15.3 (-)

(Rs. In lakhs)

C. Related party balances as at March 31, 2020	Ultimate Holding Company	Holding Company	Company having significant influence over the Company	Fellow subsidiaries	Key Management Personnel
Equity Share Capital:					
KKR Capital Markets India Private Limited	- (-)	46,022.7 (46,022.7)	- (-)	- (-)	- (-)
Payables:					
KKR India Finance Holding LLC	- (-)	- (-)	38.1 (36.8)	- (-)	- (-)
Kohlberg Kravis Roberts & Co. L.P.	58.0 (296.7)	- (-)	- (-)	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	175.6 (-)	- (-)
KKR Capital Markets India Private Limited	- (-)	43.5 (1,014.4)	- (-)	- (-)	- (-)
Receivables:					
KKR Capital Markets India Private Limited	- (-)	210.1 (-)	- (-)	- (0.1)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	123.7 (8.5)	- (-)

Notes :

1. Related parties have been identified by the management.
2. Figures in brackets pertain to those of the previous year.

Note 38. Segment Information

The CFO and CEO of the Company, has been identified as the chief operating decision maker (CODM) as defined by Indian Accounting Standard 108 "Operating Segments". The CODM evaluates the Company's performance, allocates resources based on analysis of the various performance indicators of the Company as a single unit.

The principal object of the Company is to carry on the activities of advisory and finance arrangement services. All other activities of the Company revolve around / are connected with its principal object. Therefore, directors have concluded that there is only one operating reportable segment as per Indian Accounting Standard 108 "Operating Segments"..

Note 39. Lease Disclosures

Under Ind-AS 116, the Company recognises right-of-use assets and lease liabilities for leases i.e. these leases are on the balance sheet. Lease liabilities as at 01 April 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average of lessee's incremental borrowing rate applied to the lease liabilities as at 01 April 2019 was 9.50%.

Changes in the carrying value of Right-of-use Assets (Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Opening balance	554.1	729.1	-
Additions	-	-	874.9
Deletion	379.1		
Depreciation	175.0	175.0	145.8
Closing balance	-	554.1	729.1

Changes in the Lease liabilities (Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Opening balance	617.7	759.6	-
Addition	-	-	875.0
Add: Lease interest	52.0	66.1	58.0
Less: Lease payments	208.0	208.0	173.4
Less:Deletion	461.7	-	-
Closing balance	0.0	617.7	759.6

Maturity analysis of lease liabilities (Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
a) Payable not later than one year	-	156.0	141.9
b) Payable later than one year and not later than five years	0.0	461.7	61.8
c) Payable later than five years	-	-	-

Amounts recognised in statement of Profit and Loss account (Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Interest on Lease liability	52.0	66.1	58.0
Depreciation on Leased asset	175.0	175.0	145.8
Expense relating to short-term leases	4.3	-	-

-

Amounts recognised in statement of Cash Flows (Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Total Cash outflow for lease asset	208.0	208.0	173.4

Note 40. Earnings Per Share

The computation of earnings per share is set out below:

(Rs. In lakhs)

Particulars			As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Net Profit / (Loss) attributable to equity holders of the Company	(A)	(Rs. In Million)	(719.6)	(13,940.1)	(1,25,583.8)
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	46,02,26,538.0	46,02,26,538.0	46,02,26,538.0
Weighted average number of equity shares for calculating Diluted EPS	(C)	Nos.	46,02,26,538.0	46,02,26,538.0	46,02,26,538.0
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share)	(A)/(B)	Rs.	(0.2)	(3.0)	(27.3)
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share)	(A)/(C)	Rs.	(0.2)	(3.0)	(27.3)

Note 41. Contingent liabilities

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Income tax demand disputed in appeal	2.0	2.0	473.5
(b) Letters of comfort issued to bank, in respect of credit facilities availed by third parties	-	-	320.0

(b) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

Note 42. Employee Share Incentive Plan

KKR Capital Markets India Private Limited (the Holding Company), has granted the Restricted Share Units (RSUs), inter alia, to the eligible employees and/or directors (the employees) of the Company. 2,364,448 RSUs have been granted on April 1, 2017, 249,888 RSUs have been granted on January 1, 2018, 308,406 RSUs have been granted on July 1, 2018, 31,774 RSUs have been granted on January 1, 2019, 251,512 RSUs have been granted on April 1, 2019, 513,372 RSUs have been granted on October 1, 2019 and 758,384 RSUs have been granted on May 31, 2021. The particulars of vesting of the RSUs granted to the employees are given in the below table.

The RSUs shall be eligible for vesting as per following schedule:

Vesting Date	No. of RSUs	Status	Exercise Period	Exercise Price per RSU (Rupees)
April 1, 2018	3,70,087	Vested	1 year from the Date of Vesting	10
April 1, 2019	3,70,088	Vested	2 years from the Date of Vesting	10
April 1, 2020	16,033	Vested	0.5 year from the Date of Vesting	10
April 1, 2020	38,599	Vested	1 year from the Date of Vesting	10
April 1, 2020	84,982	Vested	1.75 years from the Date of Vesting	10
April 1, 2020	27,414	Vested	3 years from the Date of Vesting	10
April 1, 2021	16,033	Vested	1.5 years from the Date of Vesting	10
April 1, 2021	38,600	Vested	2 years from the Date of Vesting	10
April 1, 2021	42,493	Vested	2.75 years from the Date of Vesting	10
October 1, 2020	11,348	Vested	1 year from the Date of Vesting	10
July 1, 2019	84,983	Vested	1 year from the Date of Vesting	10
January 1, 2020	10,592	Vested	1 year from the Date of Vesting	10
January 1, 2021	10,592	Vested	2 years from the Date of Vesting	10
January 1, 2022	10,590	Vested	3 years from the Date of Vesting	10
January 1, 2022	15,439	Vested	2.75 years from the Date of Vesting	10
January 1, 2022	16,032	Vested	2.5 years from the Date of Vesting	10

The current status of the RSUs granted to the employees is as under: (Rs. In lakhs)

Particulars	Number of outstanding RSUs		
	2021-22	2020-21	2019-20
Outstanding at the beginning of the year	3,21,665	18,10,972	15,94,367
Granted during the year	7,58,384	-	7,64,884
Transfer in/ (out) during the year	-	-	-
Lapsed/ forfeited during the year	8,37,821	5,67,630	5,48,279
Exercised during the year	2,42,228	9,21,677	-
Outstanding at the end of the year	-	3,21,665	18,10,972
Exercisable at the end of the year	-	1,29,520	8,33,008

The charge on account of the above plan is included in employee benefits expense aggregating Rs.(86.8) lakh (FY 21- Rs. (66.1) lakh, FY 20- (2.3) lakh)- . Since the RSUs are granted by the Holding Company, basic and diluted earnings per share of the Company would remain unchanged.

43 .Other Statutory Information

For FY 2021-22, FY 2020-21 and FY 2019-20

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency.

(v) Funding Transactions:

(vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

(ix) There are no scheme of arrangements which have been filed by the Company under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act. For details of Scheme of arrangement filed by the Company with NCLT refer Note no 62.

(x) The Company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of sec 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.

(xi) The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.

(xii) The Company has not revalued any property plant and equipment and intangible assets.

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Notes forming part of the reformatted financial statements

Note 44.
Disclosure as required in terms of Annexure I of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (the Direction)

44.1 Schedule to the Balance Sheet as per Master Directions

(Rs. In lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Amount Outstanding As on March 31, 2022	Amount Overdue	Amount Outstanding As on March 31, 2021	Amount Overdue	Amount Outstanding As on March 31, 2020	Amount Overdue
Liabilities side:						
(1) Loans and advances availed by the non banking financial company (comprises principal amount and interest accrued thereon but not paid):						
(a) Debentures : Secured	-	-	42,029.7	-	1,46,742.7	-
	(42,029.7)	(-)	(1,46,742.7)	(-)	(2,32,062.9)	(-)
Unsecured	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(other than falling within the meaning of public deposits)			-	-	-	-
(b) Deferred Credits	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(c) Term Loans	20,879.5	-	64,845.0	-	1,48,319.7	-
	(64,845.0)	(-)	(1,48,319.7)	(-)	(1,56,000.0)	(-)
(d) Inter-corporate loans and borrowings	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(e) Commercial Paper	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(f) Public Deposits	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(g) Other Loans (Working Capital demand loan, CC facility)	22,500.0	-	34,786.0	-	37,497.8	-
	(34,786.0)	(-)	(37,497.8)	(-)	(12,182.1)	(-)
			-	-	-	-
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):			-	-	-	-
			-	-	-	-
			-	-	-	-
(a) In the form of Unsecured debentures	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(c) Other public deposits	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

(Rs. In lakhs)

Assets side:	Amount Outstanding As on March 31, 2022	Amount Outstanding As on March 31, 2021	Amount Outstanding As on March 31, 2020
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] (principal amounts):			
(a) Secured	83,304.3	1,30,035.9	2,35,274.8
	(1,46,304.3)	(2,35,274.8)	(3,27,260.0)
(b) Unsecured	2,367.2	8,230.1	20,307.1
	(11,315.0)	(20,307.1)	(66,800.8)
(4) Break up of Leased Assets and stock on hire and other assets counting towards assets finance companies (AFC) activities		-	-
		-	-
(i) Lease assets including lease rentals under sundry debtors :		-	-
(a) Financial lease	-	-	-
	(-)	(-)	(-)
(b) Operating lease	-	-	-
	(-)	(-)	(-)
(ii) Stock on hire including hire charges under sundry debtors:		-	-
(a) Assets on hire	-	-	-
	(-)	(-)	(-)
(b) Repossessed Assets	-	-	-
	(-)	(-)	(-)
(iii) other loans counting towards AFC activities		-	-
(a) Loans where assets have been repossessed	-	-	-
	(-)	(-)	(-)
(b) Loans other than (a) above	-	-	-
	(-)	(-)	(-)

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
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	(Rs. In lakhs)	(Rs. In lakhs)	(Rs. In lakhs)
	Amount Outstanding As on March 31, 2022	**Amount Outstanding As on March 31, 2021**	**Amount Outstanding As on March 31, 2020**
(5) Break-up of Investments (excluding interest accrued but not due)			
Current Investments: (excluding current position of long term investments)			
1. Quoted :			
(i) Shares : (a) Equity	-	-	-
	(-)	(-)	(-)
(b) Preference	-	-	-
	(-)	(-)	(-)
(ii) Debentures and Bonds	-	-	-
	(-)	(-)	(-)
(iii) Units of mutual funds	-	-	-
	(-)	(-)	(-)
(iv) Government Securities	-	-	-
	(-)	(-)	(-)
(v) Others (please specify)	-	-	-
	(-)	(-)	(-)
2. Unquoted :		-	-
(i) Shares : (a) Equity	-	-	-
	(-)	(-)	(-)
(b) Preference	-	-	-
	(-)	(-)	(-)
(ii) Debentures and Bonds	-	-	-
	(-)	(-)	(-)
(iii) Units of mutual funds	-	-	-
	(-)	(-)	(-)
(iv) Government Securities	-	-	-
	(-)	(-)	(-)
(v) Others (Please specify)	-	-	-
	(-)	(-)	(-)
Long Term investments: (including current position of long term investments)		-	-
1. Quoted :		-	-
(i) Shares : (a) Equity	-	-	2,562.2
	-	(2,562.2)	(-)
(b) Preference	-	-	-
	(-)	(-)	(-)
(ii) Debentures and Bonds	-	-	-
	(-)	(-)	(-)
(iii) Units of mutual funds	-	-	-
	(-)	(-)	(-)
(iv) Government Securities	-	-	-
	(-)	(-)	(-)
(v) Others (please specify)	-	-	-
	(-)	(-)	(-)
		-	-
2. Unquoted :		-	-
(i) Shares : (a) Equity	-	-	-
	(-)	(-)	(-)
(b) Preference	-	-	-
	(-)	(-)	(-)
(ii) Debentures and Bonds	-	596.2	77,350.0
	(597.9)	(77,350.0)	(1,75,297.2)
(iii) Units of mutual funds	-	-	-
	(-)	(-)	(-)
(iv) Government Securities	-	-	-
	(-)	(-)	(-)
(v) Others (Please specify)	-	-	-
	(-)	(-)	(-)

(6) Borrower group-wise classification of assets financed as in (3) and (4) above

(Rs. In lakhs)

Category	**Amount net of provisions FY 22**			**Amount net of provisions FY 21**			**Amount net of provisions FY 20**		
	Secured	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
1. Related Parties									
(a) Subsidiaries	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(b) Companies in the same group	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(c) Other related parties	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
2. Other than related parties	83,304.3	2,367.2	85,671.5	1,30,035.9	8,230.1	1,38,266.1	2,35,274.8	20,307.1	2,55,581.9
	(1,46,304.3)	(11,315.0)	(1,57,619.3)	(2,35,274.8)	(20,307.1)	(2,55,581.9)	(3,27,260.0)	(66,800.8)	(3,94,060.8)
Total	**83,304.3**	**2,367.2**	**85,671.5**	**1,30,035.9**	**8,230.1**	**1,38,266.1**	**2,35,274.8**	**20,307.1**	**2,55,581.9**
	(1,46,304.3)	**(11,315.0)**	**(1,57,619.3)**	**(2,35,274.8)**	**(20,307.1)**	**(2,55,581.9)**	**(3,27,260.0)**	**(66,800.8)**	**(3,94,060.8)**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. In lakhs)

Category	FY 22		FY 21		FY 20	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(b) Companies in the same group	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(c) Other related parties	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
			-	-	-	-
2. Other than related parties	-	-	596.2	596.2	79,912.2	79,912.2
	(597.9)	(597.9)	(79,912.2)	(79,912.2)	(1,75,297.2)	(1,74,122.2)
Total	**-**	**-**	**596.2**	**596.2**	**79,912.2**	**79,912.2**
	(597.9)	**(597.9)**	**(79,912.2)**	**(79,912.2)**	**(1,75,297.2)**	**(1,74,122.2)**

(Rs. In lakhs)

(8) Other information	FY 22	FY 21	FY 20
Particulars			
(i) Gross Non-Performing Assets			
(a) Related parties	-	-	-
	(-)	(-)	(-)
(b) Other than related parties	-	-	38,081.7
	(-)	(38,081.7)	(11,750.0)
(ii) Net Non-Performing Assets		-	-
(a) Related parties	-	-	-
	(-)	(-)	(-)
(b) Other than related parties	-	-	1,372.5
	(-)	(13,725.2)	(10,575.0)
	-	-	-
(iii) Assets acquired in satisfaction of debt	(-)	(-)	(-)

Note: Figures in brackets pertain to those of the previous year

44.2. Capital

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
CRAR (%)	83.01	53.42	21.13
CRAR - Tier I Capital (%)	81.76	51.05	19.97
CRAR - Tier II Capital (%)	1.25	2.37	1.16
Liquidity Covergae ratio (%)	Not applicable	Not applicable	Not applicable
Amount of subordinated debt raised as Tier-II capital	-	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-	-

CRAR : (Tier I Captital + Tier II Capital) / Total Risk Weighted Assets
CRAR - Tier I Capital : Tier I Capital / Total Risk Weighted Assets
CRAR - Tier II Capital : Tier II Capital / Total Risk Weighted Assets
Liquidity Coverage Ratio : Computed basis RBI Master Direction

44.3. Investments

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(1) Value of Investments			
(i) Gross Value of Investments			
(a) In India	-	597.9	1,24,301.2
(b) Outside India			
(ii) Provisions for Depreciation			
(a) In India	-	1.7	44,389.0
(b) Outside India	-	-	-
(iii) Net Value of Investments			
(a) In India	-	596.2	79,912.2
(b) Outside India	-	-	-
(2) Movement of provisions held towards depreciation on investments			
(i) Opening balance	1.7	44,389.0	8,365.8
(ii) Add: Provisions made during the year	-	2,333.3	39,204.1
(iii) Less: Write-off/write-back of excess provisions during the year	(1.7)	(46,720.6)	(3,180.9)
(iv) Closing balance	(0.0)	1.7	44,389.0

44.4. Derivatives

The Company has not entered into any Forward rate agreement/Interest rate swap/Exchange traded interest rate derivative transactions during the FY 22, FY 21 & FY 20.

44.5. Securitisation

The Company has not entered into any Securitisation transactions during the FY 22, FY 21 & FY 20.

44.6. Assignment

Details of assignment transactions undertaken by the Company

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(i) Number of accounts	-	30.0	-
(ii) Aggregate value (net of provisions) of accounts sold	-	3,393.2	-
(iii) Aggregate consideration	-	7,000.0	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
(v) Aggregate (gain) / loss over net book value	-	(3,606.8)	-

Details of non-performing financial assets purchased / sold

Details of Non-performing assets purchased

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1 (a) No. of accounts purchased during the year	-	-	-
(b) Aggregate outstanding	-	-	-
2 (a) Of these, number of accounts restructured during the year	-	-	-
(b) Aggregate outstanding	-	-	-

Details of Non-performing assets sold

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(i) Number of accounts sold	1.0	3.0	-
(ii) Aggregate outstanding	-	8,483.0	-
(iii) Aggregate consideration received	4,262.0	7,000.0	-

Details of financial asset sold to Securitisation / Reconstruction company for Asset reconstruction

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(i) Number of accounts sold	-	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-	-
(iii) Aggregate consideration	-	-	-
(iv) Aggregate consideration realised in respect of accounts transferred in earlier years	-	-	-
(v) Aggregate (gain) or loss over net book value	-	-	-

44.7. Fraud

The Company has reported frauds (on Company) aggregating Rs 93,153.7 lakh (FY 2020-21: Rs 93,153.7 lakh) to the regulators through prescribed returns in 2021-22. In 2019-20 the same is reported 21,935.0 lakh.

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Notes forming part of the reformatted financial statements

Note 44.8 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014 for FY 2021-22

(Rs. In lakhs)

Type of Restructuring		Other than CDR and SME Debt Restructuring					Total				
Asset Classification details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured assets as at April 01, 2021**	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Fresh restructuring during the year	No.of borrowers	-	1.0	-	-	1.0	-	1.0	-	-	1.0
	Amount Outstanding	-	11,831.7	-	-	11,831.7	-	11,831.7	-	-	11,831.7
	Provision there on	-	4,312.4	-	-	4,312.4	-	4,312.4	-	-	4,312.4
Upgradations to restructured standard category during the year	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Down gradation of restructured accounts during the year	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Write off restructured accounts during the year*	No.of borrowers	-	1.0	-	-	1.0	-	1.0	-	-	1.0
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Restructured accounts as at March 31, 2022 **	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-

* Includes reduction in existing restructured account in form of cash repayments of INR 7625.9 lakh and issuance of RPS of INR 500 lakh during the year. It also includes write off amounting to INR 4205.8 lakh (including RPS) .
** Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Notes forming part of the reformatted financial statements

Note 44.8 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014 for FY 2020-21

Type of Restructuring		Other than CDR and SME Debt Restructuring					Total				
Asset Classification details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured assets as at April 01, 2020	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Fresh restructuring during the year	No.of borrowers	-	3.0	-	-	3.0	-	3.0	-	-	3.0
	Amount Outstanding	-	71,666.7	-	-	71,666.7	-	71,666.7	-	-	71,666.7
	Provision there on	-	36,645.5	-	-	36,645.5	-	36,645.5	-	-	36,645.5
Upgradations to restructured standard category during the year	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Down gradation of restructured accounts during the year	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Write off restructured accounts during the year*	No.of borrowers	-	3.0	-	-	3.0	-	3.0	-	-	3.0
	Amount Outstanding	-	71,666.7	-	-	71,666.7	-	71,666.7	-	-	71,666.7
	Provision there on	-	36,645.5	-	-	36,645.5	-	36,645.5	-	-	36,645.5
Restructured accounts as at March 31, 2021	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-

* Includes reduction in existing restructured account on account of repayments of INR 58400.0 lakh and write off amounting to INR 13266.7 lakh received during the year.

Note 44.8 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014 for FY 2019-20: Nil

44.9. Asset Liability Management - Maturity pattern of certain items of assets and liabilities FY 2021-22

(Rs. In lakhs)

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **-**
Advances	- -	- -	- (3,332.7)	478.8 -	166.0 (411.3)	1,996.9 (4,351.2)	4,226.5 (10,376.5)	74,173.2 (99,040.7)	5,088.4 (31,577.4)	- (9,098.4)	**86,129.8** **(1,58,188.2)**
Investments	- -	- -	- -	- -	- -	- -	- (597.9)	- -	- -	- -	**-** **(597.9)**
Debt securities and Borrowings (other than debt securities)	- -	- (7,000.0)	- -	- -	2,500.0 -	2,500.0 -	32,500.0 (87,786.0)	6,000.0 (31,000.0)	- -	- -	**43,500.0** **(1,25,786.0)**
Foreign currency assets	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	- (-)	**-** **(-)**
Foreign currency liabilities	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **(-)**

Note:

1) Figures in brackets pertain to those of the previous year.
2) Impairment loss allowance of INR 26387.6 lakh and adjustments related to effective interest rate, INR 458.3 lakh are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.
3) In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission which have been relied upon by the Auditors.
4) In computing the above information certain estimates, assumptions and adjustments have been made by the Management Considering RBI ALM guidelines as per Master Directions for its regulatory submission which have been relied upon by the Auditors."

Asset Liability Management - Maturity pattern of certain items of assets and liabilities FY 2020-21

(Rs. In lakhs)

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **-**
Advances	- (129.6)	- -	3,332.7 -	- (-)	411.3 (10,820.3)	4,351.2 (41,407.9)	10,376.5 (26,411.9)	99,040.7 (70,791.9)	31,577.4 (1,00,763.4)	9,098.4 (36,682.7)	**1,58,188.2** **(2,87,007.7)**
Investments	- (-)	- (-)	- (-)	- (-)	- (-)	- (539.7)	597.9 (17,272.0)	- (53,103.4)	- (6,289.8)	- (25,991.5)	**597.9** **(1,03,196.4)**
Debt securities and Borrowings (other than debt securities)	- (28,000.0)	7,000.0 (20,000.0)	- -	- -	- -	- (7,000.0)	87,786.0 (1,35,997.8)	31,000.0 (82,500.0)	- (16,000.0)	- -	**1,25,786.0** **(2,89,497.8)**
Foreign currency assets	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	- (-)	**-** **(-)**
Foreign currency liabilities	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **(-)**

Note:

1) Figures in brackets pertain to those of the previous year.
2) Impairment loss allowance of INR 19355.0 lakh and adjustments related to effective interest rate, INR 568.0 lakh are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.
3)Interest accrued but not due on Non-Convertible debentures Outstanding as on 31st March, 2021 amounting to Rs. 16089.4 lakh are not part of the above disclosure.

Asset Liability Management - Maturity pattern of certain items of assets and liabilities FY 2019-20 (Rs. In lakhs)

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **-**
Advances	129.6 (3,806.2)	- (-)	- (-)	- (12,099.0)	10,820.3 (9,576.6)	41,407.9 (28,015.9)	26,411.9 (87,564.3)	70,791.9 (95,451.7)	1,00,763.4 (1,14,375.0)	36,682.7 (43,172.1)	**2,87,007.8** **(3,94,060.8)**
Investments	- (6,850.0)	- (-)	- (-)	- (-)	- (365.0)	539.7 (39,420.8)	17,272.0 (8,935.9)	53,103.4 (90,664.7)	6,289.8 (21,219.3)	25,991.5 (7,841.5)	**1,03,196.4** **(1,75,297.2)**
Debt securities and Borrowings (other than debt securities)	28,000.0 (14,500.0)	20,000.0 (-)	- (-)	- (-)	- (-)	7,000.0 (-)	1,35,997.8 (1,04,182.1)	82,500.0 (1,98,000.0)	16,000.0 (31,000.0)	- (-)	**2,89,497.8** **(3,47,682.1)**
Foreign currency assets	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **(-)**
Foreign currency liabilities	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **(-)**

Note:
1) Figures in brackets pertain to those of the previous year.

44.10. Exposures

A) Exposure to real estate Sector (Rs. In lakhs)

Category	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Direct exposure			
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real-estate (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	83,252.8	96,882.7	1,15,585.5
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -			
a) Residential,	-	-	-
b) Commercial Real Estate.	-	-	-
Total Exposure to Real Estate Sector	**83,252.8**	**96,882.7**	**1,15,585.5**

B) Exposure to Capital Market

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	11,907.2	1,02,654.3
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-	-

Note:

Impairment loss allowance of INR 26387.6 lakh and undrawn commitment does not form part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

C) Details of financing of parent company product - Nil (Previous year Nil)

D) Details of single borrower limit (SGL)/ group borrower limit (GBL) exceeded by the Company

i) Loans and advances including off balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC

(Rs. In lakhs)

Name of the Company	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Bhartiya Urban Pvt Ltd	-	11,865.5	-
Karle Homes Private Limited	-	17,018.1	-
Hindupur Solar Park Private Ltd	-	11,407.9	-
Walchandnagar Industries	-	13,906.1	-
One Place Commercials Private Limited	-	16,500.0	-
ND Telecom Services Pvt Ltd	12,783.4	12,783.4	-
RA Associates	12,024.3	14,756.8	-
Bharat Gears	-	10,967.5	-
Total	**24,807.7**	**1,09,205.3**	**-**

ii) Loans and advances including off-balance sheet exposures to a single group of parties in excess of 25 per cent of owned fund of the NBFC

(Rs. In lakhs)

Name of the Group Company	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Bhartiya Group	-	20,789.7	-
Lodha Group	-	23,110.3	-
Total	**-**	**43,900.0**	**-**

44.11 Unsecured Advances: The amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral – Rs. NIL.

Note 44.12. Miscellaneous details

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(i) Registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators	Not applicable	Not applicable	Not applicable
(ii) Ratings assigned by credit rating agencies and migration of ratings during the year	CRISIL AA/Watch Negative & Crisil A1+	CRISIL AA/Stable & CRISIL A1+	CRISIL AA/Stable & CRISIL A1+
(iii) Penalties, if any, levied by any regulator	Nil	Nil	Nil
(iv) Information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries	Not applicable	Not applicable	Not applicable

Note:
The Credit rating disclosed are as per Crisil report dated August 20, 2021

44.13 Disclosures of Penalties imposed by RBI and other regulators: NIL

44.14 Related party Transactions:

a. Details of all material transactions with the related parties: Refer Note No. 37 forming part of the Notes to the Financial Statements.

b. Disclosure of Policy on dealing with Related Party transactions:

The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like directors. The directors are also required to inform the Company of any changes to such declaration during the year.

All related party transactions are reported and referred for approval to the Audit Committee as per section 177 of the Companies Act, 2013. The Audit committee may grant general approval for repetitive related party transactions. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

As per section 188 of the Act, the consent of the Board/Shareholders' approval is required, by a special resolution in a general meeting, for entering into the specified transactions with a related party, if they are not in ordinary course of business of the Company or at arm's length and exceeds the threshold limits as specified in the Act.

44.15 Remuneration of Directors and Transactions with non executive directors: : Refer Note No. 37 forming part of the Notes to the Financial Statements.

44.16 Impact of prior period items on current year's profit and loss: Nil

44.17 Circumstances in which Revenue Recognition has been postponed: Nil

44.18 Ind AS 110 - Consolidated Financial Statements (CFS)- Not Applicable

Note 44.19. Additional Disclosures
A) Provisions and Contingencies

(Rs. In lakhs)

Break up of 'Provisions and Contingencies' expenditure for the year	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Provisions for depreciation on Investment	-	-	-
Provision towards NPA#	(2,707.7)	(33,457.3)	18,583.9
Provision for contingencies	-	-	-
Provision made towards Income-tax	191.5	(6.1)	569.4
Other provision and Contingencies:			
Provision towards impairment of financial instruments other than provision for stage 3 assets	6,532.1	(22,412.0)	33,473.4
# Provision for Stage 3 assets			
B) Draw down from reserves			
44.13. Concentration of Deposits, Advances, Exposures and NPAs			
A) Concentration of advances			
Total advances to twenty largest borrowers	86,129.8	1,58,786.1	2,68,351.2
Percentage of advances to twenty largest borrowers to total advances of the NBFC	100%	100%	80%
B) Concentration of Exposures			
Total advances to twenty largest borrowers / customers	91,535.3	1,72,643.2	2,85,440.6
Percentage of exposures to twenty largest borrowers/ customers to total exposures of the NBFC on borrower/ customers	100%	100%	80%
C) Concentration of NPAs			
Total exposure to top four NPA accounts	-	-	13,725.2
D) Sector-wise NPAs			
Sector			
1) Agriculture and allied activities	-	-	-
2) MSME	-	-	-
3) Corporate borrowers	-	-	13,725.2
4) Services	-	-	-
5) Unsecured personal loans	-	-	-
6) Auto loans	-	-	-
7) Other personal loans	-	-	-

Note:
Impairment loss allowance of INR 26387.7 lakh and adjustments related to effective interest rate, INR 458.3 lakh are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

Note 44.20. Movement of NPAs

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(i) Net NPAs to Net Advances (%)	0%	0%	4%
(ii) Movement of NPAs (Gross)			
(a) Opening balance	0.0	38,081.7	16,110.7
(b) Additions during the year	39,640.8	1,13,118.2	1,35,010.2
(c) Reductions during the year	39,640.8	1,51,199.9	1,13,039.2
(d) Closing balance	0.0	0.0	38,081.7
(iii) Movement of Net NPAs			
(a) Opening balance	-	13,725.2	10,338.2
(b) Additions during the year	20,813.7	47,073.7	3,387.0
(c) Reductions during the year	20,813.7	60,798.9	-
(d) Closing balance	-	-	13,725.2
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)			
(a) Opening balance	0.0	24,356.5	5,772.6
(b) Provisions made during the year	18,827.1	66,044.5	1,31,623.1
(c) Write-off / write-back of excess provisions	18,827.1	90,401.0	1,13,039.2
(d) Closing balance	0.0	-	24,356.5

44.21.Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture / Subsidiary	Other Partner in the JV	Country	Total Assets
N.A.	N.A.	N.A.	N.A.

44.22. Off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	**Overseas**
N.A.	N.A.

44.23. Disclosure of Complaints

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) No. of complaints pending at the beginning of the year	-	-	-
(b) No. of complaints received during the year	-	-	-
(c) No. of complaints redressed during the year	-	-	-
(d) No. of complaints pending at the end of the year	-	-	-

Note 45: Capital commitment/ Other commitments

(Rs. In lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Other commitments (loans committed to be disbursed to borrowers)	5,405.6	13,857.0	20,283.9

Note 46. Long-term contracts

The Company did not have any long-term contracts including derivative contracts for which any provision is required for the foreseeable losses.

Note 47. Foreign currency exposure not hedged by derivative instruments

(Rs. In lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	USD in lakh	Rs in lakh	USD in lakh	Rs in lakh	USD in lakh	Rs in lakh
Trade payable	-	-	1.8	128.9	2.2	173.3

INCRED FINANCIAL SERVICES LIMITED (*FORMERLY KNOWN AS "KKR INDIA FINANCIAL SERVICES LIMITED"*)
Notes forming part of the reformatted financial statements

Note 48

Disclosure requirements as per RBI circular dated March 13, 2020 having reference number RBI/2019-20/170 , DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 as per para 2 of Prudential Floor of ECL in respect of loan/investment at amortised cost

FY 2021-22 (Rs. In lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Provisions required as per IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	47,508.3	3,449.2	44,059.1	190.0	3,259.2
	Stage 2	15,507.4	9,344.8	6,162.6	62.0	9,282.8
Subtotal		63,015.7	12,794.0	50,221.7	252.1	12,542.0
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
				-	-	-
Doubtful						
Up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	2,100.0	262.5	1,837.5	-	262.5
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		2,100.0	262.5	1,837.5	-	262.5
Total	Stage 1	49,608.3	3,711.7	45,896.6	190.0	3,521.7
	Stage 2	15,507.4	9,344.8	6,162.6	62.0	9,282.8
	Stage 3	-	-	-	-	-
	Total	65,115.7	13,056.5	52,059.2	252.1	12,804.5

FY 2020-21 (Rs. In lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Provisions required as per IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	89,461.1	3,571.5	85,889.6	357.8	3,213.7
	Stage 2	26,259.2	5,660.6	20,598.6	105.0	5,555.6
Subtotal		1,15,720.3	9,232.1	1,06,488.2	462.8	8,769.3
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
				-	-	-
Doubtful						
Up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under	Stage 1	8,451.5	71.7	8,379.8	-	71.7
	Stage 2	2,100.0	578.0	1,522.0	-	578.0
	Stage 3	-	-	-	-	-
Subtotal		10,551.5	649.6	9,901.9	-	649.6
Total	Stage 1	97,912.6	3,643.2	94,269.4	357.8	3,285.4
	Stage 2	28,359.2	6,238.6	22,120.6	105.0	6,133.6
	Stage 3	-	-	-	-	-
	Total	1,26,271.8	9,881.8	1,16,390.0	462.8	9,419.0

FY 2019-20 (Rs. In lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Provisions required as per IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	1,78,709.0	4,052.6	1,74,656.3	714.8	3,337.8
	Stage 2	81,220.4	36,017.0	45,203.4	324.9	35,692.1
Subtotal		2,59,929.4	40,069.6	2,19,859.8	1,039.7	39,029.9
Non-Performing Assets (NPA)						
Substandard	Stage 3	8,483.0	5,089.8	3,393.2	848.3	4,241.5
				-	-	-
Doubtful						
Up to 1 year	Stage 3	18,000.5	15,412.3	2,588.2	14,976.5	435.8
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		18,000.5	15,412.3	2,588.2	14,976.5	435.8
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		26,483.5	20,502.1	5,981.4	15,824.8	4,677.3
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under	Stage 1	19,667.3	187.5	19,479.8	-	187.5
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		19,667.3	187.5	19,479.8	-	187.5
Total	Stage 1	1,98,376.2	4,240.1	1,94,136.2	714.8	3,525.2
	Stage 2	81,220.4	36,017.0	45,203.4	324.9	35,692.1
	Stage 3	26,483.5	20,502.1	5,981.4	15,824.8	4,677.3
	Total	3,06,080.1	60,759.2	2,45,321.0	16,864.5	43,894.7

Note: For the purpose of above disclosure company has not considered loans measured at fair value through profit and loss account

Note 49

Disclosure in respect of RBI circular on "COVID19 Regulatory Package - Asset Classification and Provisioning

(Rs. In lakhs)

Particulars	2021-22	2020-21	2019-20
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the RBI Circular;	-	-	38,463.7
Respective amount where asset classification benefits is extended	-	-	38,710.4
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5 of the RBI	# Nil	# Nil	# Nil
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	Nil	Nil	Nil
#Note: The company being NBFC has complied with INDAS and guidelines duly approved by the Board for recognition of impairment.			

Note 50

Disclosure as per the format prescribed as per the notification no. RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 and RBI/2021-22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated May 05, 2021 - on Resolution Framework -Resolution of Covid-19 related stress - Not applicable since no resolution plan implemented under this framework

Note 51

Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021

(a) The Company has not transferred through assignment in respect of loans not in default during financial year ended FY 22

(b) The Company has not acquired any loans (not in default) through assignment during the financial year ended FY 22

(c) The Company has neither acquired nor transferred any stressed loans during the year ended FY 22

Note 52

Pursuant to RBI Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances - Clarification dated November 12, 2021, the Company has taken necessary steps in accordance with the provision of the aforesaid circular. Further, on February 15, 2022, RBI has allowed a deferment of Para 10 of the aforesaid circular till September 30, 2022, pertaining to upgrade of non-performing account.

Note 53

Disclosures as required by Liquidity Risk Management Framework pursuant RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20
(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(Rs. In lakhs) -

FY 2021-22

Sr No	Number of Significant Counterparties	Amount	% of deposit	% of liabilities
1	2	43,500.0	Not Applicable	94.29%

FY 2020-21

Sr No	Number of Significant Counterparties	Amount	% of deposit	% of liabilities
1	9	1,25,586.0	Not Applicable	86.98%

FY 2019-20

Sr No	Number of Significant Counterparties	Amount	% of deposit	% of liabilities
1	11	2,49,500.0	Not Applicable	74.50%

(ii) Top 20 large deposits: Not Applicable
(iii) Top 10 borrowings

FY 2021-22

Sr No	Amount	% of Total Borrowings
1	33,500.0	77.0%
2	10,000.0	23.0%
	43,500.0	**100.0%**

FY 2020-21

Sr No	Amount	% of Total Borrowings
1	55,786.0	44.3%
2	28,000.0	22.3%
3	16,000.0	12.7%
4	10,500.0	8.3%
5	5,500.0	4.4%
6	3,300.0	2.6%
7	2,500.0	2.0%
8	2,000.0	1.6%
9	2,000.0	1.6%
10	200.0	0.2%
	1,25,786.0	**100.0%**

FY 2019-20

Sr No	Amount	% of Total Borrowings
1	2,38,500.0	82.32%

(iv) Funding Concentration based on significant instrument/product

FY 2021-22

Sr No	Number of Significant Counterparties	Amount	% of Total Liabilities
1	Non-Convertible Debentures	-	0.0%
2	Term Loans	21,000.0	45.5%
3	Working Capital Loans	22,500.0	48.8%

FY 2020-21

Sr No	Number of Significant Counterparties	Amount	% of Total Liabilities
1	Non-Convertible Debentures	26,000.0	18.0%
2	Term Loans	65,000.0	45.0%
3	Working Capital Loans	34,786.0	24.1%

FY 2019-20

Sr No	Number of Significant Counterparties	Amount	% of Total Liabilities
1	Non-Convertible Debentures	1,04,000.0	31.1%
2	Term Loans	1,48,000.0	44.2%
3	Working Capital Loans	3,750.0	1.1%

(v) Stock Ratios:

Sr No	Particulars	Ratio		
		FY 2021-22	FY 2020-21	FY 2019-20
1	Commercial Paper to Total Liabilities	NIL	NIL	NIL
2	Commercial Paper to Total Assets	NIL	NIL	NIL
3	NCDs (Original maturity < 1 Year) to Total Liabilities	NIL	NIL	NIL
4	NCDs (Original maturity < 1 Year) to Total Assets	NIL	NIL	NIL
5	NCDs(Original Maturity<1 year)/Public Funds	NIL	NIL	NIL
6	Other Short Term Liabilities/Public Funds	92%	88%	76%
7	Other Short-Term Liabilities to Total Liabilities	87%	76%	1%
8	Other Short-Term Liabilities to Total Assets	26%	44%	1%

(vi) Institutional set-up for liquidity risk management

The Board of Directors of KKR India Financial Services Limited (the Company) has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board constituted Asset Liability Management Committee (ALCO) and Risk Management Committee to strengthen and raise the standard of Asset Liability Management (ALM)

Note:

Significant counterparty as per RBI circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 Nov 2019 is defined as a single counterparty or group of connected counterparties accounting in aggregate for more than 1% of the Company's total liabilities

Short term liabilities considers the maturity profile of the respective liabilities in the less than or equal to 1 year bucket in line with the RBI ALM guidelines.

Total Public Funds refers to the aggregate of Debt securities, borrowings other than debt securities and subordinated liabilities.

Total liabilities refers to the aggregate of financial liabilities and non – financial liabilities.

Note 54. Moratorium in accordance with the Reserve Bank of India (RBI) guidelines:

The outbreak of Covid-19 pandemic across the globe and India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has provided a moratorium of upto six months on the payment of instalments falling due between March 1, 2020 and August 31, 2020 to eligible borrowers. For all such loan asset accounts classified as standard and overdue as on February 29, 2020, where the moratorium is granted, the asset classification, both as per the RBI's income recognition and asset classification norms and for determining the staging of such assets to determine the expected credit loss allowance as per the model approved by the Board of Directors of the Company, will remain at standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification).

Note 55. Estimation uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial statements. Included in the allowance for expected credit loss is also the adjustment on account of macro-economic factors which involves significant judgement. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The ultimate outcome of the impact of the said global health pandemic may be materially different from that estimated as on the date of approval of these financial statements and will depend on future developments' which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. The Company will continue to closely monitor any material changes to future economic conditions.

Note 56. Managerial Remuneration

During the year, Company has paid the managerial remuneration to the directors which exceeds the limit prescribed under section 197 and rules thereunder read with Schedule V of the Act. The said managerial remuneration has been paid in accordance with the requisite approvals mandated under the provisions of section 197 read with Schedule V to the Act.

Note 57. Social Security Code

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

Note 58. Standards issued but not yet effective

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS
103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021) The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021) The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Note 59.Relationship and Transactions with struck off companies

The Company does not have any transactions with struck-off companies.

Note 60.Undisclosed income

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

Note 61.Registration of charges or satisfaction with Registrar of companies

The Company does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.

Note 62. Scheme(s) of Arrangements

A composite scheme of arrangement has been filed between KKR Capital Markets India Private Limited (KCM) , KKR India Financial Services Limited (KIFSL), Incred Financial Services Limited (IFSL or Incred), Bee Finance Limited(BFL), and their respective shareholders with NCLT Mumbai on September 27, 2021. Further, a joint application has been made by Incred and KIFSL to RBI for prior approval of change in control and no objection on the NCLT application. RBI has given its No Objection Certificate for the proposed transaction on December 8, 2021. The Company has received an NCLT order dated November 10, 2021 pursuant to which a meeting of the Equity shareholders, Preference shareholders and secured creditors was called. As on date, the merger scheme is approved by all lenders, majority investors, RBI and SEBI; only NCLT approval is pending.
The resultant entity (post the reorganization subject to necessary approvals) is expected to use the brand name 'InCred Financial Services Ltd' (Incred) and will be spearheaded by the current leadership team of Incred. InCred's retail non-banking finance business and KIFS will be combined and will be led by InCred CEO Mr. Bhupinder Singh. A consortium consisting of Mr. Singh, as well as existing InCred investors, will own a majority stake in InCred Finance. A consortium led by KKR and comprising existing investors in KIFS will retain a significant minority stake. KKR will be the single largest investor in InCred Finance at the time of the transaction's close and will remain a long-term strategic partner to the business. The transaction is not a monetization event for investors of InCred, KIFS or KKR. InCred Finance will be a strategic investment for KKR and will not be a portfolio company in any KKR fund. It will operate independently of KKR.

Note 63. Disclosure w.r.t Crypto currency or virtual currency

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

Note 64. Prior period comparatives

Previous years figures have been regrouped and reclassified where necessary to confirm to current year's presentation

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai

For and on behalf of the Board of Directors of
InCred Financial Services Limited
(Formerly known as KKR India Financial Services Limited)
CIN: U67190MH1995PLC360817

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor, The Ruby
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INDEPENDENT AUDITOR'S REPORT

To the Members of InCred Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of InCred Financial Services Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters reported in the standalone financial statements of the Holding Company:

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of financial assets as at balance sheet date (expected credit losses) (as described in note 5 of the standalone financial statements)	

Key audit matters	How our audit addressed the key audit matter
Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of borrowers based on homogeneity by using appropriate statistical techniques; • Estimation of behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for loan products with no/ minimal historical defaults. In view of such high degree of management's judgement involved in estimation of ECL, it is a key audit matter.	• Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework for COVID-19-related Stress" issued by RBI on August 6, 2020 and tested the implementation of such policy on a sample basis. • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring. • Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults. • Tested assumptions used by the management in determining the impact on account macro-economic factors on calculation of default rates (including COVID-19 pandemic). • Assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
(b) IT systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company.	• Tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.

Key audit matters	How our audit addressed the key audit matter
Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. • Tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • In addition to the above, tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from

material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding,

among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs 20.00 lakhs as at March 31, 2022, and total revenues of Rs 19.04 lakhs and net cash inflows of Rs 10.33 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

(b) The consolidated financial statements of the Company for the year ended March 31, 2021, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on July 23, 2021.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated

Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies, none of the directors of the Group's companies and its associate, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies and its associate, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company. The provisions of section 197 read with Schedule V of the Act are not applicable to the its subsidiaries and associate incorporated in India for the year ended March 31, 2022.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated financial statements - Refer Note 38 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 4 to the consolidated financial statements in respect of such items as it relates to the Group and its associate.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associate, incorporated in India during the year ended March 31, 2022.

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the note 47(vi)(a) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act

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have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the note 47(vii)(a) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding company and subsidiary companies, incorporated in India.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AIDAAH6914
Place of Signature: Mumbai
Date: April 29, 2022

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

Re: InCred Financial Services Limited

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, and based on the consideration of reports of auditors in respect of subsidiaries, we state that qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S.No.	Name	CIN	Holding Company / Subsidiary/ Associate	Clause number of the CARO report which is qualified or is adverse
1.	Mvalu Technology Services Private Limited	U74999MH2018PTC313289	Associate	(vii)(a)
2.	Incred Management and Technology Services Private Limited	U72900MH2016PTC273211	Subsidiary	(vii)(a)
3.	Booth Fintech Private Limited	U67190MH2015PTC355907	Subsidiary	(vii)(a)

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AIDAAH6914
Place of Signature: Mumbai
Date: April 29, 2022

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

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

In conjunction with our audit of the consolidated financial statements of InCred Financial Services Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the

company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Group and its associate, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to on subsidiary, which is a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AIDAAH6914
Place of Signature: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Balance Sheet as at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	5,505.98	1,457.92
(b) Bank balance other than cash and cash equivalents	3	2,991.36	588.46
(c) Derivative financial instruments	4	1,181.05	-
(d) Receivables			
(I) Trade receivables	5	108.34	3.76
(II) Other receivables		-	-
(e) Loans	6	3,73,226.42	2,55,359.84
(f) Investments	7	8,119.65	12,457.43
(g) Other financial assets	8	2,754.80	1,852.48
		3,93,887.60	**2,71,719.89**
(2) Non-financial assets			
(a) Current tax assets (net)		1,209.98	737.72
(b) Deferred tax assets (net)	9	2,038.67	1,857.41
(c) Property, plant and equipment	10	3,479.68	3,440.94
(d) Capital work-in-progress	11	293.95	14.49
(e) Goodwill		652.65	652.65
(f) Other intangible assets	12	433.27	547.43
(g) Other non-financial assets	13	1,468.76	1,482.78
		9,576.96	**8,733.42**
Total assets		**4,03,464.56**	**2,80,453.31**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial liabilities	4	186.87	-
(b) Debt securities	15	1,06,523.77	75,786.75
(c) Borrowings (other than debt securities)	16	1,75,065.49	91,062.13
(d) Other financial liabilities	17	8,198.31	6,684.48
		2,89,974.44	**1,73,533.36**
(2) Non-financial liabilities			
(a) Provisions	18	324.46	169.90
(b) Deferred tax liabilities (net)	9	728.89	832.27
(c) Other non-financial liabilities	19	918.06	516.58
		1,971.41	**1,518.75**
EQUITY			
(a) Equity share capital	19 (A)	35,450.27	30,772.79
(b) Preference share capital	19 (B)	3,347.96	7,851.63
(c) Other equity	21	72,720.48	66,776.78
		1,11,518.71	**1,05,401.20**
Total liabilities and equity		**4,03,464.56**	**2,80,453.31**

Significant accounting policies and key accounting estimates and judgements **1**
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Statement of Profit and Loss for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2022	Year ended March 31, 2021
Revenue From operations			
(i) Interest income	22	47,340.06	37,723.45
(ii) Net gain on derecognition of financial instruments under amortised cost category		336.68	-
(iii) Fees and commission income	23	1,022.24	557.16
(iv) Net (loss)/gain on fair value changes	24	104.17	268.91
(I) Total revenue from operations		**48,803.15**	**38,549.52**
(II) Other income	25	3,624.09	698.13
(III) Total income (I + II)		**52,427.24**	**39,247.65**
Expenses			
(i) Finance costs	26	21,946.81	15,275.74
(ii) Net loss on derecognition of financial instruments under amortised cost category		1,045.87	-
(iii) Impairment on financial instruments	27	4,352.02	8,868.63
(iv) Employee benefits expenses	28	13,921.43	9,448.81
(v) Depreciation and amortisation	10 & 11	1,227.80	1,015.98
(vi) Others expenses	29	5,326.87	3,936.45
(IV) Total expenses		**47,820.80**	**38,545.61**
(V) Profit before share of loss of Associates (III - IV)		**4,606.44**	**702.04**
(VI) Share of loss of associates		420.90	349.57
(VII) Profit before tax (V - VI)		**4,185.54**	**352.47**
Tax Expense:			
(1) Current Tax		1,358.99	1,231.51
(2) Tax pertaining to previous years		-	(96.38)
(3) Deferred Tax		(256.21)	(999.71)
(VIII) Total Tax Expense	30	**1,102.78**	**135.42**
(IX) Profit for the year (VII - VIII)		**3,082.76**	**217.05**
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement gain/(loss) of the defined benefit plans		(94.84)	(26.29)
(ii) Income tax relating to items that will not be reclassified to profit or loss		23.87	6.62
Subtotal (A)		(70.97)	(19.67)
(B) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		(120.30)	118.97
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		103.74	
(ii) Income tax relating to items that will not be reclassified to profit or loss		4.17	(29.95)
Subtotal (B)		(12.39)	89.02
Other comprehensive income (A + B)		**(83.36)**	**69.35**
(XI) Total comprehensive income for the year (IX + X)		**2,999.40**	**286.40**
Profit is attributable to:			
Owners of the Group		3,082.76	217.05
Non controlling interests		-	-
Other Comprehensive Income is attributable to:			
Owners of the Group		(83.36)	69.35
Non controlling interests		-	-
Total Comprehensive Income is attributable to:			
Owners of the Group		2,999.40	286.40
Non controlling interests		-	-
(XIV) Earnings per equity share (Face Value : Rs. 10 per share)	31		
Basic (Rs.)		0.80	0.06
Diluted (Rs.)		0.79	0.06

Significant accounting policies and key accounting estimates and judgements **1**
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Cash Flow Statement for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Profit / (Loss) before tax	4,185.54	352.47
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	813.72	598.33
Loss on sale of property, plant and equipment	3.40	-
Net (gain) on fair value changes	(104.17)	(268.91)
Interest Income	(47,340.06)	(37,723.45)
Finance Cost	21,562.20	15,275.74
Impairment loss	4,350.54	8,868.63
Provision for employment benefits	60.92	(20.98)
Share based expense	2,446.59	1,027.90
Share in loss of associate	420.90	349.57
Operating cash flow before working capital changes	**(13,600.42)**	**(11,540.70)**
Working capital adjustments		
(Increase) / decrease in other trade receivables	(99.87)	137.25
Decrease in other receivables	-	4.75
(Increase) in Loans	(1,22,227.31)	(59,183.00)
(Increase) in other financial assets	(902.32)	(1,078.78)
(Increase) in other non financial assets	14.03	(304.47)
Increase in other financial liabilities	1,817.10	1,210.00
Increase in provisions	0.38	12.79
Increase in other non financial liabilities	401.47	804.56
Cash generated from operations	**(1,34,596.94)**	**(69,937.60)**
Interest received on loans	45,746.63	35,299.79
Interest paid on borrowings and debt	(21,562.20)	(17,585.83)
Income taxes paid	(1,831.74)	(567.01)
Net cash (used in) operating activities	**(1,12,244.25)**	**(52,790.65)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(534.11)	(567.36)
Proceeds from sale of property, plant and equipment	37.77	-
Purchase of intangibles assets	(107.08)	(590.93)
Capital work in progress	(279.45)	110.57
Investment in associate	(999.40)	-
Purchase of investments	(61,273.28)	(1,53,919.53)
Proceeds from sale of investments	66,880.30	1,48,749.18
Investment in term deposits	(57,680.30)	1,05,146.56
Proceeds from maturity of term deposits	55,277.40	(1,05,002.11)
Net cash (used in) investing activities	**1,321.85**	**(6,073.62)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	671.64	36.48
Payment of lease liability	(441.55)	(292.95)
Proceeds from borrowings (other than debt securities)	1,55,520.00	72,265.00
Proceeds from issue of debt securities	93,524.29	62,173.39
Redemption of borrowings (other than debt securities)	(74,224.35)	(48,668.31)
Redemption of debt securities	(60,827.55)	(28,044.83)
Net cash generated from financing activities	**1,14,222.48**	**57,468.78**
Net increase / (decrease) in cash and cash equivalents	**3,300.08**	**(1,395.49)**
Cash and cash equivalents at the beginning of the year	(511.15)	884.34
Cash and cash equivalents at the end of the year	**2,788.93**	**(511.15)**

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow

(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks		
- Current Accounts	5,255.98	1,455.08
Deposit with bank with maturity less than 3 months	250.00	-
Cash and cash equivalents (Refer note 2)	5,505.98	1,457.92
Less: Bank overdraft and cash credit (Refer note 16)	(2,717.05)	(1,969.07)
Cash and cash equivalents in cash flow statement	**2,788.93**	**(511.15)**

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

Consolidated Financial Statements

Consolidated Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	30,772.79	30,763.67
Changes in equity share capital during the year	4,677.48	9.12
Balance as at the end of the year	35,450.27	30,772.79

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	7,851.63	7,851.63
Changes in preference share capital during the year	(4,503.67)	-
Balance as at the end of the year	3,347.96	7,851.63

B. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
Balance at March 31, 2020	**452.03**	**61,702.59**	**50.90**	**734.78**	**3,096.25**	**-**	**-**	**15.36**	**(616.81)**	**65,435.10**
Profit for the year	-	-	-	-	217.03	-	-	-	-	217.03
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**(19.67)**	89.03	-	-	**-**	69.36
Total comprehensive income for the year (net of tax)					**197.36**	**89.03**	**-**	**-**	**-**	**286.39**
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	(204.69)	-	-	-	-	-
Share based payment expense	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
Balance at March 31, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**89.03**	**-**	**15.36**	**(616.81)**	**66,776.78**
Profit for the year	**-**	**-**	**-**	**-**	3,082.74	-	-	**-**	**-**	3,082.74
Other comprehensive income for the year	**-**	**-**	**-**	**-**	(70.97)	(90.02)	77.63	**-**	**-**	(83.36)
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**3,011.77**	**(90.02)**	**77.63**	**-**	**-**	**2,999.38**
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	-	(270.48)	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	(722.35)	-	-	-	-	-
Share based payment expense	-	-	3.82	2,442.64		-	-	-	-	2,446.46
Transferred from share based payment reserve	-	-		(23.07)	23.07	-	-	-	-	-
Balance at March 31, 2022	**1,379.07**	**62,498.29**	**66.10**	**4,170.90**	**5,130.93**	**(0.99)**	**77.63**	**15.36**	**(616.81)**	**72,720.48**

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Place: Mumbai
Date: April 29, 2022

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

(1) Significant Accounting Policies and Other Explanatory Information

A. Corporate Information

InCred Financial Services Limited (the 'Parent') was incorporated in India on 8 January 1991, under the provisions of the Companies Act, 1956. The Parent together with its subsidiaries (hereinafter collectively referred to as the 'Group') has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India.

The Parent has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 30th August 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The Parent qualifies to be a NBFC - Systematically Important Non-Deposit taking Company as per Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, as amended (the "Master Directions").

The registered office of the Group is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai – 400051 (erstwhile - 1502-A, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra, India, 400051).

The consolidated financial statements were authorized for issue by the Parent's Board of Directors on April 29, 2022.

B. Basis of preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the RBI Master Directions and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI. The Group uses accrual basis of accounting except in case of significant uncertainties (Refer Note D15).

i. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees ('INR'), which is also the Group's functional currency. All the amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

ii. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for the following items:

a. Certain financial assets and liabilities that are measured at fair value
b. Net defined benefit asset / liability – plan assets are measured at fair value less present value of defined benefit obligation; and
c. Share-based payments - measured at fair value on initial recognition

iii. Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

Significant accounting estimates and judgements:

a. Business model assessment
b. Fair value of financial instruments
c. Effective interest rate (EIR)
d. Impairment of financial assets
e. Provision for tax expenses
f. Residual value, useful life and indicators of impairment and recoverable value of property, plant and equipment

iv. Basis of consolidation

a. Subsidiaries

Subsidiaries are all 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. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date the control ceases.

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

b. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

- **Equity method**

Under equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee and in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

c. Change in ownership interests

The Group considers transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate or equity account for an investment because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in the other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

d. Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the:

- Fair values of assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group and
- Fair value of any assets and liabilities resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at acquisition date. The Group recognizes any non-controlling interests in the acquired entity

on acquisition-by-acquisition basis either at fair value or by non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of:

- Consideration transferred
- Any amount of non-controlling interest in the acquired entity and
- Acquisition date fair value of the previous entity interest in the acquired entity

Over the fair value of identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of identifiable assets , the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reason for carrying the business combination as a bargain purchase. In other cases, bargain purchase gain are recognized directly in equity as capital reserve.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss or other comprehensive income, as appropriate.

C. Presentation of financial statements

The consolidated financial statements of the Group are presented as per Division III of Schedule III, as amended, of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Consolidated Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and RBI regulations to the extent applicable.

The Group presents its Balance Sheet in the order of its liquidity.

The Group generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Group has an established control framework with respect to the measurement of fair values. The management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair values of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All financial instruments are at amortised cost, unless otherwise specified.

All the financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradable securities, the Group recognises the financial instruments on settlement date.

i. Financial assets

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets. The Group classifies its financial assets in the following measurement categories:

Financial assets measured at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment), unless the asset is designated at FVTPL:

i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii. the Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair value through other comprehensive Income ('FVOCI')

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

i. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii. the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair Value through Profit and Loss ('FVTPL')

A financial asset which is not classified in above category is subsequently measured at FVTPL. Where assets are measured at fair value, gains and losses are recognized entirely in the Consolidated Statement of Profit and Loss.

Subsequent measurement

The assets classified in the aforementioned categories are subsequently measured as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in consolidated statement of profit and loss .

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Consolidated Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Consolidated Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to consolidated statement of profit and loss .

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Consolidated Statement of Profit and Loss.

ii. Financial liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as on initial recognition.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit and loss.

The Group's financial liabilities include trade payables and other financial liabilities.

iii. **Derecognition**

Financial assets

The Group derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On derecognition of a financial assets in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The group on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction for sale of loans which doesn't affect the business model of the Group.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

iv. **Offsetting of financial instruments**

A financial asset and a financial liability is 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.

v. **Derivatives recorded at fair value through profit and loss**

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

- It is settled at a future date.

The Group enters into derivative transactions with various counterparties to hedge its foreign currency risks, interest rate risks and equity price risks, respectively. These include cross-currency swaps, forward foreign exchange contracts, futures and options on equities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

vi. **Embedded derivatives**

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

If the hybrid contract contains a host that is a financial asset / financial liability within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3. Share capital

Equity and preference shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

4. Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment if any in the consolidated financial statements.

5. Business Combination

Business combinations of entities under common control are accounted using the “pooling of interests” method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

6. Impairment of financial assets

Overview of the Expected Credit Losses ('ECL') principles

- The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. 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 ECL 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. Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

  Stage 1
  All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances upto 30 days default under this category.

  Stage 2
  All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

  Stage 3
  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. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

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.

The mechanics of ECL:
The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

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

Probability of Default - 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 30.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 30.

Loss Given Default - 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 lender 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 30.

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.

Write-offs

The Group writes off Retail secured and unsecured loans overdue for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

7. Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the year, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

8. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

9. Share-based payment arrangements

a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Consolidated Consolidated Statement of Profit and Loss.

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

10. Lease Accounting

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The Group revises the lease term if there is a change in the non-cancellable period of a lease

At the date of commencement of the lease, the Group recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

11. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income ('OCI').

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends to realise the asset or settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

iii Temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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 as on the reporting date. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

12. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

(i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,

(ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Consolidated Statement of Profit and Loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Consolidated Statement of Profit and Loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is provided on straight line basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Consolidated Statement of Profit and Loss.

Depreciation on additions / (disposals) is provided on a pro-rata basis i.e., from / (upto) the date which the asset is ready for use / (disposed of).

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimated useful life as given above best represent the period over which management expects to use these assets.

13. Intangible assets

i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Consolidated Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Goodwill

Goodwill on acquisition of subsidiaries 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, an 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.

14. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The carrying values of assets at each balance sheet date are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Consolidated Statement of Profit and Loss for such excess amount.

In respect of assets (except goodwill) for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Revenue from operations

Recognition of interest and fee income or expense

Dividend income is recognised on the date on which the Group's right to receive the payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations.

Loan related charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

16. Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

17. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Contribution to provident fund and ESIC

Group's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

iii. Gratuity

The Group's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

iv. Compensated absence

The Group does not have a policy of encashment of unavailed leaves for its employees and are not permitted to carry forward the leaves. Hence there is no liability towards compensated absence.

18. Foreign currency

Transaction and balances

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each closing date, foreign currency monetary items are reported using the closing exchange rate.

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the Consolidated Statement of Profit and Loss.

19. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

20. Statement of Cash flows

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

21. Segment Reporting

The Group operates in a single reportable segment i.e., financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Group operates in a single geographical segment i.e. domestic.

22. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a 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.

The expenses relating to a provision is presented in the Consolidated Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

c. Contingent liabilities

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

d. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

23. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

24. Standards issued but not yet effective upto the date of issuance of the financial statements

Ministry of Corporate affairs have made changes on March 23, 2022, in the following Indian Accounting Standards (Ind AS) namely Ind AS 101, Ind AS 103, Ind AS 109, Ind AS 16, Ind AS 37 and Ind AS 41. The same are effective from April 01, 2022.

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks	5,255.98	1,455.08
Fixed Deposit with banks with original maturity of less than 3 months	250.00	-
Total	**5,505.98**	**1,457.92**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked Fixed deposit with bank*	2,991.36	588.46
Total	**2,991.36**	**588.46**

** Earmarked for borrowings, bank guarantee.*

4. Derivative financial instruments at Fair Value

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount : 5,110.00 , PY : Nil)*	299.22	-
(ii) Equity Linked Derivatives		
Options and futures (Notional amount : 5,443.98 , PY : Nil) (Refer note 15)	881.83	-
Total	**1,181.05**	**-**
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount : 4,620.00 , PY : Nil) (Refer Note 15)	186.87	-
Total	**186.87**	**-**

**Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging borrowings in foreign currency.*

5. Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Unsecured, considered good	108.74	-
Unsecured, considered doubtful	-	8.87
Allowance for impairment loss	(0.40)	(5.11)
Total	**108.34**	**3.76**

Refer Note 50 for ageing of the outstanding balance

6. Loans

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
(A) (i) Term loans	3,82,323.85	2,64,464.73
Total - Gross	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (A)	**3,73,226.42**	**2,55,359.84**
(B) (i) Secured by tangible assets	1,54,384.85	1,30,978.67
(ii) Covered by Bank and Government guarantees	4,778.52	5,786.74
(iii) Unsecured	2,23,160.48	1,27,699.32
Total - Gross	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (B)	**3,73,226.42**	**2,55,359.84**
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	3,82,323.85	2,64,464.73
Total - Gross	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (C)	**3,73,226.42**	**2,55,359.84**

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

7. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2022					As at March 31, 2021				
	Amortised cost*	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others**	Total	Amortised cost*	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others**	Total
Mutual funds	-	78.65		-	78.65	-	-	-	-	-
Debt securities	855.47	-	2,909.12	-	3,764.59	2,120.56	-	6,652.06	-	8,772.62
Equity instruments										
- Associates (Refer Note 34 and note 49)	-	-	-	4,276.47	4,276.47	-	-	-	3,697.97	3,697.97
- Convertible preference shares	-	9.22	-	-	9.22	-	-	-	-	-
Total - Gross (A)	**855.47**	**87.87**	**2,909.12**	**4,276.47**	**8,128.93**	**2,120.56**	**-**	**6,652.06**	**3,697.97**	**12,470.60**
Investments in India	855.47	87.87	2,909.12	4,276.47		2,120.56	-	6,652.06	3,697.97	12,470.60
Total - Gross (B)	**855.47**	**87.87**	**2,909.12**	**4,276.47**	**8,128.93**	**2,120.56**	**-**	**6,652.06**	**3,697.97**	**12,470.60**
Less: Allowance for impairment loss **(C)**	(0.03)	-	(9.25)	-	(9.28)	(0.05)	-	(13.12)	-	(13.17)
Less: Write off of investment **(D)**	-	-	-	-	-	-	-	-	-	-
Total - Net (A + C + D)	**855.44**	**87.87**	**2,899.87**	**4,276.47**	**8,119.65**	**2,120.51**	**-**	**6,638.94**	**3,697.97**	**12,457.43**

** Investments at amortised cost are all classified as Stage I under credit risk*

*** Others are measured as per Equity method*

8. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	340.08	261.42
Retained interest on Loans derecognised	336.68	-
Receivables from related parties (Refer Note 34)	504.35	15.45
Balances with Partners/Anchors	746.31	959.05
Margin money deposit	150.00	-
Others	677.52	621.89
Less: Allowance for impairment loss	(0.14)	(5.33)
Total	**2,754.80**	**1,852.48**

Notes to the Consolidated Financial Statements

9. Deferred tax

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at April 1, 2021	Recognised in profit and loss	Recognised in OCI	As at March 31, 2022
Deferred tax assets				
Provision for impairment loss on financial instruments	2,107.36	175.45	-	2,282.81
Provision for retirement benefit plans	39.89	15.23	23.87	78.99
Disallowance of merger expenses	119.56	29.13	-	148.69
Lease liability	54.18	13.09	-	67.27
Fair value change on financial instruments	-	53.75	4.17	57.92
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	71.45	27.06	-	98.51
Total (A)	**2,392.44**	**313.71**	**28.04**	**2,734.19**
Deferred tax liabilities				
Revaluation of investment valued at Fair value through OCI	(29.96)	26.99	-	(2.97)
EIR impact on financial instruments	(504.81)	(187.74)	-	(692.55)
Fair valuation of investments in associate	(832.26)	103.37	-	(728.89)
Others	(0.28)	0.28	-	-
Total (B)	**(1,367.31)**	**(57.10)**	**-**	**(1,424.41)**
Deferred tax assets (net) (A+B) *	**1,025.13**	**256.61**	**28.04**	**1,309.78**

** Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 2,038.67 lakhs - Rs.728.89 lakhs)*

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at April 1, 2020	Recognised in profit and loss	Recognised in OCI	As at March 31, 2021
Deferred tax assets				
Impairment on financial instruments	1,219.08	888.28	-	2,107.36
Retirement benefit plans	37.68	(4.41)	6.62	39.89
Lease expense	29.82	24.36	-	54.18
Disallowance of expenses	-	119.56	-	119.56
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	30.49	40.96	-	71.45
Total (A)	**1,317.07**	**1,068.75**	**6.62**	**2,392.44**
Deferred tax liabilities				
Net fair value gain on investment designated through FVOCI	-	-	(29.96)	(29.96)
EIR impact on financial instruments	(352.63)	(152.18)	-	(504.81)
Fair value of investments in associate	(920.25)	87.99	-	(832.26)
Others	4.56	(4.84)	-	(0.28)
Total (B)	**(1,268.32)**	**(69.03)**	**(29.96)**	**(1,367.31)**
Deferred tax assets (net) (A+B) *	**48.75**	**999.72**	**(23.34)**	**1,025.12**

** Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 1,857.39 lakhs - Rs.860.21 lakhs)*

Notes to the Consolidated Financial Statements

10. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	89.99	721.55	121.41	608.33	331.67	2,128.88	4,024.54
Additions during the year	-	94.14	359.63	91.59	154.82	19.53	392.55	1,112.26
Disposals	-	(22.97)	-	(19.11)	(3.06)	-	(131.39)	(176.53)
Gross carrying value as March 31, 2021	**22.71**	**161.16**	**1,081.18**	**193.89**	**760.09**	**351.20**	**2,390.04**	**4,960.27**
Accumulated depreciation as at the beginning of the year	0.78	9.00	73.51	25.36	312.60	89.41	368.39	879.05
Depreciation for the year	0.38	13.62	91.71	37.78	193.13	45.99	417.54	800.15
Disposals	-	(7.88)	-	(15.99)	(0.37)	-	(135.63)	(159.87)
Accumulated depreciation as at March 31, 2021	**1.16**	**14.74**	**165.22**	**47.15**	**505.36**	**135.40**	**650.30**	**1,519.33**
Net carrying value as at March 31, 2021	**21.55**	**146.42**	**915.96**	**146.74**	**254.73**	**215.80**	**1,739.74**	**3,440.94**
Year ended March 31, 2022								
At carrying cost at the beginning of the year	22.71	161.16	1,081.18	193.89	760.09	351.20	2,390.04	**4,960.27**
Additions during the year	-	13.25	35.37	10.44	389.64	85.42	552.36	**1,086.48**
Disposals	-	(13.68)	(141.57)	(1.74)	(36.02)	(52.84)	-	**(245.85)**
Gross carrying value as March 31, 2022	**22.71**	**160.73**	**974.98**	**202.59**	**1,113.71**	**383.78**	**2,942.40**	**5,800.90**
Accumulated depreciation as at the beginning of the year	1.16	14.74	165.22	47.15	505.36	135.40	650.30	**1,519.33**
Depreciation for the year	0.38	33.97	212.33	47.19	212.04	59.42	441.27	**1,006.60**
Disposals	-	(13.68)	(135.81)	(0.65)	(35.53)	(19.04)	-	**(204.71)**
Accumulated depreciation as at March 31, 2022	**1.54**	**35.03**	**241.74**	**93.69**	**681.87**	**175.78**	**1,091.57**	**2,321.22**
Net carrying value as at March 31, 2022	**21.17**	**125.70**	**733.24**	**108.90**	**431.84**	**208.00**	**1,850.83**	**3,479.68**

** Immovable properties have been pledged against debt securities issued. Refer Note 15*

*** Refer Note 37 for recognition of right-of-use assets*

11. Capital Work in progress

(Rs. in lakhs)

	As at March 31, 2022				As at March 31, 2021			
Capital work in progress (CWIP)	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**
Projects in progress	293.95	-	-	-	14.49	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
	293.95	**-**	**-**	**-**	**14.49**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements

12. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2021	
At cost at the beginning of the year	688.11
Additions during the year	590.92
Gross carrying value as March 31, 2021 (A)	**1,279.03**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	380.11
Amortisation for the year	351.49
Accumulated amortisation as at March 31, 2021 (B)	**731.60**
Net carrying value as at March 31, 2021 (A-B)	**547.43**
Year ended March 31, 2022	
At cost at the beginning of the year	1,279.03
Additions during the year	107.08
Gross carrying value as March 31, 2022 (A)	**1,386.11**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	731.60
Amortisation for the year	221.24
Accumulated amortisation as at March 31, 2022 (B)	**952.84**
Net carrying value as at March 31, 2022 (A-B)	**433.27**

13. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	298.63	366.01
Advances recoverable in kind (Unsecured, considerd good)	94.73	201.49
Advance to employee	-	0.10
Goods and Service Tax ('GST') receivable	1,075.40	915.18
Total	**1,468.76**	**1,482.78**

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

15. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Debentures	95,683.00	73,827.02
Commercial Paper	10,840.77	1,959.73
Total	**1,06,523.77**	**75,786.75**
Debts securities in India	1,06,523.77	75,786.75
Debt securities outside India	-	-
Total	**1,06,523.77**	**75,786.75**

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2022	As at March 31, 2021
1	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each	1. Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a	Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	20-Sep-19	-	8,213.51
2	1000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 545 days from the date of allotment. Coupon to be paid annually and on maturity.	26-Apr-21	-	10,687.30
3	500, 9.75% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-20	5,313.88	5,265.56
4	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	10,689.83	10,649.39
5	500, 9.50% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each	Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	20-Dec-21	-	5,050.83
6	500, 9.40% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	26-Jun-23	-	5,277.22
7	750, 9.40% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	-	7,491.67
8	250, 9.10% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	10-Feb-22	628.49	2,502.24
9	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable with agreed coupon at the end of 2191 days from the date of allotment, subject to a Put Option or Call Option at the end of 1096 days.	27-Jul-24	12,128.60	-
10	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each	Non- Convertible Debentures issued by the company are secured by way of a first ranking exclusive and continuing charge created over identified book debts/loan receivables (the "Hypothecated Assets") pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 366 days from the date of allotment.	17-Feb-23	5,203.54	-
11	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	17-Feb-24	4,146.15	-
12	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		50% will be redeemed on the date at the end of 365 days and remaining 50% at the end of 730 days from the date of allotment.	17-Feb-24	1,074.31	-
13	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non- Convertible Market- Linked Debentures issued by the company are secured by way of a first pari passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 730 days from the date of allotment.	14-Mar-22	-	1,849.04
14	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 732 days from the date of allotment.	18-Jan-21	-	3,977.66
15	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment.	03-Feb-21	-	5,630.14
16	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 911 days from the date of allotment.	14-Dec-21	6,406.88	5,744.54
17	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	18-Feb-22	1,657.03	1,487.92
18	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 545 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Mar-23	4,056.95	-
19	154, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	20-Oct-22	1,658.75	-
20	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1221 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Jan-23	1,400.88	-
21	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1011 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Oct-24	1,527.53	-
22	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 518 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Apr-23	2,132.32	-
23	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 761 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-Apr-24	2,139.44	-
24	320, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 942 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Dec-22	3,309.36	-
25	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	7,707.02	-
26	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 547 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	4,062.03	-

27	173, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1205 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	1,705.86	-
28	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	1. First ranking and exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interests created in	Redeemable with agreed coupon at the end of 609 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	28-Jul-23	10,780.60	-
29	7,500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 640 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-May-23	7,953.55	-
28	Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 32 days to 364 days with an average discount rate of 8.13% p.a. to 9% p.a.	NA	10,840.77	1,959.73
	Total				**1,06,523.77**	**75,786.75**

Notes to the Consolidated Financial Statements

16. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	1,42,452.01	62,464.65
(ii) from other parties	19,839.77	16,338.37
(b) Inter corporate borrowings from related parties	-	5,801.94
(c) Inter corporate borrowings from other parties	4,550.00	1,000.25
(d) Loans repayable on demand	-	-
(i) from banks	8,223.71	5,456.92
(ii) from other parties	-	-
Total	**1,75,065.49**	**91,062.13**
Borrowings in India	1,69,735.67	91,062.13
Borrowings outside India	5,329.82	-
Total	**1,75,065.49**	**91,062.13**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2022	As at March 31, 2021
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 11 to 60 months at an average rate of interest ("ROI") of 9.00% p.a.	1,42,452.01	62,464.65
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 39 months at an average ROI of 10.94% p.a.	14,509.95	16,338.37
c) Others- External commercial borrowings	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loan is repayable on maturity at the end of 60 months. Interest linked to LIBOR and payable half yearly.	5,329.82	-
Loans repayable on demand (WCDL and CC)	Working Capital Demand Loans ("WCDL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding	CC / WCDL facilities are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 8.44% p.a.	8,223.71	5,456.92
Inter corporate borrowings from related parties (Refer Note 34)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis at an average ROI of 9.90% p.a.	-	5,801.94
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month to 3 months. Interest is payable on a monthly basis at an average ROI of 9.14% p.a.	4,550.00	1,000.25
Total			**1,75,065.49**	**91,062.13**

Notes to the Consolidated Financial Statements

17. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability (Refer Note 37)	2,141.57	1,957.64
Collaterals from customers	3,098.48	2,273.22
Payable on servicing portfolio	106.13	-
Provision for expenses	2,769.74	2,412.51
Security deposits	55.35	10.57
Employee expenses payable	5.36	5.74
Others	21.68	24.80
Total	**8,198.31**	**6,684.48**

18. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits (Refer Note 35)	315.04	158.90
Expected credit loss provision on undrawn commitments	9.42	11.00
Total	**324.46**	**169.90**

19. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	918.06	516.58
Total	**918.06**	**516.58**

Notes to the Consolidated Financial Statements

19 (A). Equity share capital (Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,01,10,00,000	2,01,100.00	2,00,00,00,000	2,00,000.00
Total	**2,01,10,00,000**	**2,01,100.00**	**2,00,00,00,000**	**2,00,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	35,45,02,651	35,450.27	30,77,27,936	30,772.79
Total	**35,45,02,651**	**35,450.27**	**30,77,27,936**	**30,772.79**

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

Terms/rights attached to equity shares

The Group has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Group, the holders of the 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.

Equity shares held by holding company

Out of the equity shares issued by the group, shares held by its holding company :

(Rs. in lakhs)

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	Amount	No. of shares held	Amount
Bee Finance Limited (Mauritius)	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	**23,03,73,125**	**23,037.31**	**23,03,73,125**	**23,037.31**

Equity shares held by promoters of the group

Out of the equity shares issued by the group, shares held by its promoters:

(Rs. in lakhs)

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% of shares held	No. of shares held	% of shares held
Bee Finance Limited (Mauritius)	23,03,73,125	59.38%	23,03,73,125	59.64%
Bhupinder Singh	25,19,554	0.65%	25,19,554	0.65%
Total	**23,28,92,679**	**60.03%**	**23,28,92,679**	**60.29%**

Details of shareholder(s) holding more than 5% of the total equity shares in the Group :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius)	23,03,73,125	64.98%	23,03,73,125	74.86%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	100	0.00%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	1,86,43,793	5.26%	1,88,93,793	6.14%
Total	**24,90,16,918**	**70.24%**	**24,92,67,018**	**81.00%**

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding

During the current financial year the Group has issued Nil equity shares for consideration other than cash (Previous year: Nil).

Equity shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	30,77,27,936	30,772.79	30,76,36,727	30,763.67
Add: Issued during the year				
Shares issued during the year	-		-	-
Stock options exercised during the year	17,38,050	173.81	91,209	9.12
Preference shares converted into equity shares	4,50,36,665	4,503.67	-	-
At the end of the year	**35,45,02,651**	**35,450.27**	**30,77,27,936**	**30,772.79**

For shares reserved for issue under Employee Stock option plan - Refer Note No 33

Notes to the Consolidated Financial Statements

19 (B). Preference share capital (Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Preference Shares of Rs. 10/- each	9,50,00,000	9,500.00	8,00,00,000	8,000.00
Total	**9,50,00,000**	**9,500.00**	**8,00,00,000**	**8,000.00**
Issued, subscribed and paid up capital				
Preference Shares of Rs. 10/- each fully paid	3,34,79,624	3,347.96	7,85,16,289	7,851.63
Total	**3,34,79,624**	**3,347.96**	**7,85,16,289**	**7,851.63**

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

Terms/rights attached to preference shares

Each Cumulative Compulsory Convertible Preference Share ("CCCPS") shall be a 0.001% coupon preference share denominated in Indian Rupees and shall be fully and cumulatively compulsorily convertible within a period of 19 years from the date of their issue.

Each holder of CCCPS shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other applicable laws from time to time and as specified under the Articles of Association. Further to the aforesaid, for the purpose of voting, the holder of the CCCPS shall be deemed to have converted all its CCCPS into Equity Shares and shall have voting rights on every resolution placed before the Company on the basis of its shareholding in the Company on as "as converted" basis or Fully Diluted Basis, i.e., assuming the conversion of all the CCCPS held by it into Equity Shares.

Preference shares held by holding company: **Nil (PY : Nil)**

Preference shares held by promoters of the Group: **Nil (PY : Nil)**

Details of shareholder(s) holding more than 5% of the total preference shares in the Group :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius)	-	0.00%	-	0.00%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,665	57.36%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	72,37,813	21.62%	72,37,813	9.22%
Total	**72,37,813**	**21.62%**	**5,22,74,478**	**66.58%**

Preference shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	7,85,16,289	7,851.63
Add: Issued during the year				
Shares issued during the period	-	-	-	-
Preference shares converted into equity shares	(4,50,36,665)	(4,503.67)	-	-
At the end of the year	**3,34,79,624**	**3,347.96**	**7,85,16,289**	**7,851.63**

Details of shareholder(s) holding more than 5% of the total shares in the group :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius)	23,03,73,125	59.38%	23,03,73,125	59.64%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,765	11.66%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,58,81,606	6.67%	2,61,31,606	6.77%
Total	**25,62,54,731**	**66.05%**	**30,15,41,496**	**78.07%**

Notes to the Consolidated Financial Statements

21. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
Balance at March 31, 2020	**452.03**	**61,702.59**	**50.90**	**734.78**	**3,096.25**	**-**	**-**	**15.36**	**(616.81)**	**65,435.10**
Profit for the year	-	-	-	-	217.03	-	-	-	-	217.03
Other comprehensive income for the year	-	-	-	-	(19.67)	89.03	-	-	-	69.36
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**197.36**	**89.03**	**-**	**-**	**-**	**286.39**
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	(204.69)	-	-	-	-	-
Share based payment expense	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
Balance at March 31, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**89.03**	**-**	**15.36**	**(616.81)**	**66,776.78**
Profit for the year	-	-	-	-	**3,082.74**	-	-	-	-	**3,082.74**
Other comprehensive income for the year	-	-	-	-	**(70.97)**	(90.02)	77.63	-	-	**(83.36)**
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**3,011.77**	**(90.02)**	**77.63**	**-**	**-**	**2,999.38**
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	**497.86**
Additions during the year (non-cash premium)	-	270.48	-	-	(270.48)	-	-	-	-	**-**
Utilized during the year	-	-	-	-	-	-	-	-	-	**-**
Transferred to special reserve from retained earnings	722.35	-	-	-	(722.35)	-	-	-	-	**-**
Share based payment expense	-	-	3.82	2,442.64	-	-	-	-	-	**2,446.46**
Transferred from share based payment reserve	-	-	-	(23.07)	23.07	-	-	-	-	-
Balance at March 31, 2022	**1,379.07**	**62,498.29**	**66.10**	**4,170.90**	**5,130.93**	**(0.99)**	**77.63**	**15.36**	**(616.81)**	**72,720.48**

Description of nature and purpose of each reserve

Special reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934.

Securities premium - The securities premium account is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Capital contribution from parent - The capital contribution from parent is the outcome of share based arrangement where Bee Finance Limited (Mauritius), Holding Co. has granted equity settled options to the employees of the Group.

Share based payment reserve - The employee stock option outstanding reserve is used to recognise the grant date fair value of options issued to employees of the Group under stock option schemes of the Group.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Group and are available for distribution to shareholders.

Debt instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income.

Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Cash Flow hedge reserve- This represents the cumulative gains / (losses) arising on the revaluation of derivative instruments designated at cash flow hedges through other comprehensive income.

Notes to the Consolidated Financial Statements

22. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial assets measured at amortised cost:		
-Interest on loans	45,746.63	35,496.09
-Interest income from investments	862.39	523.59
-Interest on deposits with banks	122.17	166.27
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	608.87	1,537.50
Total	**47,340.06**	**37,723.45**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the year ended 31 March 2022 and 31 March 2021.

23. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Other fees and charges	966.24	501.16
Service fees (Refer Note 34)	56.00	56.00
Total	**1,022.24**	**557.16**
Geographical Markets		
Within India	1,022.24	557.16
Outside India	-	-
Total	**1,022.24**	**557.16**
Timing of revenue recognition		
Services transferred at a point in time	1,022.24	557.16
Services transferred over time	-	-
Total	**1,022.24**	**557.16**

Note: For receivable balances against the income, refere note no 8

24. Net (loss)/ gain on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	138.81	
- Derivatives	(34.64)	268.91
Total	**104.17**	**268.91**
Fair value changes:		
- Realised	138.81	268.91
- Unrealised	(34.64)	-

25. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Business Support Charges (Refer Note 34)	1,331.47	401.46
Marketing fees	2,055.20	195.00
Other income	237.42	101.67
Total	**3,624.09**	**698.13**

Notes to the Consolidated Financial Statements

26. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	10,593.94	8,258.40
(ii) Discount on Commercial Paper	487.26	124.74
(iii) Interest on Debentures	10,206.40	6,499.73
(iv) Interest on Inter Corporate Debts ("ICD")	274.60	195.52
(v) Interest on lease liability (Refer Note 37)	199.18	156.73
(vi) Other finance cost	185.43	40.62
Total	**21,946.81**	**15,275.74**

27. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On Financial instruments measured at amortised cost		
- Loans (including amount written off, net of recovery)	4,360.72	8,872.69
- Investments	(3.90)	0.05
- Others	(4.80)	(4.11)
Total	**4,352.02**	**8,868.63**

28. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	10,897.47	8,072.43
Contribution to provident and other funds	280.21	227.81
Share based payment to employees (Refer Note 36)	2,446.48	1,027.90
Staff welfare expenses	234.13	141.65
Retirement Benefit expenses (Refer Note 35)	60.92	(20.98)
Others	2.22	-
Total	**13,921.43**	**9,448.81**

Notes to the Consolidated Financial Statements

29. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Information Technology expenses	1,360.83	672.66
Cost of collection	1,150.94	851.93
Legal, professional and consultancy charges	1,144.55	434.57
Office Expense	469.16	416.78
Travelling and conveyance	260.73	129.70
Advertisement, publicity and sales promotion expenses	226.59	389.18
Rating fees	189.75	104.25
Payment to auditors	122.83	94.93
Directors' sitting fees	45.35	13.19
Stamp Duty & Filing fees	30.81	10.64
Repairs and maintenance	28.06	20.62
Rent (Refer Note 37)	27.31	275.89
Bank charges	26.68	32.23
Corporate Social responsibility (Refer Note 41)	16.35	20.05
Foreign exchange (gain)/loss	1.03	-
Miscellaneous expenses	225.90	469.83
Total	**5,326.87**	**3,936.45**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Auditor's remuneration		
- Audit fees	79.33	72.89
- Limited review	18.97	11.23
In other capacity		
- Certification services	24.53	10.81
- Taxation	-	-
Total	**122.83**	**94.93**

Notes to the Consolidated Financial Statements

30. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current tax expense		
Current year	1,358.99	1,231.51
Tax pertaining to previous years	-	(96.38)
Current tax expense	**1,358.99**	**1,135.13**
Deferred tax expense		
Origination and reversal of temporary differences	(256.21)	(999.71)
Current tax expense	**(256.21)**	**(999.71)**
Tax expense for the year	**1,102.78**	**135.42**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(94.84)	23.87	(70.97)	(26.29)	6.62	(19.67)
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(16.56)	4.17	(12.39)	118.97	(29.95)	89.03
Total	**(111.40)**	**28.04**	**(83.36)**	**92.68**	**(23.33)**	**69.35**

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax as per Statement of profit and loss	4,185.54	352.47
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	1,053.50	88.72
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	60.49	198.43
Effect of income exempt from income tax	(25.17)	(42.11)
Tax pertaining to prior year	-	(96.38)
Other adjustments	13.96	(13.23)
Total income tax expense	**1,102.78**	**135.43**
Effective tax rate	**26.35%**	**38.42%**

Notes to the Consolidated Financial Statements

31. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit attributable to equity holders of the Company used in calculating basic earnings per share	3,082.76	217.05
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	3,082.76	217.05

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,60,17,437	38,51,19,843
Add: Adjustments for calculation of diluted earnings per share	21,16,274	14,19,853
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	38,81,33,711	38,65,39,696
Basic earnings per share	**0.80**	**0.06**
Diluted earnings per share	**0.79**	**0.06**

Notes to the Consolidated Financial Statements

32. Fair value measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	5,505.98		-	1,457.92
Bank balance other than cash and cash equivalents	-	-	2,991.36	-	-	588.46
Derivative finncial instruments	1,181.05	-	-	-	-	-
Receivables						
(I) Trade receivables	-	-	108.34	-	-	3.76
(II) Other receivables	-	-	-	-	-	-
Loans	-	-	3,73,226.42	-	-	2,55,359.84
Investments						
- Mutual funds	78.65	-	-	-	-	-
- Debt securities	-	2,899.87	855.44	-	6,638.94	2,120.51
- Convertible preference shares	9.22	-	-	-	-	
Other financial assets	-	-	2,754.80	-	-	1,852.48
Total financial assets	**1,268.92**	**2,899.87**	**3,85,442.34**	**-**	**6,638.94**	**2,61,382.97**
Financial liabilities						
Derivative finncial instruments	186.87	-	-	-	-	-
Debt securities	-	-	1,06,523.77	-	-	75,786.75
Borrowings (other than debt securities)	-	-	1,75,065.49	-	-	91,062.13
Other financial liabilities	-	-	8,198.31	-	-	6,684.48
Total financial liabilities	**186.87**	**-**	**2,89,787.57**	**-**	**-**	**1,73,533.36**

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below:

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.22	-	9.22	-	-	-	-
Investment in mutual funds	78.65	-	-	78.65	-	-	-	-
Derivative financial instruments			1,181.05	1,181.05	-	-	-	-
Investment in debt securities	-	-	2,899.87	2,899.87	-	-	6,638.94	6,638.94
Total	**78.65**	**9.22**	**4,080.92**	**4,168.79**	**-**	**-**	**6,638.94**	**6,638.94**
Financial liabiltiies								
Derivative financial instruments	-	-	186.87	186.87	-	-	-	-
Total	**-**	**-**	**186.87**	**186.87**	**-**	**-**	**-**	**-**

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	5,505.98	-	-	5,505.98	1,457.92	-	-	1,457.92
Bank balance other than cash and cash equivalents	2,991.36	-	-	2,991.36	588.46	-	-	588.46
Receivables								
(I) Trade receivables	108.34	-	-	108.34	3.76	-	-	3.76
(ii) Other receivables	-	-	-	-	-	-	-	-
Investments								
-Debt securities	-	-	855.44	855.44	-	-	2,120.51	2,120.51
Loans	-	-	3,96,023.64	3,96,023.64	-	-	2,70,436.30	2,70,436.30
Other financial assets	2,754.80	-	-	2,754.80	1,852.48	-	-	1,852.48
Total	**11,360.48**	**-**	**3,96,879.08**	**4,08,239.56**	**3,902.62**	**-**	**2,72,556.81**	**2,76,459.43**
Financial Liabilities								
Debt securities	-	-	1,07,546.28	1,07,546.28	-	-	74,320.09	74,320.09
Borrowings (other than debt securities)	-	-	1,75,643.97	1,75,643.97	-	-	93,038.76	93,038.76
Other financial liabilities	8,198.31	-	-	8,198.31	6,684.48	-	-	6,684.48
Total	**8,198.31**	**-**	**2,83,190.25**	**2,91,388.56**	**6,684.48**	**-**	**1,67,358.85**	**1,74,043.33**

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	5,505.98	5,505.98	1,457.92	1,457.92
Bank balance other than cash and cash equivalents	2,991.36	2,991.36	588.46	588.46
Derivative financial instruments	1,181.05	1,181.05		
Receivables				
(I) Trade receivables	108.34	108.34	3.76	3.76
(II) Other receivables	-	-	-	-
Loans	3,73,226.42	3,96,023.64	2,55,359.84	2,70,436.30
Investments				
- Mutual funds	78.65	78.65	-	-
- Debt securities at Other comprehensive income	2,899.87	2,899.87	2,120.51	2,120.51
- Debt securities at amortised cost	855.44	855.44	6,638.94	6,638.94
Convertible preference shares	9.22	9.22	-	-
Other financial assets	2,754.80	2,754.80	1,852.48	1,852.48
Total	**3,89,611.13**	**4,12,408.35**	**2,68,021.91**	**2,83,098.37**
Financial liabilities				
Derivative financial instruments	186.87	186.87	-	-
Debt securities	1,06,523.77	1,07,546.28	75,786.75	74,320.09
Borrowings (other than debt securities)	1,75,065.49	1,75,643.97	91,062.13	93,038.76
Other financial liabilities	8,198.31	8,198.31	6,684.48	6,684.48
Total	**2,89,974.44**	**2,91,575.43**	**1,73,533.36**	**1,74,043.33**

Except for those financial instruments for which the fair value amounts are mentioned in the above table (which is different than the carrying value), the Group considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Group's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

Notes to the Consolidated Financial Statements

Financial instruments held at amortised cost

i. Cash and bank balance:

The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:

For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:

The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:

The group has investments in debt securities with fixed rates. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

v. Debt securities and borrowings:

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2022 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:

The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

Financial instruments held at fair value

i. Investment in mutual fund:

The investment in mutual funds are valued using the closing NAV in the market.

ii. Investment in debt securities:

Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using market yeild on the balance period to maturity on similar instruments using G-Sec rates adjusted for credit risk of the instruments.

Gains or losses on transfers amongst categories

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2022 and March 31, 2021.

D. Sensitivity analysis of financial instruments at Level 3

		Delta effect of	
Particulars	**Input name**	**+ 1% change**	**- 1% change**
Financial Assets:			
Loans	Discount rate	(2,035.95)	2,077.02
Investment in debt securities	Gsec rate	(9.46)	9.58
Investment in debt securities	FIMMDA rate	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	25.11	(33.00)
Financial Liabilities:			
Debt securities	Discount rate	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	29.55	(29.42)

E. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the year ended March 31, 2022 and March 31, 2021

(Rs. in lakhs)

Particulars	**Derivative**	**Debt**
As at March 31, 2020	**-**	-
Acquisitions/(Disposal)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	**-**	**6,652.06**
Acquisitions/(Disposal)	-	(3,622.64)
Gains recognised in other comprehensive income	299.22	(120.30)
As at March 31, 2022	**299.22**	**2,909.12**

Notes to the Consolidated Financial Statements

33. Financial risk management

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk, market risk & liquidity risk. The Group's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.
The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations i.e. receivables from customers, investments in debt securities etc. Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

i) Credit risk management
The Group key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks . The Group considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:
- Income and cash flow analysis: The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- Credit history analysis: The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- Borrower's profile and intended use of the funds: The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- Security cover provided: The Group has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- Collectability and geo-location: . The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or concerns about any of these factors, an adverse adjustment to the risk-profile is made.

The Group has separate data science/analytics team which monitors the vintage curve, bounce rates, collection efficiency, portfolio metrics and delinquencies further periodic re-audit of existing cases to unearth delinquency trends and credit learnings.
Measurement of Expected Credit Losses ('ECL')
The Group has segmented its outstanding portfolio based on the risk profiles i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Group has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

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 ECL 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 /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. Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3. Considering the current macro economic scenario, due to Covid, the probability of defaults have been increased over and above the historical trends across product verticals.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90 + days	Stage 3	Life Time ECL	Life Time ECL

Further, the Group on the basis of its assessment of credit risk classifies loans under Stage 2 irrespective of its overdues status during the period, including loans under one-time resolution (OTR) framework prescribed by the Reserve Bank of India (RBI) for COVID-19 related stress. These accounts are upgraded to Stage 1 as and when they demonstrate satisfactory behaviour under the revised repayment schedule.

Portfolio Segment	Lending verticals	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Unsecured	Personal Loan	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs.		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in unsecured portfolios is assumed (65%)
	Unsecured Business Loan					
	Student Loans					
	Supply Chain Finance					
Secured	Escrow Backed Funding	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in secured portfolios is assumed (50%)
	Two Wheeler Finance					
	Secured School Finance	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Micro Finance					
	Loan Against Property					
	Home Loans					

As at March 31, 2022

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	3,49,541.03	2,461.45	3,47,079.58
	Loan commitments	14,248.30	9.42	14,238.88
Stage 2	Term Loans	21,971.46	1,229.09	20,742.37
Stage 3*	Term Loans	10,811.36	5,406.89	5,404.47

** includes 8,513 loan accounts which are overdue for more than ninety days*

As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	2,29,929.27	1,865.67	2,28,063.60
	Loan commitments	8,975.03	11.00	8,964.03
Stage 2	Term Loans	24,329.43	2,009.41	22,320.02
Stage 3	Term Loans	10,206.03	5,229.81	4,976.22

Collateral held

The Group periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Group varies on case to case basis and includes:

i) First/Subservient charge on the Land and/or Building of the project or other projects
ii) First/Subservient charge on the fixed and current assets of the borrower
iii) Hypothecation over receivables from funded project or other projects of the borrower
iv) First loss guarantee default (FLDG) in the form of cash collateral, lien on fixed deposits etc.

The below table stratifies credit exposure for secured loans by ranges of Loan-to-value (LTV) ratio. LTV is calculated as the ratio of the Principal outstanding of the loan to the value of the collateral. The valuation of collateral is as of date of grant of loan and excludes any adjustments for obtaining and selling the collateral.

(ii) Secured Loans

(Rs. in lakhs)

LTV Ratio	Principal outstanding as at March 31, 2022	As at March 31, 2022	Principal outstanding as at March 31, 2021	As at March 31, 2021
Less than 50%	48,024.41	30.40%	53,647.27	39.96%
51-70%	17,439.28	11.04%	18,554.37	13.82%
71-90%	20,912.59	13.24%	11,474.72	8.55%
91-100%	71,041.92	44.97%	46,912.45	34.94%
More than 100%	546.18	0.35%	3,663.67	2.73%
Total	**1,57,964.38**	**100.00%**	**1,34,252.48**	**100.00%**

The Group measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Group's internally developed statistical models and other historical data. In addition, the Group uses reasonable and supportable information on future economic conditions including macroeconomic factors such as services, GDP, recorded unemployment, growth rate, current account balance etc. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Notes to the Consolidated Financial Statements
(iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure
The below table signifies movement of gross carrying amount:

(Rs. in lakhs)

Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2020	**2,00,086.79**	**4,228.93**	**5,943.06**
Change in opening credit exposure	(1,11,619.89)	(7,901.73)	(5,362.11)
New credit exposures during the year, net of repayment*	1,60,934.35	17,437.99	6,845.50
Transferred to 12-month ECL	720.84	(710.69)	(10.15)
Transferred to Lifetime ECL not credit impaired	(12,243.37)	12,245.97	(2.60)
Transferred to Lifetime ECL credit impaired	(4,879.72)	(1,233.84)	6,113.56
Write – offs	-	-	(4,474.73)
Loan exposure on March 31, 2021	**2,32,999.00**	**24,066.63**	**9,052.53**
Change in opening credit exposure	(1,24,612.06)	(7,159.92)	(2,629.64)
New credit exposures during the year, net of repayment*	2,50,658.03	2,454.79	493.14
Transferred to 12-month ECL	2,000.14	(1,971.06)	(29.08)
Transferred to Lifetime ECL not credit impaired	(7,580.59)	7,921.29	(340.70)
Transferred to Lifetime ECL credit impaired	(3,923.49)	(3,340.27)	7,263.75
Write – offs	-	-	(2,998.64)
Loan exposure on March 31, 2022	**3,49,541.03**	**21,971.46**	**10,811.36**

**represents outstanding balance of loan exposures originated during the year as at reporting date.*

For Loan loss allowance:

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2020	**1,345.71**	**317.58**	**3,675.81**
Change in opening credit exposure	(629.25)	(576.12)	(698.54)
New credit exposures during the year, net of repayment*	1,384.79	1,561.99	3,431.52
Transferred to 12-month ECL	5.20	(25.23)	(8.09)
Transferred to Lifetime ECL not credit impaired	(121.88)	881.42	(3.86)
Transferred to Lifetime ECL credit impaired	(118.89)	(150.23)	3,307.70
Write – offs	-	-	(4,474.73)
Loss allowance on March 31, 2021	**1,865.68**	**2,009.41**	**5,229.81**
Change in opening credit exposure	(1,342.22)	(640.79)	(54.68)
New credit exposures during the year, net of repayment*	1,973.46	178.72	249.06
Transferred to 12-month ECL	63.41	(265.29)	(15.65)
Transferred to Lifetime ECL not credit impaired	(49.40)	290.43	(171.57)
Transferred to Lifetime ECL credit impaired	(49.47)	(343.39)	3,168.56
Write – offs	-	-	(2,998.64)
Loss allowance on March 31, 2022	**2,461.46**	**1,229.09**	**5,406.89**

**represents outstanding balance of loss allowance on loan exposures originated during the year as at reporting date.*

For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on March 31, 2020	**-**
Changes in loss allowances due to Assets used or released	**13.17**
Loss allowance on March 31, 2021	**13.17**
Changes in loss allowances due to Assets used or released	(3.89)
Loss allowance on March 31, 2022	**9.28**

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on 31 March 2020	**4.82**
Changes in loss allowances due to Assets used or released	6.18
Loss allowance on 31 March 2021	**11.00**
Changes in loss allowances due to Assets used or released	(1.58)
Loss allowance on 31 March 2022	**9.42**

Offsetting financial assets and financial liabilities
There are no financial assets and Financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

Impact of COVID-19
(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the current and previous year, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0. dated August 6, 2020 and Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at March 31, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.

(B) Pursuant to the RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" and review of the Company's current policy for measuring expected credit losses as per Ind AS, the Company had aligned its definition of default (i.e. Stage III) with the aforesaid circular for asset classification and provisioning purpose as per Ind AS and the resultant impact had been effected in unaudited quarterly financial results for the period ended December 31, 2021. However, on February 15, 2022 RBI had issued further clarification on the said circular and has granted time till September 30, 2022 to NBFCs to implement the change in default definition. As a consequence, the Company has realigned the definition of change in default to earlier norms. The Company will take necessary steps to ensure compliance with the circular.

Notes to the Consolidated Financial Statements

33. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Group has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Group has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:
The Group has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Expiring within one year	17,010.00	10,090.93
Expiring beyond one year	-	-
Total	**17,010.00**	**10,090.93**

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	14	186.87	(186.87)	-	(186.87)	-	-
Debt securities	15	1,06,523.77	(1,23,335.86)	(48,013.55)	(60,046.05)	(2,517.01)	(12,759.25)
Borrowings	16	1,75,065.49	(2,13,959.44)	(92,103.90)	(88,864.92)	(32,990.62)	-
Other financial liabilities	17	8,198.31	(8,198.31)	(8,198.31)	-	-	-
Loan commitments	38	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)	-	-
Total		**3,04,222.74**	**(3,59,928.78)**	**(1,60,223.69)**	**(1,51,438.21)**	**(35,507.63)**	**(12,759.25)**

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	14	-	-	-	-	-	-
Debt securities	15	75,786.75	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings	16	91,062.13	(1,06,339.41)	(54,087.87)	(41,538.58)	(10,712.96)	-
Other financial liabilities	17	6,684.48	(6,684.48)	(6,684.48)	-	-	-
Loan commitments	38	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		**1,82,508.39**	**(2,04,459.40)**	**(1,19,847.62)**	**(73,898.82)**	**(10,712.96)**	**-**

Notes to the Consolidated Financial Statements

33. Financial risk management (continued)

The following table details the Group's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	5,505.98	5,505.98	5,505.98	-	-	-
Bank deposits	3	2,991.36	2,991.36	2,991.36	-	-	-
Derivative financial instruments	4	1,181.05	1,181.05	-	1,181.05	-	-
Trade receivables	5	108.34	108.34	108.34	-	-	-
Loans	6	3,73,226.42	5,17,087.67	2,21,380.60	1,48,771.24	55,625.27	91,310.56
Investments (other than subsidiaries)	7	3,833.96	4,025.12	3,472.11	553.01	-	-
Other financial assets	8	2,754.80	-	-	-	-	-
Total		**3,89,601.91**	**5,30,899.52**	**2,33,458.39**	**1,50,505.30**	**55,625.27**	**91,310.56**

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,457.92	1,457.92	1,457.92	-	-	-
Bank deposits	3	588.46	588.46	588.46	-	-	-
Derivative financial instruments	4	-	-	-	-	-	-
Trade receivables	5	3.76	3.76	3.76	-	-	-
Loans	6	2,55,359.84	3,55,624.03	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments	7	8,759.45	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	8	1,852.48	1,852.48	1,852.48	-	-	-
Total		**2,68,021.91**	**3,68,823.42**	**1,63,614.28**	**99,022.60**	**39,082.15**	**67,104.40**

Notes to the Consolidated Financial Statements

33. Financial risk management (continued)

C. Market risk

Market risk or Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely. The Group has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and loans. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2022	As at March 31, 2021
Loans		
Fixed rate loans	2,22,062.75	1,30,872.89
Variable rate loans	1,58,346.89	1,32,493.60
Bank balance other than cash and cash equivalents	2,991.36	586.06
Fixed rate investments in debt securities at	855.47	2,120.55
Fixed rate investments in debt securities at other comprehensive income	2,909.12	6,652.06
Total	**3,87,165.59**	**2,72,725.16**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,56,641.86)	(94,222.18)
Variable rate Debt and Borrowings	(1,21,500.62)	(69,420.64)
Total	**(2,78,142.48)**	**(1,63,642.82)**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Group's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2022 and March 31, 2021 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2022				
Variable-rate instruments	397.55	(397.55)	397.55	(397.55)
Cash flow sensitivity (net)	**397.55**	**(397.55)**	**397.55**	**(397.55)**
March 31, 2021				
Variable-rate instruments	697.25	(697.25)	697.25	(697.25)
Cash flow sensitivity (net)	**697.25**	**(697.25)**	**697.25**	**(697.25)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Price risk

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2022, profit or loss(pre-tax) for the year ended March 31, 2022 would increase/decrease by 0.74 (Previous Year: Rs. Nil) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2022.

E. Foreign Currency Risk

The Group is exposed to foreign currency fluctuation risk for its external currency borrowing (ECB). The Group's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Group hedges its entire ECB exposure for the full tenure of the ECB as per Board approved policy. The Group for its ECB, evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs. The Group manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved policy.

Notes to the Consolidated Financial Statements

34. Related party disclosures

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the KMP	Designation
Mr. Bhupinder Singh	Whole-time director and Chief Executive Officer
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director (upto June 11, 2021)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director
Mr. Karnam Sekar	Independent Director (w.e.f December 17, 2021)
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director (upto December 15, 2021)
Mr. Girish Dinanath Nadkarni	Nominee Director (upto June 13, 2021)
Mr. Vivek Anand PS	Nominee Director

Enterprises where key management personnel exercises control

1. InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
2. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
4. InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)
5. InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners Private Limited)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2022	As at March 31, 2021
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.38%	59.64%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2022	As at March 31, 2021
mValu Technology Services Private Limited	India	Mumbai	47.39%	40.96%

Transactions with key management personnel

i. Key management personnel compensation (Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expenses	692.35	575.33
Directors' sitting fees	45.35	13.19

As the liabilities for gratuity, leave encashment and share based payments are provided on actuarial basis for the group as a whole and hence the amounts pertaining to the key management personnel are not included in the above.

Notes to the Consolidated Financial Statements

34. Related party disclosures (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Rs. in lakhs)

Nature of transactions	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Associate of subsidiary	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance Sheet transactions								
Investment in equity shares	-	-	-	-	-	-	-	-
ICD taken	-	-	-	-	11,000.00	4,500.00	1,700.00	3,275.00
Repayment of ICD taken (including interest)	-	-	-	-	15,619.20	-	3,071.29	2,053.29
Refund of Security Deposit	-	-	-	-	-	-	-	-
Payment against expenses	-	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	12,738.68	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	-	1.88	-	-
Issue of Market Linked Debentures ("MLD")	-	-	-	-	9,910.00	830.00	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	295.27	-	-
Reimbursement of credit loss	-	-			-	-	1.85	57.31
Proceeds from sale of Debentures	-	-	-	-	-	6,505.59	-	-
Stock options exercised	-	-	3.85	-	-	-	-	-
Income transactions								
License fees	-	-			-	-	56.00	56.00
Service fee	-	-	-	-	977.89	404.03	300.60	0.15
Profit on sale of Debentures	-	-	-	-	-	20.70	-	-
Expense transactions								
License fees	-	-			-	-	-	-
Interest on ICD	-	-			119.20	1.76	71.29	84.99
Expenses on account of reimbursement	-	-	-	-	78.69	-	-	-
Fee and commission	-	-	-	-	569.56	187.63	-	14.90

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (*Refer Note 36 for further details).*

Notes to the Consolidated Financial Statements
34. Related party disclosures (continued)

Summary of balance receivable from / payable to the above related are as follows:

(Rs. in lakhs)

Sr. No.	Balance outstanding	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel		Associate of subsidiary	
		For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Advances/Receivables	-	-	-	-	489.18	31.74	15.17	15.47
2	ICD Payable	-	-	-	-	-	4,501.63	-	1,300.33
3	Other Payables	-	-	-	-	-	-	-	0.44
4	Security deposit payable	-	-	-	3.20	-	-	-	-
5	Number of options outstanding	-	241	-	-	-	-	-	-

Notes:
There are no debts due by directors or other officers of the group or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.
No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

Notes to the Consolidated Financial Statements

35. Employee benefits

1. The Group has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Provident fund	280.21	227.38

2. Gratuity

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	158.90	88.90
Interest cost	6.75	4.49
Current Service cost	54.15	39.21
Liability Transferred In/Acquisition	-	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Demographic Assumptions	(0.02)	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Financial Assumptions	(0.56)	4.98
Actuarial (Gains) / Loss on Obligations - Due to Experience	95.82	21.32
Liability at the end of the year	**315.04**	**158.90**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of benefit obligation at the end of the year	(315.04)	(158.90)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(315.04)	(158.90)
Net (Liability) Recognized in the Balance Sheet	**(315.04)**	**(158.90)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	54.15	39.21
Interest cost	6.75	4.49
Expenses recognised	**60.90**	**43.70**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Actuarial (Gains) on obligation for the year	95.24	26.30
Net (Income) for the year recognized in OCI	**95.24**	**26.30**

Notes to the Consolidated Financial Statements

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

Particulars	As at March 31, 2022	As at March 31, 2021
Discount Rate	5.15%	4.25%
Salary escalation rate	8.00%	5% for next 1 year and 7% thereafter
Expected Rate of return on Plan Assets	N.A	N.A.
Rate of Employee Turnover	35%	35.00%
Weighted Average Duration of Projected Benefit Obligation	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured lives mortality (2006-08)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening net liability	158.90	88.90
Expenses recognized in Statement of Profit and Loss	60.90	43.70
Expenses recognized in OCI	95.24	26.30
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	**315.04**	**158.90**

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefits payable in future years from the date of reporting		
1st following year	59.12	0.73
2nd following year	71.59	32.15
3rd following year	63.45	38.22
4th following year	48.84	33.79
5th following year	37.04	25.33
Sum of years 6 To 10	70.38	47.54
Sum of years 11 and above	12.23	7.87

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefit obligation on current assumptions	315.04	158.90
Delta effect of +1% change in rate of discounting	(7.66)	(5.20)
Delta effect of -1% change in rate of discounting	8.11	5.52
Delta effect of +1% change in rate of salary increase	6.62	4.96
Delta effect of -1% change in rate of salary increase	(6.43)	(4.83)
Delta effect of +1% change in rate of employee turnover	(3.91)	(4.15)
Delta effect of -1% change in rate of employee turnover	4.01	4.24

Notes to the Consolidated Financial Statements

Qualitative disclosures

Gratuity is a defined benefit plan and group is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Group has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Notes to the Consolidated Financial Statements

36. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Group has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

The Group has established share option plans that entitle the employees of the Group and its subsidiary companies to purchase the shares of the Group. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the vesting of grants under these plans are continued employment with the Group from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using Black-Scholes Option pricing model. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2022	For the year ended March 31, 2021
Fair value as on grant date (weighted average)	24.91 to 42.17	27.15 to 28.64
Share prices during the year , on grant dates	55.00 to 65.00	55.25
Exercise price	40.00	40.00*
Expected volatility (weighted average volatility)	40%	35% to 40%
Rate of Employee Turnover	35%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	4.89% to 6.85%	5.04% to 5.97%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

** The Nomination and Remuneration Committee during the year has approved modification of exercise price in respect of options granted in the year ended March 31, 2021 from Rs. 40.00 per share to Rs. 28.00 per share. Accordingly the incremental fair value of the option ranging from Rs. 5.37 to Rs. 7.40 per option has been included in the measurement of amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest.*

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2022	As at March 31, 2021
Opening balance	34.35	1,80,44,938	1,25,05,584
Add: Options granted during the year	40.00	1,88,51,500	97,92,875
Less: Options exercised during the year	38.64	(17,38,050)	(91,209)
Less: Options lapsed during the year	36.30	(9,09,800)	(41,62,312)
Options outstanding as at the year end	**37.26**	**3,42,48,588**	**1,80,44,938**
Option exercisable of the above		1,20,39,181	33,85,721

Weighted average remaining contractual life of options outstanding at end of the year: 2.72 years

Notes to the Consolidated Financial Statements

II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the Holding Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the grants under these plans are continued employment with the company from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

a) Share options issued by Bee Finance Limited (Mauritius)

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2022:
No fresh grants have been given during the year ended March 31, 2022 and year ended March 31, 2021

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

	As at March 31, 2022		As at March 31, 2021	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**47,728.27**	**241.00**	**48,033.52**	**248.00**
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	(47,728.27)	(241.00)	55,650.73	(7.00)
Options outstanding as at the year end	**-**	**-**	**47,728.27**	**241.00**

C. Expenses arising from share-based payment transactions

Refer Note 28 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

37. Lease accounting

The Group has entered into leasing arrangements for premises. Right of Use Assets ("ROU") has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,739.74**	**1,760.49**
Addition during the year	552.34	392.55
Disposals during the year	-	(131.39)
Depreciation for the year	(441.25)	(281.91)
Balance as at the end of the year	**1,850.83**	**1,739.74**

ii. The following is the movement in lease liabilities during the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,957.65**	**1,878.95**
Addition during the year	552.36	247.56
Finance cost accrued during the year	199.16	156.73
Payment of Lease liabilities made during the year	(567.60)	(325.59)
Balance as at the end of the year	**2,141.57**	**1,957.65**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2022 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	369.50	261.42
Between one and five years	1,674.34	1,302.84
More than five years	97.73	221.24
Total	**2,141.57**	**1,785.50**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation expense on right-of-use assets (Refer Note 10)	441.25	281.91
Interest expense on lease liabilities (Refer Note 26)	198.43	156.73
Expense relating to short-term leases (Refer Note 29)	10.51	275.89
Expense relating to leases of low value assets	-	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

38. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments		
Undrawn committed credit lines	14,248.30	8,975.03
Obligation on investments in partly paid up preference shares	181.81	-
Total	**14,430.11**	**8,975.03**

There are no litigations and proceedings against the Company which requires any provision or disclosure as contingent liability.

Notes to the Consolidated Financial Statements

39. Current and Non-Current Maturity

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

(Rs. in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	5,505.98	-	5,505.98	1,457.92	-	1,457.92
Bank Balance other than cash and cash equivalents	2,991.36	-	2,991.36	588.46	-	588.46
Derivatives financial instruments	451.45	729.60	1,181.05			
Receivables				-	-	-
(I) Trade receivables	108.34	-	108.34	3.76	-	3.76
(II) Other receivables	-	-	-	-	-	-
Loans	1,74,340.33	1,98,886.09	3,73,226.42	1,23,300.54	1,32,059.30	2,55,359.84
Investments	3,277.00	4,842.65	8,119.65	7,664.75	4,792.68	12,457.43
Other Financial assets	1,456.58	1,298.22	2,754.80	1,590.59	261.89	1,852.48
Sub total	**1,88,131.04**	**2,05,756.56**	**3,93,887.60**	**1,34,606.02**	**1,37,113.87**	**2,71,719.89**
Non-financial assets						
Current Tax assets (Net)	-	1,209.98	1,209.98	17.11	720.61	737.72
Deferred Tax assets (Net)	-	2,038.67	2,038.67	-	1,857.41	1,857.41
Property, plant and equipment	-	3,479.68	3,479.68	-	3,440.94	3,440.94
Capital work-in-progress	-	293.95	293.95	-	14.49	14.49
Goodwill	-	652.65	652.65	-	652.65	652.65
Other intangible assets	-	433.27	433.27	-	547.43	547.43
Other non-financial assets	480.00	988.76	1,468.76	677.23	805.55	1,482.78
Sub total	**480.00**	**9,096.96**	**9,576.96**	**694.34**	**8,039.08**	**8,733.42**
Total assets	**1,88,611.04**	**2,14,853.52**	**4,03,464.56**	**1,35,300.36**	**1,45,152.95**	**2,80,453.31**
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	186.87	-	186.87	-	-	-
Debt securities	40,463.06	66,060.71	1,06,523.77	52,984.19	22,802.56	75,786.75
Borrowings (Other than Debt Securities)	69,333.95	1,05,731.54	1,75,065.49	45,250.40	45,811.73	91,062.13
Other Financial liabilities	3,134.51	5,063.80	8,198.31	2,704.50	3,979.98	6,684.48
Sub total	**1,13,118.39**	**1,76,856.05**	**2,89,974.44**	**1,00,939.09**	**72,594.27**	**1,73,533.36**
Non-Financial liabilities						
Provisions	59.12	265.34	324.46	-	169.90	169.90
Deferred tax liabilities (Net)	-	728.89	728.89	-	832.27	832.27
Other non-financial liabilities	918.06	-	918.06	516.58	-	516.58
Sub total	**977.18**	**994.23**	**1,971.41**	**516.58**	**1,002.17**	**1,518.75**
Total liabilities	**1,14,095.57**	**1,77,850.28**	**2,91,945.85**	**1,01,455.67**	**73,596.44**	**1,75,052.11**

Notes to the Consolidated Financial Statements

40. Foreign Currency Transactions

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Expenditure in foreign currency		
Directors' sitting fees	9.20	2.07
Legal, professional and consultancy charges	165.65	27.64
Information Technology expenses	14.27	6.63
Miscellaneous expenses	8.18	2.01
Interest on External Commercial Borrowings	215.69	-
Total	**412.99**	**38.35**

41. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Amount required to be spent as per section 135 of the Companies Act, 2013	16.12	19.99
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	
(ii) On purposes other than (i) above		
In cash	16.35	20.05
Yet to be paid in cash		-
Total	**16.35**	**20.05**
Details related to spent obligations:		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	11.68	20.05
iii) Covid vaccination other than employees and family members	4.67	
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
Total	**16.35**	**20.05**

42. Micro, Small and Medium Enterprises Development

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, as at 31 March 2022, no dues were outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act till 31 March 2022.

Notes to the Consolidated Financial Statements

43. Capital Management

The Parent maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Capital Management

The primary objectives of the Parent's capital management policy are to ensure that the Parent 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.

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Common Equity Tier 1 (CET1) capital	1,08,442.86	1,01,900.06
Other Tier 2 capital	2,461.45	1,261.64
Total capital	**1,10,904.31**	**1,03,161.70**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS–based results and reserves. The other component of regulatory capital is other Tier 2 Capital, which also includes hybrid debt instruments.

44. During the current year, the Parent company has reported frauds to RBI aggregating to Rs. 739.00 lakhs (previous year: Rs. 72.28 lakhs)

45. On August 16, 2021, the Company entered into agreements with KKR India Financial Services Limited (“KIFS”) for the demerger of the retail lending, SME lending, housing finance business and ancillary activities of the Company to KIFS (“Proposed Demerger”). The Board of Directors of the Company at their meeting held on September 3, 2021 has approved a composite scheme of arrangement ("Scheme") amongst KKR Capital Markets India Private Limited, Bee Finance Limited, KIFS and the Company and their respective shareholders for the Proposed Demerger. The Scheme has been filed with the National Company Law Tribunal on September 27, 2021. The Scheme will be effective post completion of customary conditions, including receipt of approvals from the relevant statutory authorities. Further, the Company has received no-objection from RBI on December 08, 2021 and in-principle approval from BSE Limited on December 24, 2021. The Equity Shareholders, Preference Shareholders and secured creditors of the Company have also approved the Scheme at their respective meetings convened by the NCLT held on December 15, 2021.

46. Ratio Analysis and its elements

Below ratios are based on the financial statements of the Parent Company

Ratio	As at March 31, 2022	As at March 31, 2021	% change
CRAR (%)	28.05%	37.20%	-24.60%
CRAR - Tier I Capital (%)	27.43%	36.54%	-24.94%
CRAR - Tier II Capital (%)	0.62%	0.66%	-5.71%
Liquidity Coverage Ratio*	Not Applicable	Not Applicable	Not Applicable

**Not Applicable as the Company is a Non-Deposit taking NBFC with an asset size of less than Rs. 5,000 Crore as stipulated in the Master Directions.*

CRAR : (Tier I Captital + Tier II Capital) / Total Risk Weighted Assets
CRAR - Tier I Capital : Tier I Capital / Total Risk Weighted Assets
CRAR - Tier II Capital : Tier II Capital / Total Risk Weighted Assets

Notes to the Consolidated Financial Statements

47 .Other Statutory Information

During the current year and previous year:

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group do not have any transactions with companies struck off.

(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency.

(v) The quarterly statement of current assets submitted to banks / financial institutions which are provided as security against the borrowings are in agreement with the books of accounts.

Funding Transactions:

(vi) (a) On 20 September 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 999.87 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Group). Subsequently, BFPL subscribed to 17,240 equity shares of mValu Technology Services Private Limited (an Associate Group of BFPL) on 20 September 2021 at a price of Rs. 5,797 (including premium of Rs. 5,787) per share aggregating to Rs. 999.40 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vi)(b) Except as disclosed above, the Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) (a) On 28 April 2021, the InCred Management and Technology Services Private Limited ("IMTSPL") and Booth Fintech Private Limited ("BFPL") (wholly owned subsidiaries of the Group) had borrowed Inter Corporate Deposit from InCred Capital Financial Services Pvt Ltd ("ICFSPL"), of Rs. 2000 lakhs. The amount was used to further invest as Inter Corporate Deposit to InCred Financial Services Limited ("IFSL"), the Parent. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vii)(b) Except as disclosed above, the Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

(ix) There are no scheme of arrangements which have been filed by the Group under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act. For details of Scheme of arrangement filed by the Group with NCLT refer Note no 45.

(x) The Group, being a Non-Banking Financial Group ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of sec 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.

(xi) The Group has not been declared as wilful defaulter by any bank or financial institution or any other lender.

(xii) The Group has not revalued any property plant and equipment and intangible assets.

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

48. Additional Information to the consolidated Financial Statements

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2022:

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,11,720.24	100.18%	3,640.96	118.11%	(83.36)	100.00%	3,557.60	118.61%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,316.80)	-1.18%	(232.47)	-7.54%	-	0.00%	(232.47)	-7.75%
Booth Fintech Private Limited	1,114.40	1.00%	(326.60)	-10.60%	-	0.00%	(326.60)	-10.89%
InCred.AI Limited	0.87	0.00%	0.87	0.03%	-	0.00%	0.87	0.03%
Total	**1,11,518.71**	**100.00%**	**3,082.76**	**100.00%**	**-83.36**	**100.00%**	**2,999.40**	**100.00%**

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2021:

(Rs. in lakhs)

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,06,692.64	101.23%	1,026.40	472.93%	69.35	100.00%	1,095.76	382.62%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,461.98)	-1.39%	(536.54)	-247.22%	-	0.00%	(536.54)	-187.35%
Booth Fintech Private Limited	170.51	0.16%	(272.83)	-125.71%	-	0.00%	(272.83)	-95.27%
Total	**1,05,401.17**	**100.00%**	**217.03**	**100.00%**	**69.35**	**100.00%**	**286.39**	**100.00%**

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

49. Investments in associates

The Groups interests in associates are:

Name of associate	Principal place of busines	Method of accounting	Proportion of stake
mValu Technology Services Private Limited	India	Equity Method	47.39%

Summarised financial information in respect of Group's associates is set out below:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
A) Summarised Statement of net assets		
Financial assets	1,801.63	2,136.84
Non-Financial assets	299.03	332.31
Total assets (I)	**2,100.66**	**2,469.15**
Financial liabilities	47.78	105.32
Non-Financial liabilities	8.82	36.57
Total liabilities (II)	**56.60**	**141.89**
Net assets (I - II)	**2,044.06**	**2,327.26**
Group's share %	47.39%	40.96%
Group's share in amount	968.68	953.24
Carrying amount of Investment	4,276.47	3,697.97

(Rs. in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
B) Summarised Statement of Profit and Loss		
Revenue from operation	3.79	6.85
Other income	123.91	215.88
Total income (I)	**127.70**	**222.73**
Finance costs	3.78	65.69
Employee benefits expenses	(58.06)	757.26
Depreciation, amortization and impairment	32.90	49.16
Others expenses	1,037.25	204.07
Total expenses (II)	**1,015.87**	**1,076.18**
Loss before tax (III = I-II)	(888.17)	(853.45)
Tax expense	-	-
Loss after tax (V = III-IV)	(888.17)	(853.45)
Other Comprehensive income	-	-
Total Comprehensive income	(888.17)	(853.45)
Group's share %	47.39%	40.96%
Group share in Amount in Profit and loss (A)	(420.90)	(349.57)
Group share in Amount in Other Comprehensive Income (B)	-	-
Total Group share in Amount (A+B)	(420.90)	(349.57)

Notes to the Consolidated Financial Statements

50. Ageing Schedule

(Rs. in lakhs)

Particulars	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at March 31, 2022							
(A) Trade receivables							
Unsecured, considered good	-	108.74	-	-	-	-	108.74
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Other receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-
As at March 31, 2021							
(A) Trade receivables							
Unsecured, considered good	-	8.87	-	-	-	-	8.87
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Trade receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-

Goodwill impairment

For impairment testing, goodwill acquired through business combinations with indefinite lives has been allocated to the against investments in subsidiary companies , i.e., InCred Management and Technology Services Private Limited and Booth Fintech Private Limited.

The Group has performed its annual impairment test for years ended 31 March 2022 and 31 March 2021. It is concluded that the fair value less costs of disposal exceeds the value in use. As a result of this analysis, management has not recognised any impairment charge against the goodwill.

52. Reversal of Compound Interest

As per guidelines issued by RBI on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 7, 2021 and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021, the Group had put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020. The Group had provided for reversal of interest on interest amounting to Rs. 106.64 lakhs in the previous year.

53. Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

54. Previous year figures have been audited by another firm of chartered accountants.

Notes to the Consolidated Financial Statements

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

As per our report of even date

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel: +91 22 6819 8000

INDEPENDENT AUDITOR'S REPORT

To the Members of InCred Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of InCred Financial Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit, including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

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Key audit matters	How our audit addressed the key audit matter
(a) **Impairment of financial assets as at balance sheet date (expected credit losses)** (as described in note 5 of the standalone financial statements)	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of borrowers based on homogeneity by using appropriate statistical techniques; • Estimation of behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for loan products with no/ minimal historical defaults. In view of such high degree of management's judgement involved in estimation of ECL, it is a key audit matter.	• Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework for COVID-19-related Stress" issued by RBI on August 6, 2020 and tested the implementation of such policy on a sample basis. • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring. • Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults. • Tested assumptions used by the management in determining the impact on account macro-economic factors on calculation of default rates (including COVID-19 pandemic). • Assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.

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Key audit matters	How our audit addressed the key audit matter
(b) IT systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• Tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. • Tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • In addition to the above, tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the [standalone] financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that

were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2021, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 7, 2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

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

   (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 4 to the standalone financial statements;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 43(vi)(a) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, as disclosed in note 46(vi)(b), no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AICXWK337
Place of Signature: Mumbai
Date: April 29, 2022

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

Re: InCred Financial Services Limited

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in note 13 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Indian Rupees five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

(iii) (a) The principal business of the Company is to give loans and is a registered non-banking financial company ('NBFC') and accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b)During the year the investments made and the terms and conditions of the grant of all loans and advances in the nature of loans to companies, firms, limited liability partnerships or any other parties are not prejudicial to the Company's interest. The Company has not provided any guarantees or given any security during the year.

(c) In respect of loans and advances in the nature of loans granted by the Company as part of its business of providing loans to individuals and corporates, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause) in this Annexure 1, in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except for those instances where there are delays or defaults in repayment of principal and/ or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 30A(iii) to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in

note 30A(iii) to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

(e) The principal business of the Company is to give loans and is a registered NBFC and accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has utilized the monies raised during the year by way of initial public offer / further public offer (including debt instruments) in the nature of non-convertible debentures for the purposes for which they were raised.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud/ material fraud by the Company or no fraud or material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a)The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) As represented by the management, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

(b)The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and immediately preceding financial year.

(xviii) Having regard to the RBI circular on statutory auditor appointment and limits thereon, the previous statutory auditors of the Company have resigned during the year and there were no issues, objections or concerns raised by the outgoing auditors.

(xix) On the basis of the financial ratios disclosed in note 42 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at

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the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a)In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 38 to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 38 to the standalone financial statements.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AICXWK337
Place of Signature: Mumbai
Date: April 29, 2022

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

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

We have audited the internal financial controls with reference to standalone financial statements of InCred Financial Services Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on issued by the ICAI.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 22121411AICXWK337
Place of Signature: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Standalone Financial Statements
Balance Sheet as at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	5,203.13	1,323.38
(b) Bank balance other than cash and cash equivalents	3	2,991.36	588.46
(c) Derivative financial instruments	4	1,181.05	-
(d) Loans	5	3,73,226.42	2,55,359.84
(e) Investments	6	8,679.53	12,670.66
(f) Other financial assets	7	2,736.69	1,821.28
		3,94,018.18	**2,71,763.62**
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		1,184.47	720.61
(b) Deferred tax assets (Net of deferred tax liabilities)	8	2,038.67	1,857.39
(c) Property, plant and equipment	9A	3,384.80	3,276.35
(d) Capital work-in-progress	9B	293.95	14.49
(e) Other intangible assets	10	188.63	222.49
(f) Other non-financial assets	11	1,280.55	1,285.55
		8,371.07	**7,376.88**
Total assets		**4,02,389.25**	**2,79,140.50**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	4	186.87	-
(b) Debt securities	12	1,06,523.77	73,827.02
(c) Borrowings (other than debt securities)	13	1,75,065.49	93,422.08
(d) Other financial liabilities	14	8,157.93	6,620.97
		2,89,934.06	**1,73,870.07**
(2) Non-financial liabilities			
(a) Provisions	15	323.27	169.48
(b) Other non-financial liabilities	16	900.48	516.17
		1,223.75	**685.65**
EQUITY			
(a) Equity share capital	17 (A)	35,450.27	30,772.79
(b) Preference share capital	17 (B)	3,347.96	7,851.63
(c) Other equity	18	72,433.21	65,960.36
		1,11,231.44	**1,04,584.78**
Total liabilities and equity		**4,02,389.25**	**2,79,140.50**

Significant accounting policies and other explanatory information 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: April 29, 2022

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Standalone Financial Statements
Statement of Profit and Loss for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2022	Year ended March 31, 2021
Revenue From operations			
(i) Interest income	19	47,334.45	37,711.75
(ii) Net gain on derecognition of financial instruments under amortised cost category		336.68	-
(iii) Fees and commission income	20	1,022.24	557.16
(iv) Net gain/(loss) on fair value changes	21	98.29	268.91
(I) Total revenue from operations		**48,791.66**	**38,537.82**
(II) Other income	22	3,330.04	647.09
(III) Total income (I + II)		**52,121.70**	**39,184.91**
Expenses			
(i) Finance costs	23	21,951.92	15,271.40
(ii) Net loss on derecognition of financial instruments under amortised cost category		1,045.87	-
(iii) Impairment on financial instruments	24	4,351.64	8,865.37
(iv) Employee benefits expenses	25	13,687.26	9,159.37
(v) Depreciation, amortization and impairment	9A & 10	1,070.98	841.79
(vi) Others expenses	26	5,196.83	3,805.92
(IV) Total expenses		**47,304.50**	**37,943.85**
(V) Profit before tax (III - IV)		4,817.20	1,241.06
Tax Expense:			
(i) Current Tax		1,358.68	1,182.98
(ii) Tax pertaining to previous years		-	(47.84)
(iii) Deferred Tax		(153.25)	(917.52)
(VI) Total Tax Expense	27	1,205.43	217.62
(VII) Profit for the year (V - VI)		**3,611.77**	**1,023.44**
(VIII) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement gain/(loss) of the defined benefit plans		(94.84)	(26.29)
(ii) Income tax relating to items that will not be reclassified to profit or loss		23.87	6.62
Subtotal (A)		(70.97)	(19.67)
(B) (i) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		(120.30)	118.97
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		103.74	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		4.17	(29.95)
Subtotal (B)		(12.39)	89.02
Other comprehensive income / (loss) (A + B)		**(83.36)**	**69.35**
(IX) Total comprehensive income for the period (VII + VIII)		**3,528.41**	**1,092.79**
(X) Earnings per equity share (Face Value : Rs. 10 per share)	28		
Basic (Rs.)		0.94	0.27
Diluted (Rs.)		0.93	0.26

Significant accounting policies and other explanatory information 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: April 29, 2022

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

Standalone Financial Statements
Cash Flow Statement for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Profit before tax	4,817.20	1,241.06
Adjustments ro reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation, amortization and impairment	656.90	468.59
Loss on sale of property, plant and equipment	3.40	-
Net (gain) on fair value changes	(98.29)	(268.91)
Interest income	(47,334.45)	(37,711.74)
Finance costs	21,568.06	15,271.40
Impairment on financial instruments	4,356.83	8,865.37
Share based payment to employees	2,442.16	1,027.92
Retirement Benefit expenses	60.52	(21.39)
Operating profit before working capital changes	**(13,527.67)**	**(11,127.70)**
Working capital adjustments		
(Increase) in Loans	(1,22,227.31)	(59,179.72)
(Increase) in other financial assets	(915.42)	(102.86)
Decrease / (Increase) in other non financial assets	5.00	(267.35)
Increase in other financial liabilities	1,840.23	1,082.26
(Decrease) / Increase in provisions	(1.58)	12.79
Increase in other non financial liabilities	384.28	827.04
Cash generated from operations	**(1,34,442.47)**	**(68,755.54)**
Interest received on loans	45,746.66	37,515.45
Interest paid on borrowings and debt	(21,568.06)	(17,429.34)
Income taxes paid (net)	(1,822.50)	(970.03)
Net cash (used in) operating activities	**(1,12,086.37)**	**(49,639.46)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(527.29)	(555.14)
Proceeds from sale of property, plant and equipment	37.77	-
Purchase of intangibles assets	(107.08)	(189.42)
Capital work-in-progress	(279.45)	110.57
Investment in subsidiaries	(999.34)	-
Purchase of investments	(61,273.28)	(1,56,146.89)
Proceeds from sale of investments	66,947.44	1,46,947.67
Investment in term deposits earmarked with banks	(57,430.30)	(96,580.25)
Proceeds from maturity of term deposits earmarked with banks	55,027.40	96,724.72
Net cash (used in) / generated from investing activities	**1,395.87**	**(9,688.74)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	671.64	36.48
Reversal of rent expense	(441.55)	(292.95)
Proceeds from borrowings (other than debt securities)	1,55,520.00	72,665.00
Proceeds from issue of debt securities	93,524.29	62,173.39
Repayment of borrowings (other than debt securities)	(74,624.56)	(48,668.11)
Redemption of debt securities	(60,827.55)	(28,044.83)
Net cash generated from financing activities	**1,13,822.27**	**57,868.98**
Net increase / (decrease) in cash and cash equivalents	**3,131.77**	**(1,459.23)**
Cash and cash equivalents at the beginning of the year	(645.69)	813.54
Cash and cash equivalents at the end of the year	**2,486.08**	**(645.69)**

Significant accounting policies and other explanatory information 1
The accompanying notes form an integral part of the standalone financial statements

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow

(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks		
- Current Accounts	4,953.13	1,320.54
Deposit with bank with maturity less than 3 months	250.00	-
Cash and cash equivalents (Refer note 2)	**5,203.13**	**1,323.38**
Less: Bank overdraft and cash credit (Refer note 13)	(2,717.05)	(1,969.07)
Cash and cash equivalents in cash flow statement	**2,486.08**	**(645.69)**

Significant accounting policies and key accounting estimates and judgments 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: April 29, 2022

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

Standalone Financial Statements

Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	30,772.79	30,763.67
Changes in equity share capital during the year	4,677.47	9.12
Balance as at the end of the year	35,450.27	30,772.79

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	7,851.63	7,851.63
Changes in preference share capital during the year	(4,503.67)	-
Balance as at the end of the year	3,347.96	7,851.63

C. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings				
Balance at March 31, 2020	**452.03**	**61,702.79**	**27.74**	**50.89**	**734.78**	**828.68**	**-**	**-**	**15.36**	**63,812.28**
Profit for the year	-	-	-	-	-	1,023.44	-	-	-	1,023.44
Other comprehensive income for the year	-	-	-	-	-	(19.67)	89.03	-	-	69.35
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**1,003.76**	**89.03**	**-**	**-**	**1,092.79**
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	-	(204.69)	-	-	-	-
Share based payment expense	-	-	-	11.38	1,016.56	-	-	-	-	1,027.94
Balance at March 31, 2021	**656.72**	**61,730.15**	**27.74**	**62.27**	**1,751.34**	**1,627.75**	**89.03**	**-**	**15.36**	**65,960.36**
Profit for the year	-	-	-	-	-	3,611.77	-	-	-	3,611.77
Other comprehensive income for the year	-	-	-	-	-	(70.97)	(90.02)	77.63	-	(83.36)
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**3,540.80**	**(90.02)**	**77.63**	**-**	**3,528.41**
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	-	(270.48)	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	-	(722.35)	-	-	-	-
Share based payment expense	-	-	-	3.82	2,442.76	-	-	-	-	2,446.58
Transfer from share based payment reserve	-	-	-	-	(23.07)	23.07	-	-	-	-
Balance at March 31, 2022	**1,379.07**	**62,498.49**	**27.74**	**66.09**	**3,900.55**	**4,469.27**	**(0.99)**	**77.63**	**15.36**	**72,433.21**

Significant accounting policies and key accounting estimates and judgments 1

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Place: Mumbai
Date: April 29, 2022

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

(1) Significant Accounting Policies and Other Explanatory Information

A. Corporate Information

InCred Financial Services Limited (the 'Company') was incorporated in India on 8 January 1991, under the provisions of the Companies Act, 1956.

The Company has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 30th August 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The Company qualifies to be a NBFC - Systematically Important Non-Deposit taking Company as per Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, as amended (the "Master Directions").

The registered office of the Company is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai – 400051 (erstwhile - 1502-A, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra, India, 400051).

The standalone financial statements were authorized for issue by the Company's Board of Directors on April 29, 2022.

B. Basis of preparation

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the RBI Master Directions and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI. The Company uses accrual basis of accounting except in case of significant uncertainties (Refer Note D15).

i. Functional and presentation currency

The standalone financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All the amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

ii. Basis of measurement

The standalone financial statements have been prepared under the historical cost convention except for the following items:

a. Certain financial assets and liabilities that are measured at fair value
b. Net defined benefit asset / liability – plan assets are measured at fair value less present value of defined benefit obligation; and
c. Share-based payments - measured at fair value on initial recognition

iii. Use of estimates and judgements

The preparation of standalone financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

Significant accounting estimates and judgements:

- **i.** Business model assessment
- **ii.** Fair value of financial instruments
- **iii.** Effective interest rate (EIR)
- **iv.** Impairment of financial assets
- **v.** Provision for tax expenses
- **vi.** Residual value, useful life and indicators of impairment and recoverable value of property, plant and equipment

C. Presentation of financial statements

The standalone financial statements of the Company are presented as per Division III of Schedule III, as amended, of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Standalone Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and RBI regulations to the extent applicable.

The Company presents its Balance Sheet in the order of its liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair values of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All financial instruments are at amortised cost, unless otherwise specified.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

i. Financial assets

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. The Company classifies its financial assets in the following measurement categories:

Financial assets measured at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment), unless the asset is designated at FVTPL:

i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii. the Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair value through other comprehensive Income ('FVOCI')

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

i. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii. the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair Value through Profit and Loss ('FVTPL')

A financial asset which is not classified in above category is subsequently measured at FVTPL. Where assets are measured at fair value, gains and losses are recognized entirely in the Standalone Statement of Profit and Loss.

Subsequent measurement

The assets classified in the aforementioned categories are subsequently measured as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in standalone statement of profit and loss. Any gain or loss on derecognition is recognised in standalone statement of profit and loss .

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Standalone Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in standalone statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to standalone statement of profit and loss .

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Standalone Statement of Profit and Loss.

ii. Financial liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as on initial recognition.

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit and loss.

The Company's financial liabilities include trade payables and other financial liabilities.

iii. **Derecognition**

Financial assets

The Company derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On derecognition of a financial assets in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The Company on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction for sale of loans which doesn't affect the business model of the Company.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

iv. **Offsetting of financial instruments**

A financial asset and a financial liability is 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.

v. **Derivatives recorded at fair value through profit and loss**

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

- It is settled at a future date.

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks, interest rate risks and equity price risks, respectively. These include cross-currency swaps, forward foreign exchange contracts, futures and options on equities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

vi. **Embedded derivatives**

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

If the hybrid contract contains a host that is a financial asset / financial liability within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3. Share capital

Equity and preference shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

4. Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment if any in the standalone financial statements.

5. Business Combination

Business combinations of entities under common control are accounted using the “pooling of interests” method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

6. Impairment of financial assets

Overview of the Expected Credit Losses (‘ECL’) principles

- The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. 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 ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

  Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

  Stage 1
  All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances and advances upto 30 days default under this category.

  Stage 2
  All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

  Stage 3
  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. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

  Credit-impaired financial assets:

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

- Evidence that a financial asset is credit-impaired includes the following observable data:

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

The mechanics of ECL:
The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

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

Probability of Default - 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 30.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 30.

Loss Given Default - 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 lender 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 30.

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

Write-offs

The Company writes off Retail secured and unsecured loans overdue for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

7. Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the year, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

8. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

9. Share-based payment arrangements

a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Standalone Standalone Statement of Profit and Loss.

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

10. Lease Accounting

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease

At the date of commencement of the lease, the Company recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

11. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income ('OCI').

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends to realise the asset or settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

iii Temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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 as on the reporting date. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

12. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

(i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,

(ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Standalone Statement of Profit and Loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Standalone Statement of Profit and Loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is provided on straight line basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Standalone Statement of Profit and Loss.

Depreciation on additions / (disposals) is provided on a pro-rata basis i.e., from / (upto) the date which the asset is ready for use / (disposed of).

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimated useful life as given above best represent the period over which management expects to use these assets.

13. Intangible assets

i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Standalone Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

14. Impairment of non-financial assets

The carrying values of assets at each balance sheet date are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Standalone Statement of Profit and Loss for such excess amount.

In respect of assets (except goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such reversal of impairment loss is recognised in the Standalone Statement of Profit and Loss, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Revenue from operations

Recognition of interest and fee income or expense

Dividend income is recognised on the date on which the Company's right to receive the payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations.

Loan related charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

16. Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

17. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Contribution to provident fund and ESIC

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

iii. Gratuity

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

iv. Compensated absence

The Company does not have a policy of encashment of unavailed leaves for its employees and are not permitted to carry forward the leaves. Hence there is no liability towards compensated absence.

18. Foreign currency

Transaction and balances

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each closing date, foreign currency monetary items are reported using the closing exchange rate.

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the Standalone Statement of Profit and Loss.

19. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

20. Statement of Cash flows

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

21. Segment Reporting

The Company operates in a single reportable segment i.e., financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

22. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a 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.

The expenses relating to a provision is presented in the Standalone Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

c. Contingent liabilities

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

d. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

23. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

24. Standards issued but not yet effective upto the date of issuance of the financial statements

Ministry of Corporate affairs have made changes on March 23, 2022, in the following Indian Accounting Standards (Ind AS) namely Ind AS 101, Ind AS 103, Ind AS 109, Ind AS 16, Ind AS 37 and Ind AS 41. The same are effective from April 01, 2022.

InCred Financial Services Limited

Notes to the Standalone Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks	4,953.13	1,320.54
Fixed deposit with bank with original maturity of less than 3 months	250.00	-
Total	**5,203.13**	**1,323.38**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked fixed deposits with banks *	2,991.36	588.46
Total	**2,991.36**	**588.46**

** Earmarked for borrowings, bank guarantee.*

4. Derivative financial instruments at Fair Value

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount : 5,110.00 , PY : Nil)*	299.22	-
(ii) Equity Linked Derivatives		
Options and futures (Notional amount : 5,443.98 , PY : Nil) (Refer note 12)	881.83	-
Total	**1,181.05**	**-**
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount : 4,620.00 , PY : Nil) (Refer Note 12)	186.87	-
Total	**186.87**	**-**

**Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging borrowings in foreign currency.*

5. Loans

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
(A) (i) Term loans	3,82,323.85	2,64,464.73
Total - Gross (A)	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (A)	**3,73,226.42**	**2,55,359.84**
(B) (i) Secured by tangible assets*	1,54,384.85	1,30,978.67
(ii) Covered by Bank and Government guarantees	4,778.52	5,786.74
(iii) Unsecured	2,23,160.48	1,27,699.32
Total - Gross (B)	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (B)	**3,73,226.42**	**2,55,359.84**
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	3,82,323.85	2,64,464.73
Total - Gross (C)	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (C)	**3,73,226.42**	**2,55,359.84**

** Secured by charge on immovable properties, vehicles, inventories and receivables.*

InCred Financial Services Limited

Notes to the Standalone Financial Statements

6. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2022					As at March 31, 2021				
	Amortised cost*	At Fair Value		Others**	Total	Amortised cost *	At Fair Value		Others**	Total
		Through other comprehensive income	Through profit or loss				Through other comprehensive income	Through profit or loss		
Debt securities	855.47	2,909.12	-	-	3,764.59	2,120.55	6,652.06	-	-	8,772.61
Equity instruments										
-Subsidiaries (Refer Note 31)	-	-	-	4,915.00	4,915.00	-	-	-	3,911.22	3,911.22
- Convertible Preference Shares	-	-	9.22	-	9.22	-	-	-	-	-
Total - Gross (A)	**855.47**	**2,909.12**	**9.22**	**4,915.00**	**8,688.81**	**2,120.55**	**6,652.06**	**-**	**3,911.22**	**12,683.83**
Investments in India (B)	855.47	2,909.12	9.22	4,915.00	8,688.81	2,120.55	6,652.06	-	3,911.22	12,683.83
Total - Gross (B)	**855.47**	**2,909.12**	**9.22**	**4,915.00**	**8,688.81**	**2,120.55**	**6,652.06**	**-**	**3,911.22**	**12,683.83**
Less: Allowance for impairment loss **(C)**	(0.03)	(9.25)	-	-	(9.28)	(0.05)	(13.12)	-	-	(13.17)
Total - Net (B - C)	**855.44**	**2,899.87**	**9.22**	**4,915.00**	**8,679.53**	**2,120.50**	**6,638.94**	**-**	**3,911.22**	**12,670.66**

** Investments at amortised cost are all classified as Stage I under credit risk*

*** Others are measured at cost*

7. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	304.83	230.06
Retained interest on loans derecognised	336.68	-
Receivable from related parties (Refer note 31)	521.35	15.46
Balances with partners/anchors	746.31	959.05
Margin money deposit	150.00	-
Others	677.52	621.89
Less: Allowance for impairment loss	-	(5.18)
Total	**2,736.69**	**1,821.28**

Notes to the Standalone Financial Statements

8. Deferred tax

The major components of deferred tax assets arising on account of timing differences are as follows:

Particulars	Net balance April 01, 2021	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2022
Deferred tax assets				
Provision for impairment loss on financial instruments	2,107.36	175.45	-	2,282.81
Provision for retirement benefit plans	39.89	15.23	23.87	78.99
Disallowance of merger expenses	119.56	29.13	-	148.69
Lease liability	54.18	13.09	-	67.27
Fair value change on financial instruments	-	53.75	4.17	57.92
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	71.45	27.06	-	98.51
(A)	**2,392.44**	**313.71**	**28.04**	**2,734.19**
Deferred tax liabilities				
Fair value change of investment valued at Fair value through OCI	(29.96)	26.99	-	(2.97)
EIR impact on financial instruments	(504.81)	(187.74)	-	(692.55)
Others	(0.28)	0.28	-	-
(B)	**(535.05)**	**(160.47)**	**-**	**(695.52)**
Deferred tax asset (net) (A-B)	**1,857.39**	**153.24**	**28.04**	**2,038.67**

(Rs. in lakhs)

Particulars	Net balance April 01, 2020	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2021
Deferred tax assets				
Provision for impairment loss on financial instruments	1,219.10	888.26	-	2,107.36
Provision for retirement benefit plans	37.68	(4.41)	6.62	39.89
Disallowance of expenses	-	119.56	-	119.56
Lease liability	29.82	24.36	-	54.18
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	30.49	40.96	-	71.45
(A)	**1,317.09**	**1,068.73**	**6.62**	**2,392.44**
Deferred tax liabilities				
Revaluation of investment valued at Fair value through OCI	-	-	(29.96)	(29.96)
EIR impact on financial instruments	(352.63)	(152.18)	-	(504.81)
Others	(1.24)	0.96	-	(0.28)
(B)	**(353.87)**	**(151.22)**	**(29.96)**	**(535.05)**
Deferred tax asset (net) (A-B)	**963.22**	**917.51**	**(23.34)**	**1,857.39**

Notes to the Standalone Financial Statements

9A. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computer & Printer	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	81.35	721.55	107.63	582.74	104.75	2,128.88	3,749.61
Additions during the year	-	94.14	359.63	83.14	151.00	19.53	321.04	1,028.48
Disposals	-	(17.89)	-	(3.99)	(3.06)	-	(131.39)	(156.33)
Gross carrying value as March 31, 2021	**22.71**	**157.60**	**1,081.18**	**186.78**	**730.68**	**124.28**	**2,318.53**	**4,621.76**
Accumulated depreciation as at the beginning of the year	0.78	6.74	73.51	17.69	287.02	20.41	368.39	774.54
Depreciation for the year	0.38	9.58	91.71	25.50	192.55	17.61	373.21	710.54
Disposals	-	(2.80)	-	(0.87)	(0.37)	-	(135.63)	(139.67)
Accumulated depreciation as at March 31, 2021	**1.16**	**13.52**	**165.22**	**42.32**	**479.20**	**38.02**	**605.97**	**1,345.41**
Net carrying value as at March 31, 2021	**21.55**	**144.08**	**915.96**	**144.46**	**251.48**	**86.26**	**1,712.56**	**3,276.35**
Year ended March 31, 2022								
At carrying cost at the beginning of the year	22.71	157.60	1,081.18	186.78	730.68	124.28	2,318.53	4,621.76
Additions during the year	-	13.25	35.37	9.32	383.94	85.42	552.36	1,079.66
Disposals	-	(13.68)	(141.57)	(1.74)	(18.78)	(52.84)	-	(228.61)
Gross carrying value as March 31, 2022	**22.71**	**157.17**	**974.98**	**194.36**	**1,095.84**	**156.86**	**2,870.89**	**5,472.81**
Accumulated depreciation as at the beginning of the year	1.16	13.52	165.22	42.32	479.20	38.02	605.97	1,345.41
Depreciation for the year	0.38	33.61	212.33	45.89	208.75	15.01	414.08	930.05
Disposals	-	(13.68)	(135.81)	(0.65)	(18.28)	(19.03)	-	(187.45)
Accumulated depreciation as at March 31, 2022	**1.54**	**33.45**	**241.74**	**87.56**	**669.67**	**34.00**	**1,020.05**	**2,088.01**
Net carrying value as at March 31, 2022	**21.17**	**123.72**	**733.24**	**106.80**	**426.17**	**122.86**	**1,850.84**	**3,384.80**

** Immovable properties have been pledged against debt securities issued. Refer Note 12*

*** Refer Note 34 for recognisition of right-of-use assets*

9B. Capital Work in progress

(Rs. in lakhs)

	As at March 31, 2022				As at March 31, 2021			
Capital work in progress (CWIP)	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**
Projects in progress	293.95	-	-	-	14.49	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
	293.95	**-**	**-**	**-**	**14.49**	**-**	**-**	**-**

Notes to the Standalone Financial Statements

10. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2021	
At cost at the beginning of the year	572.70
Additions during the year	189.42
Gross carrying value as March 31, 2021	**762.12**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	272.74
Amortisation for the year	266.89
Accumulated amortisation as at March 31, 2021	**539.63**
Net carrying value as at March 31, 2021	**222.49**
Year ended March 31, 2022	
At cost at the beginning of the year	762.12
Additions during the year	107.08
Gross carrying value as March 31, 2022	**869.20**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	539.63
Amortisation for the year	140.94
Accumulated amortisation as at March 31, 2022	**680.57**
Net carrying value as at March 31, 2022	**188.63**

11. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Prepaid expenses	294.29	360.27
Advances recoverable in kind (Unsecured, considered good)	94.73	201.49
GST receivable	891.53	723.79
Total	**1,280.55**	**1,285.55**

InCred Financial Services Limited

Notes to the Standalone Financial Statements

12. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Debentures	95,683.00	73,827.02
Commercial Papers	10,840.77	-
Total	**1,06,523.77**	**73,827.02**
Debt securities in India	1,06,523.77	73,827.02
Debt securities outside India	-	-
Total	**1,06,523.77**	**73,827.02**

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2022	As at March 31, 2021
1	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each	1. Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a pari- passu charge with other debenture holders over the identified immovable property owned by the Company.	Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Apr-21	-	8,213.51
2	1000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 545 days from the date of allotment. Coupon to be paid annually and on maturity.	20-Dec-21	-	10,687.30
3	500, 9.75% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,313.88	5,265.56
4	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,689.83	10,649.39
5	500, 9.50% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each	Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	-	5,050.83
6	500, 9.40% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	10-Feb-22	-	5,277.22
7	750, 9.40% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	14-Mar-22	-	7,491.67
8	250, 9.10% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	04-Jun-22	628.49	2,502.24
9	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable with agreed coupon at the end of 2191 days from the date of allotment, subject to a Put Option or Call Option at the end of 1096 days.	27-Jul-24	12,128.60	-
10	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each	Non- Convertible Debentures issued by the company are secured by way of a first ranking exclusive and continuing charge created over identified book debts/loan receivables (the "Hypothecated Assets") pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 366 days from the date of allotment.	17-Feb-23	5,203.54	-
11	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	17-Feb-24	4,146.15	-
12	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		50% will be redeemed on the date at the end of 365 days and remaining 50% at the end of 730 days from the date of allotment.	17-Feb-24	1,074.31	-

12. Debt Securities

13	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non- Convertible Market- Linked Debentures issued by the company are secured by way of a first pari passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 730 days from the date of allotment.	30-Sep-21	-	1,849.04
14	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 732 days from the date of allotment.	14-Dec-21	-	3,977.66
15	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment.	18-Feb-22	-	5,630.14
16	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	6,406.88	5,744.54
17	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	28-Jul-23	1,657.03	1,487.92
18	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 545 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	20-Oct-22	4,056.95	-
19	154, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-May-23	1,658.75	-
20	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1221 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Oct-24	1,400.88	-
21	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1011 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-Apr-24	1,527.53	-
22	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 518 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Dec-22	2,132.32	-
23	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 761 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	2,139.44	-
24	320, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 942 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	3,309.36	-
25	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	7,707.02	-
26	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 547 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	23-Jun-23	4,062.03	-
27	173, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1205 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	08-May-25	1,705.86	-
28	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	1. First ranking and exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interests created in connection therewith: 2. A first ranking and exclusive charge over the Cash Collateral; 3. A first ranking and exclusive charge over all right, title and interest of the Company in the SPV Trust, whether as residual beneficiary or in connection with the contribution undertaken to be made available by the Company to the SPV Trust in terms of the Assignment Documents.	Redeemable with agreed coupon at the end of 609 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Jan-23	10,780.60	-
29	7,500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 640 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Apr-23	7,953.55	-
28	Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 32 days to 189 days with an average discount rate of 8.13% p.a.	NA	10,840.77	-
	Total				**1,06,523.77**	**73,827.02**

Notes to the Standalone Financial Statements

13. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	1,42,452.01	62,464.65
(ii) from other parties	19,839.77	16,338.37
(b) Inter corporate borrowings from related parties	-	6,202.16
(c) Inter corporate borrowings from other parties	4,550.00	1,000.25
(d) Loans repayable on demand		
(i) from banks	8,223.71	5,456.93
(e) Commercial Papers	-	1,959.72
Total	**1,75,065.49**	**93,422.08**
Borrowings in India	1,69,735.67	93,422.08
Borrowings outside India	5,329.82	-
Total	**1,75,065.49**	**93,422.08**

Note : The borrowings from banks and financial institutions have been used for the specific purpose for which it was taken.

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2022	As at March 31, 2021
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 11 to 60 months at an average rate of interest ("ROI") of 9.00% p.a.	1,42,452.01	62,464.65
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 39 months at an average ROI of 10.94% p.a.	14,509.95	16,338.37
b) Others- External commercial borrowings	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loan is repayable on maturity at the end of 60 months. Interest linked to LIBOR and payable half yearly.	5,329.82	-
Inter corporate borrowings from related parties (Refer Note 31)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis at an average ROI of 9.90% p.a.	-	6,202.16
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month to 3 months. Interest is payable on a monthly basis at an average ROI of 9.14% p.a.	4,550.00	1,000.25
Loans repayable on demand (WCDL and CC)	Working Capital Demand Loans ("WCDL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	CC / WCDL facilities are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 8.44% p.a.	8,223.71	5,456.93
Commercial Paper	Unsecured	The tenure is 364 days with discount rate of 9.00% p.a.	-	1,959.72
Total			**1,75,065.49**	**93,422.08**

Notes to the Standalone Financial Statements

14. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Lease liability (Refer Note 34)	2,141.57	1,927.82
Collaterals from customers	3,098.48	2,273.22
Security deposits	55.35	10.57
Payable on servicing portfolio	106.13	-
Provision for expenses	2,734.66	2,389.08
Others	21.74	20.28
Total	**8,157.93**	**6,620.97**

15. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits (Refer Note 32)	313.85	158.48
Expected credit loss provision on undrawn commitments	9.42	11.00
Total	**323.27**	**169.48**

16. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	900.48	516.17
Total	**900.48**	**516.17**

Notes to the Standalone Financial Statements

17 (A). Equity share capital (Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,01,10,00,000	2,01,100.00	2,00,00,00,000	2,00,000.00
Total	**2,01,10,00,000**	**2,01,100.00**	**2,00,00,00,000**	**2,00,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	35,45,02,651	35,450.27	30,77,27,936	30,772.79
Total	**35,45,02,651**	**35,450.27**	**30,77,27,936**	**30,772.79**

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

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

Equity shares held by holding company

Out of the equity shares issued by the company, shares held by its holding company :

(Rs. in lakhs)

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	Amount	No. of shares held	Amount
Bee Finance Limited (Mauritius)	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	**23,03,73,125**	**23,037.31**	**23,03,73,125**	**23,037.31**

Equity shares held by promoters of the company

Out of the equity shares issued by the company, shares held by its promoters:

(Rs. in lakhs)

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% of shares held	No. of shares held	% of shares held
Bee Finance Limited (Mauritius)	23,03,73,125	59.38%	23,03,73,125	59.64%
Bhupinder Singh	25,19,554	0.65%	25,19,554	0.65%
Total	**23,28,92,679**	**60.03%**	**23,28,92,679**	**60.29%**

Details of shareholder(s) holding more than 5% of the total equity shares in the company :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	64.98%	23,03,73,125	74.86%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	100	0.00%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	1,86,43,793	5.26%	1,88,93,793	6.14%
Total	**24,90,16,918**	**70.24%**	**24,92,67,018**	**81.00%**

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding

During the current financial year the Company has issued Nil equity shares for consideration other than cash (Previous year: Nil).

Equity shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	30,77,27,936	30,772.79	30,76,36,727	30,763.67
Add: Issued during the year				
Shares issued during the year	-		-	-
Stock options exercised during the year	17,38,050	173.81	91,209	9.12
Preference shares converted into equity shares	4,50,36,665	4,503.67	-	-
At the end of the year	**35,45,02,651**	**35,450.27**	**30,77,27,936**	**30,772.79**

For shares reserved for issue under Employee Stock option plan - Refer Note No 33

Notes to the Standalone Financial Statements

17 (B). Preference share capital (Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Preference Shares of Rs. 10/- each	9,50,00,000	9,500.00	8,00,00,000	8,000.00
Total	**9,50,00,000**	**9,500.00**	**8,00,00,000**	**8,000.00**
Issued, subscribed and paid up capital				
Preference Shares of Rs. 10/- each fully paid	3,34,79,624	3,347.96	7,85,16,289	7,851.63
Total	**3,34,79,624**	**3,347.96**	**7,85,16,289**	**7,851.63**

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

Terms/rights attached to preference shares

Each Cumulative Compulsory Convertible Preference Share ("CCCPS") shall be a 0.001% coupon preference share denominated in Indian Rupees and shall be fully and cumulatively compulsorily convertible within a period of 19 years from the date of their issue.

Each holder of CCCPS shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other applicable laws from time to time and as specified under the Articles of Association. Further to the aforesaid, for the purpose of voting, the holder of the CCCPS shall be deemed to have converted all its CCCPS into Equity Shares and shall have voting rights on every resolution placed before the Company on the basis of its shareholding in the Company on as "as converted" basis or Fully Diluted Basis, i.e., assuming the conversion of all the CCCPS held by it into Equity Shares.

Preference shares held by holding company: **Nil (PY : Nil)**

Preference shares held by promoters of the company: **Nil (PY : Nil)**

Details of shareholder(s) holding more than 5% of the total preference shares in the company :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	-	0.00%	-	0.00%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,665	57.36%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	72,37,813	21.62%	72,37,813	9.22%
Total	**72,37,813**	**21.62%**	**5,22,74,478**	**66.58%**

Preference shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	7,85,16,289	7,851.63
Add: Issued during the year				
Shares issued during the period	-	-	-	-
Preference shares converted into equity shares	(4,50,36,665)	(4,503.67)	-	-
At the end of the year	**3,34,79,624**	**3,347.96**	**7,85,16,289**	**7,851.63**

Details of shareholder(s) holding more than 5% of the total shares in the company :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	59.38%	23,03,73,125	59.64%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,765	11.66%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,58,81,606	6.67%	2,61,31,606	6.77%
Total	**25,62,54,731**	**66.05%**	**30,15,41,496**	**78.07%**

18. Other Equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings				
Balance at March 31, 2020	**452.03**	**61,702.79**	**27.74**	**50.89**	**734.78**	**828.68**	**-**	**-**	**15.36**	**63,812.28**
Profit for the year	-	-	-	-	-	1,023.44	-	-	-	1,023.44
Other comprehensive income for the year	-	-	-	-	-	(19.67)	89.03	-	-	69.35
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**1,003.76**	**89.03**	**-**	**-**	**1,092.79**
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-			(204.69)	-	-	-	-
Share based payment expense	-	-	-	11.38	1,016.56	-	-	-	-	1,027.94
Balance at March 31, 2021	**656.72**	**61,730.15**	**27.74**	**62.27**	**1,751.34**	**1,627.75**	**89.03**	**-**	**15.36**	**65,960.36**
Profit for the year	-	-	-	-	-	3,611.77	-		-	3,611.77
Other comprehensive income for the year	-	-	-	-	-	(70.97)	(90.02)	77.63	-	(83.36)
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**3,540.80**	**(90.02)**	**77.63**	**-**	**3,528.41**
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)		270.48			(270.48)			-		-
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	-	(722.35)	-	-	-	-
Share based payment expense	-	-	-	3.82	2,442.76	-	-	-	-	2,446.58
Transfer from share based payment reserve	-		-	-	(23.07)	23.07	-	-	-	-
Balance at March 31, 2022	**1,379.07**	**62,498.49**	**27.74**	**66.09**	**3,900.55**	**4,469.27**	**(0.99)**	**77.63**	**15.36**	**72,433.21**

Nature and purpose of each reserves:

Special reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934.

Securities premium - The securities premium account is used to record the premium received on issue of shares including non-cash component arising on exercise of stock options. The reserve is utilised in accordance with the provisions of the Act.

Deemed equity - This reserve is outcome of security deposits placed by Incred Management and Technology Services Private Limited (wholly owned subsidiary) on behalf of the Company.

Capital contribution from parent - The capital contribution from parent is the outcome of share based arrangement where Bee Finance Limited (Mauritius), Holding Co. has granted equity settled options to the employees of the Company.

Share based payment reserve - The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the company and its subsidiaries under stock option schemes of the Company.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.

Debt instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income.

Cash Flow hedge reserve- This represents the cumulative gains / (losses) arising on the revaluation of derivative instruments designated at cash flow hedges through other comprehensive income.

Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

Notes to the Standalone Financial Statements

19. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial assets measured at amortised cost:		
-Interest on loans	45,746.66	35,496.52
-Interest income from investments	856.75	523.59
-Interest on deposits with banks	122.17	154.14
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	608.87	1,537.50
Total	**47,334.45**	**37,711.75**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2022 and 31 March 2021.

20. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Loan servicing and administration charges	966.24	501.16
Service fees (Refer Note 31)	56.00	56.00
Total	**1,022.24**	**557.16**
Geographical Markets		
Within India	1,022.24	557.16
Outside India	-	-
Total	**1,022.24**	**557.16**
Timing of revenue recognition		
Services transferred at a point in time	1,022.24	557.16
Services transferred over time	-	-
Total	**1,022.24**	**557.16**

Note: For receivable balances against the income, refere note no 6

21. Net gain/ (loss) on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net gain/ (loss) on financial instruments at fair value through profit or loss		
-Investments	132.93	268.91
-Derivatives	(34.64)	-
Total	**98.29**	**268.91**
Fair value changes:		
-Realised	132.93	268.91
-Unrealised	(34.64)	-

22. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Marketing income	1,764.00	195.00
Business support charges (Refer Note 31)	1,349.32	401.46
Other income	216.72	50.63
Total	**3,330.04**	**647.09**

Notes to the Standalone Financial Statements

23. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	10,593.94	8,258.41
(ii) Discount on Commercial Paper	487.26	124.74
(iii) Interest on Debentures	10,206.40	6,499.73
(iv) Interest on Inter Corporate Debts ("ICD")	280.46	195.74
(v) Interest on lease liability (Refer Note 34)	198.43	152.16
(vi) Other finance cost	185.43	40.62
Total	**21,951.92**	**15,271.40**

24. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On Financial instruments measured at amortised cost:		
(i) Loans (including amount written off, net of recovery)	4,360.72	8,868.53
(ii) Investments	(3.90)	0.05
(iii) Others	(5.18)	(3.21)
Total	**4,351.64**	**8,865.37**

25. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	10,685.21	7,799.95
Contribution to provident and other funds	270.31	216.00
Share based payment to employees (Refer Note 33)	2,443.68	1,026.38
Staff welfare expenses	225.32	138.43
Retirement Benefit expenses (Refer Note 32)	60.52	(21.39)
Others	2.22	-
Total	**13,687.26**	**9,159.37**

Notes to the Standalone Financial Statements

26. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Information Technology expenses	1,312.43	593.96
Collection expenses	1,150.94	851.93
Legal, professional and consultancy charges	1,137.49	441.41
Office Expense	442.45	378.81
Travelling and conveyance	260.31	129.22
Advertisement, publicity and sales promotion expenses	**226.59**	389.18
Rating fees	189.75	104.25
Payment to auditors	**111.83**	84.93
Directors' sitting fees (Refer Note 31)	**45.35**	13.19
Stamp Duty & Filing fees	29.68	8.10
Bank charges	26.64	31.94
Repairs and maintenance	21.22	15.28
Corporate Social responsibility (Refer Note 38)	16.35	20.05
Rent (Refer Note 34)	**10.51**	275.89
Membership and Subscription	4.70	5.50
Miscellaneous expenses	210.59	462.28
Total	**5,196.83**	**3,805.92**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Auditor's remuneration		
- Audit fees	68.33	62.89
- Limited review	18.97	11.23
In other capacity		
- Certification services	24.53	10.81
- Taxation	-	-
Total	**111.83**	**84.93**

Excludes fees of Rs. 15.00 lakhs (exlcuding GST) (Previous year Nil) incurred during the year ended 31 March 2022 in respect of services provided in connection with public issue of non-convertible debentures which is considered as a part of finance costs for the issue.

Notes to the Standalone Financial Statements

27. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current tax expense		
Current year	1,358.68	1,182.98
Tax pertaining to previous years	-	(47.84)
Current tax expense	**1,358.68**	**1,135.14**
Deferred tax expense		
Origination and reversal of temporary differences	(153.25)	(917.52)
Deferred tax expense	**(153.25)**	**(917.52)**
Tax expense for the year	**1,205.43**	**217.62**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(94.84)	23.87	(70.97)	(26.29)	6.62	(19.67)
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(120.30)	30.28	(90.02)	118.97	(29.95)	89.02
	(215.14)	**54.15**	**(160.99)**	**92.68**	**(23.33)**	**69.35**

(c) Amounts recognised directly in equity

There are no temporary difference recognised directly in equity for the year ended March 31, 2022 (Previous Year: Nil)

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax as per Statement of profit and loss (A)	4,817.20	1,241.06
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate (B)	1,212.49	312.37
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	4.15	8.43
Effect of income exempt from income tax	(25.17)	(42.11)
Tax pertaining to prior year	-	(47.84)
Other adjustments	13.96	(13.23)
Effective tax amount	**1,205.43**	**217.62**
Effective tax rate	25.02%	17.53%

Notes to the Standalone Financial Statements

28. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit attributable to equity holders of the Company used in calculating basic earnings per share	3,611.77	1,023.44
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	3,611.77	1,023.44

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (A)	38,60,17,437	38,51,19,843
Adjustments for calculation of diluted earnings per share (B)	21,16,274	14,19,853
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share (A+B)	38,81,33,711	38,65,39,696
Basic earnings per share	**0.94**	**0.27**
Diluted earnings per share	**0.93**	**0.26**

Notes to the Standalone Financial Statements

29. Fair Value Measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	5,203.13	5,203.13	-	-	1,323.38	1,323.38
Bank balance other than cash and cash equivalents	-	-	2,991.36	2,991.36	-	-	588.46	588.46
Derivative financial instruments	1,181.05	-	-	1,181.05	-	-	-	-
Loans	-	-	3,73,226.42	3,73,226.42	-	-	2,55,359.84	2,55,359.84
Investments								-
-Debt securities	-	2,899.87	855.44	3,755.31	-	6,638.94	2,120.50	8,759.44
-Convertible Preference Shares	9.22	-	-	9.22	-	-	-	-
Other financial assets	-	-	2,736.69	2,736.69	-	-	1,821.28	1,821.28
Total financial assets	**1,190.27**	**2,899.87**	**3,85,013.04**	**3,89,103.18**	**-**	**6,638.94**	**2,61,213.46**	**2,67,852.40**
Financial liabilities								
Derivative financial instruments	186.87	-	-	186.87	-	-	-	-
Debt securities	-	-	1,06,523.77	1,06,523.77	-	-	73,827.02	73,827.02
Borrowings (other than debt securities)	-	-	1,75,065.49	1,75,065.49	-	-	93,422.08	93,422.08
Other financial liabilities	-	-	8,157.93	8,157.93	-	-	6,620.97	6,620.97
Total financial liabilities	**186.87**	**-**	**2,89,747.19**	**2,89,934.06**	**-**	**-**	**1,73,870.07**	**1,73,870.07**

Note: Investment in subsidiaries amounting to Rs. 4,915.00 lakhs (Previous year: Rs. 3,911.22 lakhs) is carried at cost in accordance with Ind AS 27 and does not form part of the above.

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.22	-	9.22	-	-	-	-
Derivative Financial Instruments		-	1,181.05	1,181.05	-	-	-	-
Investment in debt securities	-	-	2,899.87	2,899.87	-	-	6,638.94	6,638.94
Total	**-**	**9.22**	**4,080.92**	**4,090.14**	**-**	**-**	**6,638.94**	**6,638.94**
Financial liabilities								
Derivative Financial Instruments	-	-	186.87	186.87	-	-	-	-
Total	**-**	**-**	**186.87**	**186.87**	**-**	**-**	**-**	**-**

Notes to the Standalone Financial Statements

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	5,203.13	-	-	5,203.13	1,323.38	-	-	1,323.38
Bank balance other than cash and cash equivalents	2,991.36	-	-	2,991.36	588.46	-	-	588.46
Investments	-	-	-	-	-	-	-	
- Debt securities	-	-	855.44	855.44	-	-	2,120.55	2,120.55
Loans	-	-	3,96,023.64	3,96,023.64	-	-	2,70,436.30	2,70,436.30
Other financial assets	2,736.69	-	-	2,736.69	1,821.28	-	-	1,821.28
Total	**10,931.18**	**-**	**3,96,879.08**	**4,07,810.26**	**3,733.12**	**-**	**2,72,556.85**	**2,76,289.97**
Financial Liabilities								
Debt securities	-	-	1,07,546.28	1,07,546.28	-	-	74,320.09	74,320.09
Borrowings (other than debt securities)	-	-	1,75,643.97	1,75,643.97	-	-	93,438.98	93,438.98
Other financial liabilities	8,157.93	-	-	8,157.93	6,620.97	-	-	6,620.97
Total	**8,157.93**	**-**	**2,83,190.25**	**2,91,348.18**	**6,620.97**	**-**	**1,67,759.07**	**1,74,380.04**

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	5,203.13	5,203.13	1,323.38	1,323.38
Bank balance other than cash and cash equivalents	2,991.36	2,991.36	588.46	588.46
Derivative Financial instruments	1,181.05	1,181.05	-	-
Loans	3,73,226.42	3,96,023.64	2,55,359.84	2,70,436.30
Investments				
-Debt securities at Other comprehensive income	2,899.87	2,899.87	2,120.50	2,120.50
-Debt securities at amortised cost	855.44	855.44	6,638.94	6,638.94
Other financial assets	2,736.69	2,736.69	1,821.28	1,821.28
Total	**3,89,093.96**	**4,11,891.18**	**2,67,852.40**	**2,82,928.86**
Financial liabilities				
Derivative Financial instruments	186.87	186.87	-	-
Debt securities	1,06,523.77	1,07,546.28	73,827.02	74,320.09
Borrowings (other than debt securities)	1,75,065.49	1,75,643.97	93,422.08	93,438.98
Other financial liabilities	8,157.93	8,157.93	6,620.97	6,620.97
Total	**2,89,934.06**	**2,91,535.05**	**1,73,870.07**	**1,74,380.04**

Except for those financial instruments for which the fair value amounts are mentioned in the above table (which is different than the carrying value), the Company considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Company's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

Financial instruments held at amortised cost

i. Cash and bank balance:
The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:
For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:
The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:
The Company has investments in debt securities with fixed rates. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

v. Debt securities and borrowings:
The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2022 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:
The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

Notes to the Standalone Financial Statements
Financial instruments held at fair value
i. Investment in mutual fund:
The investment in mutual funds are valued using the closing NAV in the market.

ii. Investment in debt securities:
Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using market yeild on the balance period to maturity on similar instruments using G-Sec rates adjusted for credit risk of the instruments.

Gains or losses on transfers amongst categories
The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Inter-level transfers
There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2022 and March 31, 2021.

D. Sensitivity analysis of financial instruments at Level 3

		Delta effect of	
Particulars	**Input name**	**+ 1% change**	**- 1% change**
Financial Assets:			
Loans	Discount rate	(2,035.95)	2,077.02
Investment in debt securities	Gsec rate	(9.46)	9.58
Investment in debt securities	FIMMDA rate	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	25.11	(33.00)
Financial Liabilities:			
Debt securities	Discount rate	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	29.55	(29.42)

D. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the year ended March 31, 2022 and March 31, 2021

(Rs. in lakhs)

Particulars	**Derivative**	**Debt Instruments**
As at March 31, 2020	**-**	**-**
Net Acquisitions/(Disposal)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	**-**	**6,652.06**
Net Acquisitions/(Disposal)	-	(3,622.64)
Gains /(Loss) recognised in other comprehensive income	299.22	(120.30)
As at March 31, 2022	**299.22**	**2,909.12**

Notes to the Standalone Financial Statements

30. Financial risk management

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, market risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.
The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.
The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations i.e. receivables from customers, investments in debt securities etc. Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

i) Credit risk management
The Company key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks . The Company considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:
- **Income and cash flow analysis:** The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- **Credit history analysis:** The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- **Borrower's profile and intended use of the funds:** The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- **Security cover provided:** The Company has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- **Collectability and geo-location:** . The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or concerns about any of these factors, an adverse adjustment to the risk-profile is made.

The Company has separate data science/analytics team which monitors the vintage curve, bounce rates, collection efficiency, portfolio metrics and delinquencies further periodic re-audit of existing cases to unearth delinquency trends and credit learnings.
Measurement of Expected Credit Losses ('ECL')
The Company has segmented its outstanding portfolio based on the risk profiles i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Company has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

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 ECL 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 /collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3. Considering the current macro economic scenario, due to Covid, the probability of defaults have been increased over and above the historical trends across product verticals.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90 + days	Stage 3	Life Time ECL	Life Time ECL

Further, the Company on the basis of its assessment of credit risk classifies loans under Stage 2 irrespective of its overdues status during the period, including loans under one-time resolution (OTR) framework prescribed by the Reserve Bank of India (RBI) for COVID-19 related stress. These accounts are upgraded to Stage 1 as and when they demonstrate satisfactory behaviour under the revised repayment schedule.

Portfolio Segment	Lending verticals	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Unsecured	Personal Loan	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs.		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in unsecured portfolios is assumed (65%)
	Unsecured Business Loan					
	Student Loans					
	Supply Chain Finance					
Secured	Escrow Backed Funding	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in secured portfolios is assumed (50%)
	Two Wheeler Finance					
	Secured School Finance	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Micro Finance					
	Loan Against Property					
	Home Loans					

As at March 31, 2022

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	3,49,541.03	2,461.45	3,47,079.58
	Loan commitments	14,248.30	9.42	14,238.88
Stage 2	Term Loans	21,971.46	1,229.09	20,742.37
Stage 3*	Term Loans	10,811.36	5,406.89	5,404.47

** includes 8,513 loan accounts which are overdue for more than ninety days*

As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	2,29,929.27	1,865.67	2,28,063.60
	Loan commitments	8,975.03	11.00	8,964.03
Stage 2	Term Loans	24,329.43	2,009.41	22,320.02
Stage 3	Term Loans	10,206.03	5,229.81	4,976.22

Collateral held

The Company periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Company varies on case to case basis and includes:

i) First/Subservient charge on the Land and/or Building of the project or other projects
ii) First/Subservient charge on the fixed and current assets of the borrower
iii) Hypothecation over receivables from funded project or other projects of the borrower
iv) First loss guarantee default (FLDG) in the form of cash collateral, lien on fixed deposits etc.

The below table stratifies credit exposure for secured loans by ranges of Loan-to-value (LTV) ratio. LTV is calculated as the ratio of the Principal outstanding of the loan to the value of the collateral. The valuation of collateral is as of date of grant of loan and excludes any adjustments for obtaining and selling the collateral.

(ii) Secured Loans

(Rs. in lakhs)

LTV Ratio	Principal outstanding as at March 31, 2022	As at March 31, 2022	Principal outstanding as at March 31, 2021	As at March 31, 2021
Less than 50%	48,024.41	30.40%	53,647.27	39.96%
51-70%	17,439.28	11.04%	18,554.37	13.82%
71-90%	20,912.59	13.24%	11,474.72	8.55%
91-100%	71,041.92	44.97%	46,912.45	34.94%
More than 100%	546.18	0.35%	3,663.67	2.73%
Total	**1,57,964.37**	**100.00%**	**1,34,252.48**	**100.00%**

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as services, GDP, recorded unemployment, growth rate, current account balance etc. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Notes to the Standalone Financial Statements
(iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure
The below table signifies movement of gross carrying amount:

(Rs. in lakhs)

Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2020	**2,00,086.79**	**4,228.93**	**5,943.06**
Change in opening credit exposure	(1,11,619.89)	(7,901.73)	(5,362.11)
New credit exposures during the year, net of repayment*	1,60,934.35	17,437.99	6,845.50
Transferred to 12-month ECL	720.84	(710.69)	(10.15)
Transferred to Lifetime ECL not credit impaired	(12,243.37)	12,245.97	(2.60)
Transferred to Lifetime ECL credit impaired	(4,879.72)	(1,233.84)	6,113.56
Write – offs	-	-	(4,474.73)
Loan exposure on March 31, 2021	**2,32,999.00**	**24,066.63**	**9,052.53**
Change in opening credit exposure	(1,24,612.06)	(7,159.92)	(2,629.64)
New credit exposures during the year, net of repayment*	2,50,658.03	2,454.79	493.14
Transferred to 12-month ECL	2,000.14	(1,971.06)	(29.08)
Transferred to Lifetime ECL not credit impaired	(7,580.59)	7,921.29	(340.70)
Transferred to Lifetime ECL credit impaired	(3,923.49)	(3,340.27)	7,263.75
Write – offs	-	-	(2,998.64)
Loan exposure on March 31, 2022	**3,49,541.03**	**21,971.46**	**10,811.36**

**represents outstanding balance of loan exposures originated during the year as at reporting date.*

For Loan loss allowance:

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2020	**1,345.71**	**317.58**	**3,675.81**
Change in opening credit exposure	(629.26)	(576.12)	(698.54)
New credit exposures during the year, net of repayment*	1,384.79	1,561.99	3,431.52
Transferred to 12-month ECL	5.20	(25.23)	(8.09)
Transferred to Lifetime ECL not credit impaired	(121.88)	881.42	(3.86)
Transferred to Lifetime ECL credit impaired	(118.89)	(150.23)	3,307.70
Write – offs	-	-	(4,474.73)
Loss allowance on March 31, 2021	**1,865.67**	**2,009.41**	**5,229.81**
Change in opening credit exposure	(1,342.22)	(640.79)	(54.68)
New credit exposures during the year, net of repayment*	1,973.46	178.72	249.06
Transferred to 12-month ECL	63.41	(265.29)	(15.65)
Transferred to Lifetime ECL not credit impaired	(49.40)	290.43	(171.57)
Transferred to Lifetime ECL credit impaired	(49.47)	(343.39)	3,168.56
Write – offs	-	-	(2,998.64)
Loss allowance on March 31, 2022	**2,461.45**	**1,229.09**	**5,406.89**

**represents outstanding balance of loss allowance on loan exposures originated during the year as at reporting date.*

For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on March 31, 2020	**-**
Changes in loss allowances due to Assets used or released	**13.17**
Loss allowance on March 31, 2021	**13.17**
Changes in loss allowances due to Assets used or released	(3.89)
Loss allowance on March 31, 2022	**9.28**

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on 31 March 2020	**4.82**
Changes in loss allowances due to Assets used or released	6.18
Loss allowance on 31 March 2021	**11.00**
Changes in loss allowances due to Assets used or released	(1.58)
Loss allowance on 31 March 2022	**9.42**

Offsetting financial assets and financial liabilities
There are no financial assets and Financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

Impact of COVID-19
(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the current and previous year, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0. dated August 6, 2020 and Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at March 31, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.

(B) Pursuant to the RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" and review of the Company's current policy for measuring expected credit losses as per Ind AS, the Company had aligned its definition of default (i.e. Stage III) with the aforesaid circular for asset classification and provisioning purpose as per Ind AS and the resultant impact had been effected in unaudited quarterly financial results for the period ended December 31, 2021. However, on February 15, 2022 RBI had issued further clarification on the said circular and has granted time till September 30, 2022 to NBFCs to implement the change in default definition. As a consequence, the Company has realigned the definition of change in default to earlier norms. The Company will take necessary steps to ensure compliance with the circular.

Notes to the Standalone Financial Statements

30. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Company has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Company has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
- Expiring within one year	17,010.00	10,090.93
- Expiring beyond one year	-	-
Total	**17,010.00**	**10,090.93**

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	4	186.87	(186.87)	-	(186.87)	-	-
Debt securities	12	1,06,523.77	(1,23,335.86)	(48,013.55)	(60,046.05)	(2,517.01)	(12,759.25)
Borrowings (other than debt securities)	13	1,75,065.49	(2,13,959.44)	(92,103.90)	(88,864.92)	(32,990.62)	-
Other financial liabilities	14	8,157.93	(8,157.93)	(8,157.93)	-	-	-
Loan commitments	35	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)	-	-
Total		**3,04,182.36**	**(3,59,888.40)**	**(1,60,183.31)**	**(1,51,438.21)**	**(35,507.63)**	**(12,759.25)**

Notes to the Standalone Financial Statements

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	4	-	-	-	-	-	-
Debt securities	12	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings (other than debt securities)	13	93,422.08	(1,06,739.63)	(54,488.09)	(41,538.58)	(10,712.96)	-
Other financial liabilities	14	6,620.97	(6,620.97)	(6,620.97)	-	-	-
Loan commitments	35	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		**1,82,845.10**	**(2,04,796.11)**	**(1,20,184.33)**	**(73,898.82)**	**(10,712.96)**	**-**

The following table details the Company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	5,203.13	5,203.13	5,203.13	-	-	-
Bank deposits	3	2,991.36	3,064.90	3,064.90	-	-	-
Derivative financial instruments	4	1,181.05	1,181.05	-	1,181.05	-	-
Loans	5	3,73,226.42	5,17,087.67	2,21,380.60	1,48,771.24	55,625.27	91,310.56
Investments (other than subsidiaries)	6	3,755.31	3,946.47	3,393.46	553.01		
Other financial assets	7	2,736.69	2,736.69	2,736.69	-	-	-
Total		**3,89,093.98**	**5,33,219.91**	**2,35,778.78**	**1,50,505.30**	**55,625.27**	**91,310.56**

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,323.38	1,323.38	1,323.38	-	-	-
Bank deposits	3	588.46	588.46	588.46	-	-	-
Derivative financial instruments	4	-	-	-	-	-	-
Loans	5	2,55,359.84	3,55,624.04	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments (other than subsidiaries)	6	8,759.44	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	7	1,821.28	1,821.28	1,821.28	-	-	-
Total		**2,67,852.40**	**3,68,653.93**	**1,63,444.78**	**99,022.60**	**39,082.15**	**67,104.40**

Notes to the Standalone Financial Statements

30. Financial risk management (continued)

C. Market risk

Market risk or Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely. The Company has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Company's interest rate risk arises majorly from borrowings, loans and investments. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2022	As at March 31, 2021
Loans		
Fixed rate loans	2,22,062.75	1,30,872.89
Variable rate loans	1,58,346.89	1,32,493.60
Bank balance other than cash and cash equivalents	2,991.36	586.06
Fixed rate investments in debt securities at amortised cost	855.47	2,120.55
Fixed rate investments in debt securities at other comprehensive income	2,909.12	6,652.06
Total	**3,87,165.59**	**2,72,725.16**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,56,641.86)	(94,622.40)
Variable rate Debt and Borrowings	(1,21,500.62)	(69,420.64)
Total	**(2,78,142.48)**	**(1,64,043.04)**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Company's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2022 and March 31, 2021 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2022				
Variable-rate instruments	397.55	(397.55)	397.55	(397.55)
Cash flow sensitivity (net)	**397.55**	**(397.55)**	**397.55**	**(397.55)**
March 31, 2021				
Variable-rate instruments	697.25	(697.25)	697.25	(697.25)
Cash flow sensitivity (net)	**697.25**	**(697.25)**	**697.25**	**(697.25)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Other Price risk

The Company is not exposed to any other price risk.

E. Foreign Currency Risk

The Company is exposed to foreign currency fluctuation risk for its external currency borrowing (ECB). The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved policy. The Company for its ECB, evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs. The Company manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved policy.

Notes to the Standalone Financial Statements

31. Related party disclosures

Key managerial personnel ("KMP")

Name of the KMP	Designation
Mr. Bhupinder Singh	Whole-time director and Chief Executive Officer
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director (upto June 11, 2021)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director
Mr. Karnam Sekar	Independent Director (w.e.f December 17, 2021)
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director (upto December 15, 2021)
Mr. Girish Dinanath Nadkarni	Nominee Director (upto June 13, 2021)
Mr. Vivek Anand PS	Nominee Director

Enterprises where key management personnel exercises significant influence

1. InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
2. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
4. InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)
5. InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners Private Limited)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2022	As at March 31, 2021
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.38%	59.64%

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2022	As at March 31, 2021
Incred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%
Booth Fintech Private Limited	India	Mumbai	100.00%	100.00%
Incred.AI Limited	India	Mumbai	100.00%	NA

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2022	As at March 31, 2021
mValu Technology Services Private Limited	India	Mumbai	47.39%	40.96%

Transactions with key management personnel

i. Key management personnel compensation (Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expenses	692.35	575.33
Directors' sitting fees	45.35	13.19

As the liabilities for gratuity and share based payments are provided on actuarial basis for the Company as a whole and hence the amounts pertaining to the key management personnel are not included in the above.

Notes to the Standalone Financial Statements

31. Related party disclosures (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Rs. in lakhs)

Nature of transactions	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Associate of subsidiary	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance Sheet transactions										
Investment in equity shares	-	-	1,000.87	1,800.00	-	-	-	-	-	-
ICD taken	-	-	2,500.00	400.00	-	-	8,500.00	4,500.00	1,700.00	3,275.00
Repayment of ICD taken (including interest)	-	-	2,924.17	-	-	-	13,100.89	-	3,071.29	2,053.29
Refund of Security Deposit	-	-	-	75.63	-	-	-	-	-	-
Payment against expenses	-	-	-	24.99	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	1,110.60	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	-	12,738.68	-	-
Proceeds from sale of Fixed Assets	-	-	-	0.47	-	-	-	1.88	-	-
Issue of Market Linked Debentures ("MLD")	-	-	-	-	-	-	9,910.00	830.00	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	-	-	295.27	-	-
Reimbursement of credit loss	-	-	61.70	-	-	-	-	-	1.85	57.31
Proceeds from sale of Debentures	-	-	-	-	-	-	-	6,505.59	-	-
Stock options exercised	-	-	-	-	3.85	-	-	-	-	-
Income transactions										
License fees	-	-	-	-	-	-	-	-	56.00	56.00
Service fee	-	-	17.86	-	-	-	977.89	404.03	300.60	0.15
Profit on sale of Debentures	-	-	-	-	-	-	-	20.70	-	-
Expense transactions										
License fees	-	-	5.45	5.45	-	-	-	-	-	-
Interest on ICD	-	-	24.17	0.22	-	-	100.89	1.76	71.29	84.99
Expenses on account of reimbursement	-	-	0.01	43.56	-	-	78.69	-	-	-
Fee and commission	-	-	-	-	-	-	569.56	187.63	-	14.90

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (*Refer Note 33 for further details).*

Notes to the Standalone Financial Statements

31. Related party disclosures (continued)

Summary of balance receivable from / payable to the above related parties are as follows:

(Rs. in lakhs)

Sr. No.	Balance outstanding	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel*		Associate of subsidiary	
		For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Advances/Receivables	-	-	17.00	-	-	-	489.06	31.74	15.17	15.47
2	Investments (at cost)	-	-	4,910.56	3,909.69	-	-	-	-	-	-
3	ICD Payable	-	-	-	400.20	-	-	-	4,501.63	-	1,300.33
4	Other Payables	-	-	-	-29.35	-	-	-	-	-	0.44
5	Security deposit payable	-	-	-	-	-	3.20	-	-	-	-
6	Number of options outstanding	-	241	32,000	24,000		-	-	-	-	-

Notes:
For terms and conditions of ICD payable to related parties, refer Note No 13
* Other than those mentioned, there are no debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.
No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

Notes to the Standalone Financial Statements

32. Employee benefits

1. The Company has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Provident fund	270.31	215.57

2. Gratuity

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	158.48	88.90
Interest cost	6.74	4.49
Current Service cost	53.78	38.82
Liability Transferred In/Acquisition		-
Actuarial Loss / (Gains) on Obligations - Due to Change in Demographic Assumptions	(0.02)	-
Actuarial Loss / (Gains) on Obligations - Due to Change in Financial Assumptions	(0.57)	4.98
Actuarial Losses on Obligations - Due to Experience	95.44	21.29
Liability at the end of the year	**313.85**	**158.48**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of benefit obligation at the end of the year	(313.85)	(158.48)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(313.85)	(158.48)
Net (Liability)/Asset Recognized in the Balance Sheet	**(313.85)**	**(158.48)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	53.78	38.82
Interest cost	6.74	4.49
Expenses recognised	**60.52**	**43.31**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Actuarial Loss / (Gains) on obligation for the year	94.86	26.26
Net Loss / (Income) for the year recognized in OCI	**94.86**	**26.26**

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount Rate	5.15%	4.25%
Salary escalation rate	8.00%	5% for next 1 year and 7% thereafter
Expected Rate of return on Plan Assets	N.A	N.A
Rate of Employee Turnover	35%	35%
Weighted Average Duration of Projected Benefit Obligation	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured lives mortality (2006-08)

Notes to the Standalone Financial Statements

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening net liability	**158.48**	**88.90**
Expenses recognized in Statement of Profit and Loss	60.52	43.32
Expenses recognized in OCI	94.85	26.26
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	**313.85**	**158.48**

Cash Flow Projection

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefits payable in future years from the date of reporting		
1st following year	59.12	0.72
2nd following year	71.58	32.14
3rd following year	63.25	38.21
4th following year	48.49	33.63
5th following year	36.75	25.02
Sum of years 6 to 10	69.81	46.94
Sum of years 11 and above	12.11	7.76

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefit obligation on current assumptions	313.85	158.48
Delta effect of +1% change in rate of discounting	(7.61)	(5.18)
Delta effect of -1% change in rate of discounting	8.06	5.50
Delta effect of +1% change in rate of salary increase	6.57	4.94
Delta effect of -1% change in rate of salary increase	(6.38)	(4.81)
Delta effect of +1% change in rate of employee turnover	(3.86)	(4.12)
Delta effect of -1% change in rate of employee turnover	3.95	4.21

Qualitative disclosures

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Notes to the Standalone Financial Statements

33. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Company has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

The Company has established share option plans that entitle the employees of the Company and its subsidiary companies to purchase the shares of the Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the vesting of grants under these plans are continued employment with the company from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using Black-Scholes Option pricing model. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2022	For the year ended March 31, 2021
Fair value as on grant date (weighted average)	24.91 to 42.17	27.15 to 28.64
Share prices during the year , on grant dates	55.00 to 65.00	55.25
Exercise price	40.00	40.00*
Expected volatility (weighted average volatility)	40%	35% to 40%
Rate of Employee Turnover	35%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	4.89% to 6.85%	5.04% to 5.97%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

** The Nomination and Remuneration Committee during the year has approved modification of exercise price in respect of options granted in the year ended March 31, 2021 from Rs. 40.00 per share to Rs. 28.00 per share. Accordingly the incremental fair value of the option ranging from Rs. 5.37 to Rs. 7.40 per option has been included in the measurement of amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest.*

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2022	As at March 31, 2021
Opening balance	34.35	1,80,44,938	1,25,05,584
Add: Options granted during the year	40.00	1,88,51,500	97,92,875
Less: Options exercised during the year	38.64	(17,38,050)	(91,209)
Less: Options lapsed during the year	36.30	(9,09,800)	(41,62,312)
Options outstanding as at the year end	**37.26**	**3,42,48,588**	**1,80,44,938**
Option exercisable of the above		1,20,39,181	33,85,721

Weighted average remaining contractual life of options outstanding at end of the year: 2.72 years

Notes to the Standalone Financial Statements

II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the Holding Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the grants under these plans are continued employment with the company from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

a) Share options issued by Bee Finance Limited (Mauritius)

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2022:
No fresh grants have been given during the year ended March 31, 2022 and year ended March 31, 2021

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

	As at March 31, 2022		As at March 31, 2021	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**47,728.27**	**241.00**	**48,033.52**	**248.00**
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	(47,728.27)	(241.00)	55,650.73	(7.00)
Options outstanding as at the year end	**-**	**-**	**47,728.27**	**241.00**

C. Expenses arising from share-based payment transactions

Refer Note 25 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

Notes to the Standalone Financial Statements

34. Lease accounting

The Company has entered into leasing arrangements for premises. Right of Use Assets ("ROU") has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,712.56**	**1,760.49**
Addition during the year	552.36	321.04
Disposals during the year	-	(131.39)
Depreciation for the year	(414.08)	(237.58)
Balance as at the end of the year	**1,850.84**	**1,712.56**

ii. The following is the movement in lease liabilities during the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,927.82**	**1,878.95**
Addition during the year	552.36	176.05
Finance cost accrued during the year	198.43	152.16
Payment of Lease liabilities made during the year	(537.04)	(279.34)
Balance as at the end of the year	**2,141.57**	**1,927.82**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2022 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	369.50	231.60
Between one and five years	1,674.34	1,302.84
More than five years	97.72	221.24
Total	**2,141.56**	**1,755.68**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation expense on right-of-use assets (Refer Note 9A)	414.08	237.58
Interest expense on lease liabilities (Refer Note 23)	198.43	152.16
Expense relating to short-term leases (Refer Note 26)	10.51	275.89
Expense relating to leases of low value assets	-	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

35. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments		
Undrawn committed credit lines	14,248.30	8,975.03
Obligation on investments in partly paid up preference shares	181.81	-
Total	**14,430.11**	**8,975.03**

There are no litigations and proceedings against the Company which requires any provision or disclosure as contingent liability.

Notes to the Standalone Financial Statements

36. Current and Non-current maturity

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

(Rs. in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	5,203.13	-	5,203.13	1,323.38	-	1,323.38
Bank balance other than cash and cash equivalents	2,991.36	-	2,991.36	588.46	-	588.46
Derivative financial instruments	451.45	729.60	1,181.05			
Loans	1,74,340.33	1,98,886.09	3,73,226.42	1,23,300.54	1,32,059.30	2,55,359.84
Investments	3,198.35	5,481.18	8,679.53	7,664.75	5,005.91	12,670.66
Other financial assets	1,473.59	1,263.10	2,736.69	1,590.60	230.68	1,821.28
Sub total	**1,87,658.21**	**2,06,359.97**	**3,94,018.18**	**1,34,467.73**	**1,37,295.89**	**2,71,763.62**
Non-financial assets						
Current Tax assets (Net of provision for tax)	-	1,184.47	1,184.47	-	720.61	720.61
Deferred Tax assets (Net of deferred tax liabilities)	-	2,038.67	2,038.67	-	1,857.39	1,857.39
Property, plant and equipment	-	3,384.80	3,384.80	-	3,276.35	3,276.35
Capital Work-in-progress	-	293.95	293.95	-	14.49	14.49
Other intangible assets	-	188.63	188.63	-	222.49	222.49
Other non-financial assets	480.00	800.55	1,280.55	480.00	805.55	1,285.55
Sub total	**480.00**	**7,891.07**	**8,371.07**	**480.00**	**6,896.88**	**7,376.88**
Total assets	**1,88,138.21**	**2,14,251.04**	**4,02,389.25**	**1,34,947.73**	**1,44,192.77**	**2,79,140.50**
LIABILITIES						
Financial liabilities						
Debt securities	40,463.06	66,060.71	1,06,523.77	51,024.47	22,802.55	73,827.02
Borrowings (other than debt securities)	69,333.94	1,05,731.55	1,75,065.49	47,610.34	45,811.74	93,422.08
Other financial liabilities	3,094.13	5,063.80	8,157.93	2,640.96	3,980.01	6,620.97
Derivative financial instruments	186.87	-	186.87	-	-	-
Sub total	**1,13,078.00**	**1,76,856.06**	**2,89,934.06**	**1,01,275.77**	**72,594.30**	**1,73,870.07**
Non-Financial liabilities						
Provisions	59.12	264.15	323.27	-	169.48	169.48
Other non-financial liabilities	900.48	-	900.48	516.17	-	516.17
Sub total	**959.60**	**264.15**	**1,223.75**	**516.17**	**169.48**	**685.65**
Total liabilities	**1,14,037.60**	**1,77,120.21**	**2,91,157.81**	**1,01,791.94**	**72,763.78**	**1,74,555.72**

37. Foreign currency transactions

(Rs. in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Expenditure in foreign currency		
Directors' sitting fees	9.20	2.07
Legal, professional and consultancy charges	165.65	27.64
Information Technology expenses	14.27	-
Miscellaneous expenses	8.18	8.64
Interest on External Commercial Borrowings	215.69	-
Total	**412.99**	**38.35**

38. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Amount required to be spent as per section 135 of the Companies Act, 2013:	16.12	19.99
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash	16.35	20.05
Yet to be paid in cash	-	-
Total	**16.35**	**20.05**
Details related to spent obligations:		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	11.68	20.05
iii) Covid vaccination other than employees and family members	4.67	-
iv) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
Total	**16.35**	**20.05**

39. Micro, Small and Medium Enterprises Development

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, as at 31 March 2022, no dues were outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act till 31 March 2022.

Notes to the Standalone Financial Statements

40. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of the Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

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

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Common Equity Tier1 (CET1) capital	1,08,442.86	1,02,012.53
Other Tier 2 capital	2,461.45	1,843.20
Total capital	**1,10,904.31**	**1,03,855.73**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS–based results and reserves.

Refer Note 47 (2) for further details.

41. On August 16, 2021, the Company entered into agreements with KKR India Financial Services Limited ("KIFS") for the demerger of the retail lending, SME lending, housing finance business and ancillary activities of the Company to KIFS ("Proposed Demerger"). The Board of Directors of the Company at their meeting held on September 3, 2021 has approved a composite scheme of arrangement ("Scheme") amongst KKR Capital Markets India Private Limited, Bee Finance Limited, KIFS and the Company and their respective shareholders for the Proposed Demerger. The Scheme has been filed with the National Company Law Tribunal on September 27, 2021. The Scheme will be effective post completion of customary conditions, including receipt of approvals from the relevant statutory authorities. Further, the Company has received no-objection from RBI on December 08, 2021 and in-principle approval from BSE Limited on December 24, 2021. The Equity Shareholders, Preference Shareholders and secured creditors of the Company have also approved the Scheme at their respective meetings convened by the NCLT held on December 15, 2021.

42. Ratio Analysis and its elements

Ratio	As at March 31, 2022	As at March 31, 2021	% change
CRAR (%)	28.05%	37.20%	-24.60%
CRAR - Tier I Capital (%)	27.43%	36.54%	-24.94%
CRAR - Tier II Capital (%)	0.62%	0.66%	-5.71%
Liquidity Coverage Ratio*	Not Applicable	Not Applicable	Not Applicable

**Not Applicable as the Company is a Non-Deposit taking NBFC with an asset size of less than Rs. 5,000 Crore as stipulated in the Master Directions.*

CRAR : (Tier I Captital + Tier II Capital) / Total Risk Weighted Assets
CRAR - Tier I Capital : Tier I Capital / Total Risk Weighted Assets
CRAR - Tier II Capital : Tier II Capital / Total Risk Weighted Assets

Notes to the Standalone Financial Statements

43 .Other Statutory Information

During the current year and previous year:

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency.

(v) The quarterly statement of current assets submitted to banks / financial institutions which are provided as security against the borrowings are in agreement with the books of accounts.

(vi) Funding Transactions:

(vi) (a) On 20 September 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 999.87 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Company). Subsequently, BFPL subscribed to 17,240 equity shares of mValu Technology Services Private Limited (an Associate Company of BFPL) on 20 September 2021 at a price of Rs. 5,797 (including premium of Rs. 5,787) per share aggregating to Rs. 999.40 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vi)(b) Except as disclosed above, the Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

(ix) There are no scheme of arrangements which have been filed by the Company under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act. For details of Scheme of arrangement filed by the Company with NCLT refer Note no 41.

(x) The Company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of sec 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.

(xi) The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.

(xii) The Company has not revalued any property plant and equipment and intangible assets.

Notes to the Standalone Financial Statements

44. Disclosure pursuant to RBI notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021

(Rs. in lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A) amount written off during the half-year ended March 31, 2022#	Of (A) amount paid by the borrowers during the half-year ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2022
Personal Loans*	5,944.87	523.17	31.83	1,054.51	4,335.37
Corporate persons*	20.42	-	-	11.44	8.98
- of which, MSMEs	20.42	-	-	11.44	8.98
Others	-	-	-	-	-
Total	**5,965.29**	**523.17**	**31.83**	**1,065.95**	**4,344.35**

*includes resolution framework implemented pursuant to OTR 2.0 till 30 September 2021 for persoanl loans and small business loans
Accounts written off during the half year ended March 31, 2022 were classified as NPA prior to being written off

45. Disclosure as per RBI Notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 extended further via RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 - Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

(Rs. in lakhs)

For the year ended March 31, 2022		For the year ended March 31, 2021	
No. of accounts restructured	**Amount**	**No. of accounts restructured**	**Amount**
13	1,222.00	124	9,370.49

46. Reversal of Compound Interest

As per guidelines issued by RBI on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 7, 2021 and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021, the Company had put in place a Board approved policy to refund/ adjust the ‘interest on interest’ charged to borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020. The Company had provided for reversal of interest on interest amounting to Rs. 106.64 lakhs in the previous year.

Notes to the Standalone Financial Statements

47. Additional disclosures required by Reserve Bank of India ('RBI')

1 Fraud reported during the year

The Company has reported frauds aggregating Rs. NIL (previous year: Rs. 739 lakhs) based on management reporting to risk committee and to the RBI through prescribed returns FMR-1.

2 Capital to Risk Assets Ratio (CRAR)

The ratios calculated in accordance with the guidelines of Reserve Bank of India, are as under:

Particulars		As at March 31, 2022	As at March 31, 2021
i)	CRAR (%)	28.05%	37.20%
ii)	CRAR - Tier I Capital (%)	27.43%	36.54%
iii)	CRAR - Tier II Capital (%)	0.62%	0.66%
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-
vi)	Risk weighted asset	3,95,365.69	2,79,168.54

Notes to the Standalone Financial Statements

3 Investments

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(1) Value of investments		
(i) Gross value of investments		
(a) In India	8,688.81	12,683.83
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	9.28	13.17
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	8,679.53	12,670.66
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	13.17	-
(ii) Add : Provisions made during the year	9.28	13.17
(iii) Less : Write-off/(write-back)of excess provisions during the year	(13.17)	-
(iv) Closing balance	9.28	13.17

4 Derivatives

(a) Forward rate agreement/interest rate swap

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) The notional principal of swap agreements*	5,100.00	-
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	299.22	-
(iii) Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	299.22	-

**The Company has hedged its foreign currency borrowings through CCIRS (cross currency interest rate swaps). For Accounting Policy & Risk Management Policy. (Refer note no. 1 and 30)*

(b) Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

(c) Disclosures on risk exposure in derivatives

Qualitative disclosure

Details for qualitative disclosure are part of accounting policy as per financial statements. (Refer note no. 1 and 30)

Quantitative disclosure

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Derivatives (notional principal amount) for hedging	5,100.00	-
(ii) Marked to market positions		
(a) Asset	299.22	-
(b) Liability	-	-
(iii) Credit exposure	299.22	-
(iv) Unhedged exposures	-	-

Notes to the Standalone Financial Statements

5 Disclosures relating to securitisation

(a) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction - NIL (PY: NIL)

(b) Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

I) Details of transfer through co-lending in respect of loans not in default during the the year ended March 31, 2022

(Rs. in lakhs)

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
i)	Amount of Loan accounts assigned	2,085.00	-
ii)	Retention of Beneficial Economic Interest (in%)	68.01%	-
iii)	Weighted Average Maturity (in Years)	10.75	-
iv)	Weighted Average Holding Period (in Years)	NA	-
v)	Coverage of tangible security Coverage (in%)	NA	-

The above transaction is pursuant to Co-lending option II (Direct Assignment) pursuant to RBI notification RBI/2020-21/63/FIDD.CO.Plan.BC.No.8/04.09.01/2020-21

II) Details of overdue loans (NPA and SMA) transferred during the year ended March 31, 2022

The Company has sold its existing business of Direct Sourced Two-Wheeler Loans comprising of loan portfolio amounting to Rs. 2,085.87 lakhs for Rs. 1,040.00 lakhs effective October 01, 2021. The sale has resulted in a gross loss of Rs. 1,045.87 lakhs with a corresponding release of loan provision amounting to Rs. 481.67 lakhs, thus resulting in a net charge of Rs.564.20 lakhs for the quarter.

Details of overdue loans (NPA and SMA) transferred during the year:

(Rs. in lakhs)

Particulars	To permitted transferees
No of Accounts	5,417.00
Aggregate principal outstanding of loans transferred	1,412.27
Weighted average residual tenor of the loans transferred	< 1 year
Net book value of loans transferred (at the time of transfer)	936.38
Aggregate consideration	485.72
Additional consideration realised in respect of accounts transferred in earlier years	-

Notes to the Standalone Financial Statements

6 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2022

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances	26,199.73	28,325.29	24,844.62	39,523.35	55,447.34	1,03,065.88	35,671.75	60,148.46	**3,73,226.42**
Investments	135.10	122.21	129.52	2,420.05	391.47	566.18	-	4,915.00	**8,679.53**
Borrowings	12,176.76	4,178.65	14,799.29	16,881.31	61,736.66	1,39,846.43	26,640.34	-	**2,76,259.44**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	11.73	-	12.61	-	5,305.48	-	-	**5,329.82**

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2021

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances	20,636.94	17,076.51	16,817.08	27,879.93	40,890.07	68,296.59	23,993.82	39,768.90	**2,55,359.84**
Investments	1,098.44	542.19	166.57	4,129.53	1,728.01	1,094.70	-	3,911.22	**12,670.66**
Borrowings	14,369.27	2,235.84	7,569.00	16,541.89	57,918.88	58,756.50	9,857.72	-	**1,67,249.10**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-	-	**-**

Notes to the Standalone Financial Statements

7 Exposure to real estate sector

(Rs. in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
	Direct Exposure		
	Residential Mortgages -		
a)(i)	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	405.25	3,179.03
	Commercial Real Estate -		
a)(ii)	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	55,098.11	57,821.14
	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a)(iii)	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Indirect Exposure		
	Fund based and non based exposures on National housing Bank and Housing Finance Companies	-	-

8 Exposure to capital market

(Rs. in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	4,924.22	3,911.22
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total exposure to capital market	**4,924.22**	**3,911.22**

8 Details of financing of parent company products - Not Applicable (PY: Not Applicable)

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

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL) in the current year and previous

10 Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses, authority. For details of unsecured advances, refer note 5

Notes to the Standalone Financial Statements

11 Miscellaneous

(a) Registration obtained from other financial sector regulators

Particulars	Reg. Number
RBI Registration Number (COR)*	B-13.02395
Corporate Identification number (CIN)*	U74899MH1991PLC340312
Central Registry of Securitization Asset	JB867

** The Company has received requisite approval for change of registered office from Delhi to Maharashtra with effect from June 5, 2020. Consequently, the Corporate Identification Number and RBI Regulation Number of the Company has also changed. The erstwhile CIN is U74899DL1991PLC042659 and CoR is B-14.01801*

(b) Disclosure of Penalties imposed by RBI and other regulators: NIL (PY:NIL)

(c) Related Party Transactions
Refer Note 31 to the Financial statements for the transaction with the related parties.

(d) Credit rating

Particulars	As at March 31, 2022	As at March 31, 2021
Long term bank facilities	CRISIL A / CARE A (Under Credit watch with Positive Implication)	CRISIL A (Stable) / CARE A (Negative)
Secured Non-Convertible Debenture	CRISIL A / CARE A (Under Credit watch with Positive Implication)	CRISIL A(Stable) / CARE A (Negative)
Secured Non-Convertible Debenture (Public Issue)	CRISIL A (Under Credit watch with Positive Implication)	NA
Secured Market Linked Debentures	CRISIL PP - MLD Ar CARE PP - MLD A (Under Credit watch with Positive Implication) CRISIL PP -MLD AA+r (CE)/ Stable	CRISIL PP-MLD Ar (Stable) / CARE PP-MLD A (Negative)
Short term bank facilities	NA	CRISIL A1 / ICRA A1
Commercial Paper	CRISIL A1 (Under Credit watch with Positive Implication)	CARE A1 / CRISIL A1

12 Additional disclosures

(a) Provisions and contingencies

(Rs. in lakhs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2022	Year ended March 31, 2021
Provisions for depreciation on investment	(3.89)	13.17
Provision towards NPA/ Write off	3,786.02	6,028.74
Provision made towards income tax	1,205.43	217.62
Provision for Standard Assets	(186.14)	2,211.80

(b) Draw down from reserves

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

(c) Concentration of Advances, Exposures and NPAs

(c) (i) Concentration of advances

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Total advances to twenty largest borrowers	26,183.49	23,622.22
Percentage of advances to twenty largest borrowers to total advances of the NBFC	6.85%	8.97%

(c) (ii) Concentration of exposures

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to twenty largest borrowers/customers	26,183.49	23,622.22
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	6.60%	8.67%

Notes to the Standalone Financial Statements

(c) (iii) Concentration of NPAs

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to top four NPA accounts	2,040.67	1,514.17

(c) (iv) Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2022	As at March 31, 2021
1	Agriculture & allied activities	-	-
2	MSME	5.45%	4.23%
3	Corporate borrowers	-	-
4	Services	0.02%	2.45%
5	Unsecured personal loans	1.84%	3.50%
6	Auto loans	0.01%	7.02%
7	Other personal loans	7.97%	20.47%

13 Movement of NPAs

(Rs. in lakhs)

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
(i)	**Net NPAs to net advances (%)**	1.43%	1.71%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	9,036.67	5,943.06
	(b) Other adjustments	15.86	-
	(c) Additions during the year	7,756.89	10,792.43
	(d) Reductions during the year	5,998.06	7,698.82
	(e) Closing balance	**10,811.36**	**9,036.67**
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	4,424.55	2,783.21
	(b) Other adjustments	(601.83)	-
	(b) Additions during the year	4,339.27	5,283.97
	(c) Reductions during the year	2,757.53	3,642.64
	(d) Closing balance	**5,404.46**	**4,424.54**
(iv)	**Movement of provisions for NPAs**		
	(a) Opening balance	4,612.12	3,159.85
	(b) Other adjustments	617.69	-
	(c) Provisions made during the year	3,417.62	5,508.45
	(d) Write-off of excess provisions	3,240.53	4,056.18
	(e) Closing balance	**5,406.90**	**4,612.12**

14 Disclosure of Complaints

Customer Complaints

Sr. No	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(a)	No. of complaints pending at the beginning of the year	4	1
(b)	No. of complaints received during the year	2,710	858
(c)	No. of complaints redressed during the year	2,707	855
(d)	No. of complaints pending at the end of the year	7	4

15 Overseas Assets (For those with Joint Ventures and Subsidiaries Abroad)

The Company does not have any joint ventures or subsidiaries abroad, hence not applicable.

16 In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2022 (31 March 2021:NIL)

Notes to the Standalone Financial Statements

17. Schedule to the Balance Sheet as per Master Directions

a Loans & Advances availed by the Non-Banking Financial company inclusive of interest accrued thereon but not paid:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2022		As at March 31, 2021	
(1)	**Liabilities side :**	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures*				
	- Secured	95,683.00	-	73,827.02	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	1,62,291.78	-	78,803.02	-
	(d) Inter-corporate loans and borrowing	4,550.00	-	7,202.41	-
	(e) Commercial Paper	10,840.77	-	1,959.72	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	8,223.71	-	5,456.93	-
	*other than falling within the meaning of public deposits				
(2)	**Assets side :**				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	1,59,163.37	3,200.39	1,36,765.41	1,743.78
	(b) Unsecured	2,23,160.48	4,900.36	1,27,699.32	5,707.84

b Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
(ii)	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

c Break-up of investments:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
	Current investments :		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debenture and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	2,899.87	6,652.06
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	855.44	2,120.50
	Non- current investments:		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	4,915.00	3,911.22
	(b) Preference	9.22	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-

d Borrower group-wise classification of assets, financed as in (3) and (4) above :

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2022		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	1,55,424.71	2,17,801.71	**3,73,226.42**
	Total	**1,55,424.71**	**2,17,801.71**	**3,73,226.42**

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2021		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	1,33,514.07	1,21,845.77	**2,55,359.84**
	Total	**1,33,514.07**	**1,21,845.77**	**2,55,359.84**

e Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2022		As at March 31, 2021	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties				
	(a) Subsidiaries	4,915.00	4,915.00	3,911.22	3,911.22
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	3,773.81	3,764.53	8,772.61	8,759.44
	Total	**8,688.81**	**8,679.53**	**12,683.83**	**12,670.66**

f Other information

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	10,811.36	9,036.67
(ii)	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	5,404.46	4,424.54
(iii)	Assets acquired in satisfaction of debt	-	-

Notes to the Standalone Financial Statements

18. Disclosure as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4th November, 2019 - Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

a Funding Concentration based on significant counterparty

(Rs. in lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	21	1,96,390.62	NA	67.45%

b Top 20 large deposits : NA

c Top 10 Borrowings

(Rs. in lakhs)

Amount	% of Total borrowings
1,42,267.32	50.53%

d Funding Concentration based on significant instrument/product

(Rs. in lakhs)

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	1,56,957.12	53.91%
2	Market Linked Debentures	56,498.20	19.40%
3	Non Convertible Debentures	39,184.80	13.46%
4	Commercial paper	10,840.77	3.72%
5	Cash Credit / WCDL	8,228.56	2.83%
6	External Commercial Borrowings	5,329.82	1.83%
7	Inter Corporate borrowings	4,550.00	1.56%

e Stock Ratios

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper	1.89%	1.83%	1.32%
b	Non-convertible debentures (Original maturity of less than 1 year)	0.00%	0.00%	0.00%
c	Other short term liabilities	40.50%	39.17%	28.34%

InCred Financial Services Limited

Notes to the Standalone Financial Statements

19. Restructuring of Loans

(Rs. in lakhs)

Sr. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2021	No. of borrowers	138	3,816	-	-	3,954
		Amount outstanding	9,474.01	1,070.79	-	-	10,544.80
		Provision thereon	603.52	476.93	-	-	1,080.45
2	Fresh Restructuring during the year	No. of borrowers	15	17	-	-	32
		Amount outstanding	1,998.03	17.00	-	-	2,015.03
		Provision thereon	3.08	10.20	-	-	13.28
3	Upgradations to restructured standard category during the FY*	No. of borrowers	24	1,119	-	-	1,143
		Amount outstanding	626.38	297.57	-	-	923.95
		Provision thereon	89.38	115.66	-	-	205.04
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	(34)	34	-	-	-
		Amount outstanding	(728.34)	765.32	-	-	36.98
		Provision thereon	(89.17)	492.21	-	-	403.04
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	20	-	-	20
		Amount outstanding	-	(30.81)	-	-	(30.81)
		Provision thereon	-	20.02	-	-	20.02
7	Restructured Accounts as on March 31, 2022	No. of borrowers	95	2,728	-	-	2,823
		Amount outstanding	10,117.32	1,524.73	-	-	11,642.06
		Provision thereon	428.05	843.66	-	-	1,271.71

19. Restructuring of Loans (Continued)

(Rs. in lakhs)

Sr. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2020	No. of borrowers	14	2	-	-	16
		Amount outstanding	127.95	11.74	-	-	139.69
		Provision thereon	12.16	7.63	-	-	19.79
2	Fresh Restructuring during the year	No. of borrowers	129	3,817	-	-	3,946
		Amount outstanding	9,449.92	1,050.21	-	-	10,500.13
		Provision thereon	601.46	483.08	-	-	1,084.54
3	Upgradations to restructured standard category during the FY*	No. of borrowers	2	6	-	-	8
		Amount outstanding	74.21	20.79	-	-	95.00
		Provision thereon	10.00	13.88	-	-	23.88
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	(3)	3	-	-	-
		Amount outstanding	(29.64)	29.64	-	-	-
		Provision thereon	(0.10)	0.10	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on March 31, 2021	No. of borrowers	138	3,816	-	-	3,954
		Amount outstanding	9,474.01	1,070.79	-	-	10,544.80
		Provision thereon	603.52	476.93	-	-	1,080.45

**Includes accounts closed/settled or repayments received from restructured accounts during the current year and previous year*

There are no cases restructured on account of CDR mechanism or SME debt restructuring in the current year and previous year.

The Company has availed asset classification benefit under RBI Notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 extended further via RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances during FY 2021-20 and FY 2020-21.

The above disclosure does not include assets where resolution plan is implemented under RBI circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 -Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses and RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress.

Notes to the Standalone Financial Statements

20. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2022	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	3,49,541.03	2,461.45	3,47,079.58	1,519.64	941.81
Standard	Stage 2	21,971.46	1,229.09	20,742.37	982.06	247.03
Subtotal		3,71,512.49	3,690.54	3,67,821.95	2,501.70	1,188.84
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,811.36	5,406.89	5,404.47	760.31	4,646.58
Doubtful - up to 1 year	Stage 3	-	-	-	790.24	(790.24)
1 to 3 years	Stage 3	-	-	-	222.51	(222.51)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	1,012.75	(1,012.75)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		10,811.36	5,406.89	5,404.47	1,773.06	3,633.83
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	14,248.30	9.42	14,238.88	-	9.42
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		14,248.30	9.42	14,238.88	-	9.42
Total	**Stage 1**	**3,63,789.33**	**2,470.87**	**3,61,318.46**	**1,519.64**	**951.23**
	Stage 2	**21,971.46**	**1,229.09**	**20,742.37**	**982.06**	**247.03**
	Stage 3	**10,811.36**	**5,406.89**	**5,404.47**	**1,773.06**	**3,633.83**
	Total	**3,96,572.15**	**9,106.85**	**3,87,465.30**	**4,274.76**	**4,832.09**

Notes to the Standalone Financial Statements

20. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards (Continued)

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2021	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	2,29,929.27	1,865.67	2,28,063.60	922.15	943.52
Standard	Stage 2	24,329.43	2,009.41	22,320.02	1,260.74	748.67
Subtotal		2,54,258.70	3,875.08	2,50,383.62	2,182.89	1,692.19
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,206.03	5,229.81	4,976.22	829.56	4,400.25
Doubtful - up to 1 year	Stage 3	-	-	-	328.05	(328.05)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	328.05	(328.05)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		10,206.03	5,229.81	4,976.22	1,157.61	4,072.20
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	8,975.03	11.00	8,964.03	-	11.00
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		8,975.03	11.00	8,964.03	-	11.00
Total	**Stage 1**	**2,38,904.30**	**1,876.67**	**2,37,027.63**	**922.15**	**954.52**
	Stage 2	**24,329.43**	**2,009.41**	**22,320.02**	**1,260.74**	**748.67**
	Stage 3	**10,206.03**	**5,229.81**	**4,976.22**	**1,157.61**	**4,072.20**
	Total	**2,73,439.76**	**9,115.89**	**2,64,323.87**	**3,340.50**	**5,775.39**

48. Previous year figures are regrouped/reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

49. Previous year figures have been audited by another firm of chartered accountants.

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

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

B S R & Co. LLP
Chartered Accountants

14th Floor, Central Wing B Wing and North C Wing,
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Independent Auditors' Report

To the Members of InCred Financial Services Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Incred Financial Services Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

Basis for Opinion

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

Emphasis of matter

As more fully described in Note 31 to the consolidated financial statements, the extent to which the COVID-19 pandemic will have impact on the Group's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers **Charge: INR 8,868.63 Lakhs for year ended 31 March 2021** **Provision: INR 9,104.89 Lakhs at 31 March 2021**	
Refer to the accounting policies in "Note 1 (C)(b) to the Consolidated Financial Statements: Impairment of Financial Assets ", "Note 1(B) (e) to the Consolidated Financial Statements: Significant Accounting Policies- use of estimates and judgements " and "Note 6 to the Consolidated Financial Statements: Loans"	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Group's modelling approach.	• Our key audit procedures included: • Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process. • Assessed the design and implementation of controls in respect of the Group's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Testing of review controls over measurement of impairment allowances and disclosures in financial statements. • Testing management's controls over authorisation and calculation of post model adjustments and management overlays. • Evaluated whether the methodology applied by the Group is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters *(Continued)*

Description of Key Audit Matter *(Continued)*

Key audit matter	How the matter was addressed in our audit
• Economic scenarios – Ind AS 109 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments – In the absence of time tested historical data for certain loan products, management has used surrogate industry estimates or derived inputs using regulatory guidance. Management believes that these estimates though address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. • Restructuring – the Holding Company has restructured loans in the current year on account of COVID-19 related regulatory measures. The Holding Company has undertaken restructuring under the RBI circular for restructuring dated 6 August 2020 for retail as well as SME portfolio. In addition, Holding Company has given relief to its eligible borrowers using the ECLGS scheme. This has resulted in increased management estimation over determination of losses for such restructured loans *Impact of COVID -19* On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Group. The extent to which the COVID-19 pandemic will impact the Group's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter. *Disclosures* The disclosures regarding the Group's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied. • Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Group's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • The reasonableness of the Group's considerations of the impact of the current economic environment due to COVID-19 on the impairment loss allowance determination.

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters *(Continued)*

Description of Key Audit Matter *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology **IT systems and controls** The Group's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting. We have identified 'Information Technology systems' as a key audit matter because of the high level of automation, large transaction volume, the increasing challenge to protect the Group's systems, controls over data integrity and the risks associated with remote access of key applications by a large population of employees at the year end. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: **General IT controls / user access management** • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, completeness and accuracy of the report generated from the system and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. • Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end. • Performed inquiry of enhanced cyber security controls put in place in the context of a cyber security incident taken place at the Group

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

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

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

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

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

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

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

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

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and written representations received from the directors of the Subsidiary Companies and associate company as on 31 March 2021, none of the directors of the Group companies and its associate incorporated in India are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

i. The Group does not have any pending litigations which would impact its consolidated financial statements Refer Note 36 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021 Refer note 36 to the consolidated financial statements.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate company incorporated in India during the year ended 31 March 2021.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements *(Continued)*

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Holding Company at its extra ordinary general meetings held on 26 March 2019 and 31 May 2019 the managerial remuneration paid/provided for by the Holding Company during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) of the Act which are required to be commented upon by us. The provisions of section 197(16) are not applicable to the subsidiary companies and associate of the Holding company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Pranav Gune
Partner
Membership No. 121058
UDIN: 21121058AAAABZ1066

Mumbai
23 July 2021

InCred Financial Services Limited

Annexure A to the Independent Auditors' report on the consolidated financial statements of InCred Financial Services Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of InCred Financial Services Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

InCred Financial Services Limited

Annexure A to the Independent Auditors' report on the consolidated financial statements of InCred Financial Services Limited for the year ended 31 March 2021 *(Continued)*

Auditors' Responsibility *(Continued)*

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Pranav Gune
Partner
Membership No. 121058
UDIN: 21121058AAAABZ1066

Mumbai
23 July 2021

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Balance Sheet as at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	5,505.98	1,457.92
(b) Bank balance other than cash and cash equivalents	3	2,991.36	588.46
(c) Derivative financial instruments	4	1,181.05	-
(d) Receivables			
(I) Trade receivables	5	108.34	3.76
(II) Other receivables		-	-
(e) Loans	6	3,73,226.42	2,55,359.84
(f) Investments	7	8,119.65	12,457.43
(g) Other financial assets	8	2,754.80	1,852.48
		3,93,887.60	**2,71,719.89**
(2) Non-financial assets			
(a) Current tax assets (net)		1,209.98	737.72
(b) Deferred tax assets (net)	9	2,038.67	1,857.41
(c) Property, plant and equipment	10	3,479.68	3,440.94
(d) Capital work-in-progress	11	293.95	14.49
(e) Goodwill		652.65	652.65
(f) Other intangible assets	12	433.27	547.43
(g) Other non-financial assets	13	1,468.76	1,482.78
		9,576.96	**8,733.42**
Total assets		**4,03,464.56**	**2,80,453.31**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial liabilities	4	186.87	-
(b) Debt securities	15	1,06,523.77	75,786.75
(c) Borrowings (other than debt securities)	16	1,75,065.49	91,062.13
(d) Other financial liabilities	17	8,198.31	6,684.48
		2,89,974.44	**1,73,533.36**
(2) Non-financial liabilities			
(a) Provisions	18	324.46	169.90
(b) Deferred tax liabilities (net)	9	728.89	832.27
(c) Other non-financial liabilities	19	918.06	516.58
		1,971.41	**1,518.75**
EQUITY			
(a) Equity share capital	19 (A)	35,450.27	30,772.79
(b) Preference share capital	19 (B)	3,347.96	7,851.63
(c) Other equity	21	72,720.48	66,776.78
		1,11,518.71	**1,05,401.20**
Total liabilities and equity		**4,03,464.56**	**2,80,453.31**

Significant accounting policies and key accounting estimates and judgements **1**
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Statement of Profit and Loss for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2022	Year ended March 31, 2021
Revenue From operations			
(i) Interest income	22	47,340.06	37,723.45
(ii) Net gain on derecognition of financial instruments under amortised cost category		336.68	-
(iii) Fees and commission income	23	1,022.24	557.16
(iv) Net (loss)/gain on fair value changes	24	104.17	268.91
(I) Total revenue from operations		**48,803.15**	**38,549.52**
(II) Other income	25	3,624.09	698.13
(III) Total income (I + II)		**52,427.24**	**39,247.65**
Expenses			
(i) Finance costs	26	21,946.81	15,275.74
(ii) Net loss on derecognition of financial instruments under amortised cost category		1,045.87	-
(iii) Impairment on financial instruments	27	4,352.02	8,868.63
(iv) Employee benefits expenses	28	13,921.43	9,448.81
(v) Depreciation and amortisation	10 & 11	1,227.80	1,015.98
(vi) Others expenses	29	5,326.87	3,936.45
(IV) Total expenses		**47,820.80**	**38,545.61**
(V) Profit before share of loss of Associates (III - IV)		**4,606.44**	**702.04**
(VI) Share of loss of associates		420.90	349.57
(VII) Profit before tax (V - VI)		**4,185.54**	**352.47**
Tax Expense:			
(1) Current Tax		1,358.99	1,231.51
(2) Tax pertaining to previous years		-	(96.38)
(3) Deferred Tax		(256.21)	(999.71)
(VIII) Total Tax Expense	30	**1,102.78**	**135.42**
(IX) Profit for the year (VII - VIII)		**3,082.76**	**217.05**
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement gain/(loss) of the defined benefit plans		(94.84)	(26.29)
(ii) Income tax relating to items that will not be reclassified to profit or loss		23.87	6.62
Subtotal (A)		(70.97)	(19.67)
(B) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		(120.30)	118.97
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		103.74	
(ii) Income tax relating to items that will not be reclassified to profit or loss		4.17	(29.95)
Subtotal (B)		(12.39)	89.02
Other comprehensive income (A + B)		**(83.36)**	**69.35**
(XI) Total comprehensive income for the year (IX + X)		**2,999.40**	**286.40**
Profit is attributable to:			
Owners of the Group		3,082.76	217.05
Non controlling interests		-	-
Other Comprehensive Income is attributable to:			
Owners of the Group		(83.36)	69.35
Non controlling interests		-	-
Total Comprehensive Income is attributable to:			
Owners of the Group		2,999.40	286.40
Non controlling interests		-	-
(XIV) Earnings per equity share (Face Value : Rs. 10 per share)	31		
Basic (Rs.)		0.80	0.06
Diluted (Rs.)		0.79	0.06

Significant accounting policies and key accounting estimates and judgements **1**
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Cash Flow Statement for the year ended March 31, 2022

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Profit / (Loss) before tax	4,185.54	352.47
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	813.72	598.33
Loss on sale of property, plant and equipment	3.40	-
Net (gain) on fair value changes	(104.17)	(268.91)
Interest Income	(47,340.06)	(37,723.45)
Finance Cost	21,562.20	15,275.74
Impairment loss	4,350.54	8,868.63
Provision for employment benefits	60.92	(20.98)
Share based expense	2,446.59	1,027.90
Share in loss of associate	420.90	349.57
Operating cash flow before working capital changes	**(13,600.42)**	**(11,540.70)**
Working capital adjustments		
(Increase) / decrease in other trade receivables	(99.87)	137.25
Decrease in other receivables	-	4.75
(Increase) in Loans	(1,22,227.31)	(59,183.00)
(Increase) in other financial assets	(902.32)	(1,078.78)
(Increase) in other non financial assets	14.03	(304.47)
Increase in other financial liabilities	1,817.10	1,210.00
Increase in provisions	0.38	12.79
Increase in other non financial liabilities	401.47	804.56
Cash generated from operations	**(1,34,596.94)**	**(69,937.60)**
Interest received on loans	45,746.63	35,299.79
Interest paid on borrowings and debt	(21,562.20)	(17,585.83)
Income taxes paid	(1,831.74)	(567.01)
Net cash (used in) operating activities	**(1,12,244.25)**	**(52,790.65)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(534.11)	(567.36)
Proceeds from sale of property, plant and equipment	37.77	-
Purchase of intangibles assets	(107.08)	(590.93)
Capital work in progress	(279.45)	110.57
Investment in associate	(999.40)	-
Purchase of investments	(61,273.28)	(1,53,919.53)
Proceeds from sale of investments	66,880.30	1,48,749.18
Investment in term deposits	(57,680.30)	1,05,146.56
Proceeds from maturity of term deposits	55,277.40	(1,05,002.11)
Net cash (used in) investing activities	**1,321.85**	**(6,073.62)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	671.64	36.48
Payment of lease liability	(441.55)	(292.95)
Proceeds from borrowings (other than debt securities)	1,55,520.00	72,265.00
Proceeds from issue of debt securities	93,524.29	62,173.39
Redemption of borrowings (other than debt securities)	(74,224.35)	(48,668.31)
Redemption of debt securities	(60,827.55)	(28,044.83)
Net cash generated from financing activities	**1,14,222.48**	**57,468.78**
Net increase / (decrease) in cash and cash equivalents	**3,300.08**	**(1,395.49)**
Cash and cash equivalents at the beginning of the year	(511.15)	884.34
Cash and cash equivalents at the end of the year	**2,788.93**	**(511.15)**

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow

(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks		
- Current Accounts	5,255.98	1,455.08
Deposit with bank with maturity less than 3 months	250.00	-
Cash and cash equivalents (Refer note 2)	5,505.98	1,457.92
Less: Bank overdraft and cash credit (Refer note 16)	(2,717.05)	(1,969.07)
Cash and cash equivalents in cash flow statement	**2,788.93**	**(511.15)**

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

Consolidated Financial Statements

Consolidated Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	30,772.79	30,763.67
Changes in equity share capital during the year	4,677.48	9.12
Balance as at the end of the year	35,450.27	30,772.79

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	7,851.63	7,851.63
Changes in preference share capital during the year	(4,503.67)	-
Balance as at the end of the year	3,347.96	7,851.63

B. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
Balance at March 31, 2020	**452.03**	**61,702.59**	**50.90**	**734.78**	**3,096.25**	**-**	**-**	**15.36**	**(616.81)**	**65,435.10**
Profit for the year	-	-	-	-	217.03	-	-	-	-	217.03
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**(19.67)**	89.03	-	-	**-**	69.36
Total comprehensive income for the year (net of tax)					**197.36**	**89.03**	**-**	**-**	**-**	**286.39**
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	(204.69)	-	-	-	-	-
Share based payment expense	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
Balance at March 31, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**89.03**	**-**	**15.36**	**(616.81)**	**66,776.78**
Profit for the year	**-**	**-**	**-**	**-**	3,082.74	-	-	**-**	**-**	3,082.74
Other comprehensive income for the year	**-**	**-**	**-**	**-**	(70.97)	(90.02)	77.63	**-**	**-**	(83.36)
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**3,011.77**	**(90.02)**	**77.63**	**-**	**-**	**2,999.38**
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	-	(270.48)	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	722.35	-	-	-	(722.35)	-	-	-	-	-
Share based payment expense	-	-	3.82	2,442.64		-	-	-	-	2,446.46
Transferred from share based payment reserve	-	-		(23.07)	23.07	-	-	-	-	-
Balance at March 31, 2022	**1,379.07**	**62,498.29**	**66.10**	**4,170.90**	**5,130.93**	**(0.99)**	**77.63**	**15.36**	**(616.81)**	**72,720.48**

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Place: Mumbai
Date: April 29, 2022

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

(1) Significant Accounting Policies and Other Explanatory Information

A. Corporate Information

InCred Financial Services Limited (the 'Parent') was incorporated in India on 8 January 1991, under the provisions of the Companies Act, 1956. The Parent together with its subsidiaries (hereinafter collectively referred to as the 'Group') has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India.

The Parent has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 30th August 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The Parent qualifies to be a NBFC - Systematically Important Non-Deposit taking Company as per Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, as amended (the "Master Directions").

The registered office of the Group is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai – 400051 (erstwhile - 1502-A, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra, India, 400051).

The consolidated financial statements were authorized for issue by the Parent's Board of Directors on April 29, 2022.

B. Basis of preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the RBI Master Directions and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI. The Group uses accrual basis of accounting except in case of significant uncertainties (Refer Note D15).

i. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees ('INR'), which is also the Group's functional currency. All the amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

ii. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for the following items:

a. Certain financial assets and liabilities that are measured at fair value
b. Net defined benefit asset / liability – plan assets are measured at fair value less present value of defined benefit obligation; and
c. Share-based payments - measured at fair value on initial recognition

iii. Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

Significant accounting estimates and judgements:

a. Business model assessment
b. Fair value of financial instruments
c. Effective interest rate (EIR)
d. Impairment of financial assets
e. Provision for tax expenses
f. Residual value, useful life and indicators of impairment and recoverable value of property, plant and equipment

iv. Basis of consolidation

a. Subsidiaries

Subsidiaries are all 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. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date the control ceases.

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

b. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

- **Equity method**

Under equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee and in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

c. Change in ownership interests

The Group considers transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate or equity account for an investment because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in the other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

d. Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the:

- Fair values of assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group and
- Fair value of any assets and liabilities resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at acquisition date. The Group recognizes any non-controlling interests in the acquired entity

on acquisition-by-acquisition basis either at fair value or by non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of:

- Consideration transferred
- Any amount of non-controlling interest in the acquired entity and
- Acquisition date fair value of the previous entity interest in the acquired entity

Over the fair value of identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of identifiable assets , the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reason for carrying the business combination as a bargain purchase. In other cases, bargain purchase gain are recognized directly in equity as capital reserve.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss or other comprehensive income, as appropriate.

C. Presentation of financial statements

The consolidated financial statements of the Group are presented as per Division III of Schedule III, as amended, of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Consolidated Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and RBI regulations to the extent applicable.

The Group presents its Balance Sheet in the order of its liquidity.

The Group generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Group has an established control framework with respect to the measurement of fair values. The management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair values of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All financial instruments are at amortised cost, unless otherwise specified.

All the financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradable securities, the Group recognises the financial instruments on settlement date.

i. Financial assets

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets. The Group classifies its financial assets in the following measurement categories:

Financial assets measured at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment), unless the asset is designated at FVTPL:

i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii. the Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair value through other comprehensive Income ('FVOCI')

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

i. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii. the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair Value through Profit and Loss ('FVTPL')

A financial asset which is not classified in above category is subsequently measured at FVTPL. Where assets are measured at fair value, gains and losses are recognized entirely in the Consolidated Statement of Profit and Loss.

Subsequent measurement

The assets classified in the aforementioned categories are subsequently measured as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in consolidated statement of profit and loss .

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Consolidated Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Consolidated Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to consolidated statement of profit and loss .

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Consolidated Statement of Profit and Loss.

ii. Financial liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as on initial recognition.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit and loss.

The Group's financial liabilities include trade payables and other financial liabilities.

iii. **Derecognition**

Financial assets

The Group derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On derecognition of a financial assets in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The group on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction for sale of loans which doesn't affect the business model of the Group.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

iv. **Offsetting of financial instruments**

A financial asset and a financial liability is 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.

v. **Derivatives recorded at fair value through profit and loss**

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

- It is settled at a future date.

The Group enters into derivative transactions with various counterparties to hedge its foreign currency risks, interest rate risks and equity price risks, respectively. These include cross-currency swaps, forward foreign exchange contracts, futures and options on equities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

vi. **Embedded derivatives**

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

If the hybrid contract contains a host that is a financial asset / financial liability within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3. Share capital

Equity and preference shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

4. Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment if any in the consolidated financial statements.

5. Business Combination

Business combinations of entities under common control are accounted using the “pooling of interests” method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

6. Impairment of financial assets

Overview of the Expected Credit Losses ('ECL') principles

- The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. 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 ECL 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. Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

  Stage 1
  All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances upto 30 days default under this category.

  Stage 2
  All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

  Stage 3
  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. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

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.

The mechanics of ECL:
The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

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

Probability of Default - 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 30.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 30.

Loss Given Default - 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 lender 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 30.

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.

Write-offs

The Group writes off Retail secured and unsecured loans overdue for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

7. Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the year, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

8. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

9. Share-based payment arrangements

a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Consolidated Consolidated Statement of Profit and Loss.

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

10. Lease Accounting

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The Group revises the lease term if there is a change in the non-cancellable period of a lease

At the date of commencement of the lease, the Group recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

11. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income ('OCI').

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends to realise the asset or settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

iii Temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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 as on the reporting date. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

12. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

(i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,

(ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Consolidated Statement of Profit and Loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Consolidated Statement of Profit and Loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is provided on straight line basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Consolidated Statement of Profit and Loss.

Depreciation on additions / (disposals) is provided on a pro-rata basis i.e., from / (upto) the date which the asset is ready for use / (disposed of).

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimated useful life as given above best represent the period over which management expects to use these assets.

13. Intangible assets

i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Consolidated Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Goodwill

Goodwill on acquisition of subsidiaries 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, an 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.

14. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The carrying values of assets at each balance sheet date are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Consolidated Statement of Profit and Loss for such excess amount.

In respect of assets (except goodwill) for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Revenue from operations

Recognition of interest and fee income or expense

Dividend income is recognised on the date on which the Group's right to receive the payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations.

Loan related charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

16. Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

17. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Contribution to provident fund and ESIC

Group's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

iii. Gratuity

The Group's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

iv. Compensated absence

The Group does not have a policy of encashment of unavailed leaves for its employees and are not permitted to carry forward the leaves. Hence there is no liability towards compensated absence.

18. Foreign currency

Transaction and balances

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each closing date, foreign currency monetary items are reported using the closing exchange rate.

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the Consolidated Statement of Profit and Loss.

19. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

20. Statement of Cash flows

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

21. Segment Reporting

The Group operates in a single reportable segment i.e., financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Group operates in a single geographical segment i.e. domestic.

22. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a 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.

The expenses relating to a provision is presented in the Consolidated Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

c. Contingent liabilities

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

d. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

23. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

24. Standards issued but not yet effective upto the date of issuance of the financial statements

Ministry of Corporate affairs have made changes on March 23, 2022, in the following Indian Accounting Standards (Ind AS) namely Ind AS 101, Ind AS 103, Ind AS 109, Ind AS 16, Ind AS 37 and Ind AS 41. The same are effective from April 01, 2022.

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	2.84
Balances with banks	5,255.98	1,455.08
Fixed Deposit with banks with original maturity of less than 3 months	250.00	-
Total	**5,505.98**	**1,457.92**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked Fixed deposit with bank*	2,991.36	588.46
Total	**2,991.36**	**588.46**

** Earmarked for borrowings, bank guarantee.*

4. Derivative financial instruments at Fair Value

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount : 5,110.00 , PY : Nil)*	299.22	-
(ii) Equity Linked Derivatives		
Options and futures (Notional amount : 5,443.98 , PY : Nil) (Refer note 15)	881.83	-
Total	**1,181.05**	**-**
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount : 4,620.00 , PY : Nil) (Refer Note 15)	186.87	-
Total	**186.87**	**-**

**Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging borrowings in foreign currency.*

5. Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Unsecured, considered good	108.74	-
Unsecured, considered doubtful	-	8.87
Allowance for impairment loss	(0.40)	(5.11)
Total	**108.34**	**3.76**

Refer Note 50 for ageing of the outstanding balance

6. Loans

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
(A) (i) Term loans	3,82,323.85	2,64,464.73
Total - Gross	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (A)	**3,73,226.42**	**2,55,359.84**
(B) (i) Secured by tangible assets	1,54,384.85	1,30,978.67
(ii) Covered by Bank and Government guarantees	4,778.52	5,786.74
(iii) Unsecured	2,23,160.48	1,27,699.32
Total - Gross	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (B)	**3,73,226.42**	**2,55,359.84**
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	3,82,323.85	2,64,464.73
Total - Gross	**3,82,323.85**	**2,64,464.73**
Less: Impairment loss allowance	(9,097.43)	(9,104.89)
Total - Net of impairment loss allowance (C)	**3,73,226.42**	**2,55,359.84**

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

7. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2022					As at March 31, 2021				
	Amortised cost*	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others**	Total	Amortised cost*	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others**	Total
Mutual funds	-	78.65		-	78.65	-	-	-	-	-
Debt securities	855.47	-	2,909.12	-	3,764.59	2,120.56	-	6,652.06	-	8,772.62
Equity instruments										
- Associates (Refer Note 34 and note 49)	-	-	-	4,276.47	4,276.47	-	-	-	3,697.97	3,697.97
- Convertible preference shares	-	9.22	-	-	9.22	-	-	-	-	-
Total - Gross (A)	**855.47**	**87.87**	**2,909.12**	**4,276.47**	**8,128.93**	**2,120.56**	**-**	**6,652.06**	**3,697.97**	**12,470.60**
Investments in India	855.47	87.87	2,909.12	4,276.47		2,120.56	-	6,652.06	3,697.97	12,470.60
Total - Gross (B)	**855.47**	**87.87**	**2,909.12**	**4,276.47**	**8,128.93**	**2,120.56**	**-**	**6,652.06**	**3,697.97**	**12,470.60**
Less: Allowance for impairment loss **(C)**	(0.03)	-	(9.25)	-	(9.28)	(0.05)	-	(13.12)	-	(13.17)
Less: Write off of investment **(D)**	-	-	-	-	-	-	-	-	-	-
Total - Net (A + C + D)	**855.44**	**87.87**	**2,899.87**	**4,276.47**	**8,119.65**	**2,120.51**	**-**	**6,638.94**	**3,697.97**	**12,457.43**

** Investments at amortised cost are all classified as Stage I under credit risk*

*** Others are measured as per Equity method*

8. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Security Deposits (Unsecured, considered good)	340.08	261.42
Retained interest on Loans derecognised	336.68	-
Receivables from related parties (Refer Note 34)	504.35	15.45
Balances with Partners/Anchors	746.31	959.05
Margin money deposit	150.00	-
Others	677.52	621.89
Less: Allowance for impairment loss	(0.14)	(5.33)
Total	**2,754.80**	**1,852.48**

Notes to the Consolidated Financial Statements

9. Deferred tax

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at April 1, 2021	Recognised in profit and loss	Recognised in OCI	As at March 31, 2022
Deferred tax assets				
Provision for impairment loss on financial instruments	2,107.36	175.45	-	2,282.81
Provision for retirement benefit plans	39.89	15.23	23.87	78.99
Disallowance of merger expenses	119.56	29.13	-	148.69
Lease liability	54.18	13.09	-	67.27
Fair value change on financial instruments	-	53.75	4.17	57.92
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	71.45	27.06	-	98.51
Total (A)	**2,392.44**	**313.71**	**28.04**	**2,734.19**
Deferred tax liabilities				
Revaluation of investment valued at Fair value through OCI	(29.96)	26.99	-	(2.97)
EIR impact on financial instruments	(504.81)	(187.74)	-	(692.55)
Fair valuation of investments in associate	(832.26)	103.37	-	(728.89)
Others	(0.28)	0.28	-	-
Total (B)	**(1,367.31)**	**(57.10)**	**-**	**(1,424.41)**
Deferred tax assets (net) (A+B) *	**1,025.13**	**256.61**	**28.04**	**1,309.78**

** Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 2,038.67 lakhs - Rs.728.89 lakhs)*

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at April 1, 2020	Recognised in profit and loss	Recognised in OCI	As at March 31, 2021
Deferred tax assets				
Impairment on financial instruments	1,219.08	888.28	-	2,107.36
Retirement benefit plans	37.68	(4.41)	6.62	39.89
Lease expense	29.82	24.36	-	54.18
Disallowance of expenses	-	119.56	-	119.56
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	30.49	40.96	-	71.45
Total (A)	**1,317.07**	**1,068.75**	**6.62**	**2,392.44**
Deferred tax liabilities				
Net fair value gain on investment designated through FVOCI	-	-	(29.96)	(29.96)
EIR impact on financial instruments	(352.63)	(152.18)	-	(504.81)
Fair value of investments in associate	(920.25)	87.99	-	(832.26)
Others	4.56	(4.84)	-	(0.28)
Total (B)	**(1,268.32)**	**(69.03)**	**(29.96)**	**(1,367.31)**
Deferred tax assets (net) (A+B) *	**48.75**	**999.72**	**(23.34)**	**1,025.12**

** Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 1,857.39 lakhs - Rs.860.21 lakhs)*

Notes to the Consolidated Financial Statements

10. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	89.99	721.55	121.41	608.33	331.67	2,128.88	4,024.54
Additions during the year	-	94.14	359.63	91.59	154.82	19.53	392.55	1,112.26
Disposals	-	(22.97)	-	(19.11)	(3.06)	-	(131.39)	(176.53)
Gross carrying value as March 31, 2021	**22.71**	**161.16**	**1,081.18**	**193.89**	**760.09**	**351.20**	**2,390.04**	**4,960.27**
Accumulated depreciation as at the beginning of the year	0.78	9.00	73.51	25.36	312.60	89.41	368.39	879.05
Depreciation for the year	0.38	13.62	91.71	37.78	193.13	45.99	417.54	800.15
Disposals	-	(7.88)	-	(15.99)	(0.37)	-	(135.63)	(159.87)
Accumulated depreciation as at March 31, 2021	**1.16**	**14.74**	**165.22**	**47.15**	**505.36**	**135.40**	**650.30**	**1,519.33**
Net carrying value as at March 31, 2021	**21.55**	**146.42**	**915.96**	**146.74**	**254.73**	**215.80**	**1,739.74**	**3,440.94**
Year ended March 31, 2022								
At carrying cost at the beginning of the year	22.71	161.16	1,081.18	193.89	760.09	351.20	2,390.04	**4,960.27**
Additions during the year	-	13.25	35.37	10.44	389.64	85.42	552.36	**1,086.48**
Disposals	-	(13.68)	(141.57)	(1.74)	(36.02)	(52.84)	-	**(245.85)**
Gross carrying value as March 31, 2022	**22.71**	**160.73**	**974.98**	**202.59**	**1,113.71**	**383.78**	**2,942.40**	**5,800.90**
Accumulated depreciation as at the beginning of the year	1.16	14.74	165.22	47.15	505.36	135.40	650.30	**1,519.33**
Depreciation for the year	0.38	33.97	212.33	47.19	212.04	59.42	441.27	**1,006.60**
Disposals	-	(13.68)	(135.81)	(0.65)	(35.53)	(19.04)	-	**(204.71)**
Accumulated depreciation as at March 31, 2022	**1.54**	**35.03**	**241.74**	**93.69**	**681.87**	**175.78**	**1,091.57**	**2,321.22**
Net carrying value as at March 31, 2022	**21.17**	**125.70**	**733.24**	**108.90**	**431.84**	**208.00**	**1,850.83**	**3,479.68**

** Immovable properties have been pledged against debt securities issued. Refer Note 15*

*** Refer Note 37 for recognition of right-of-use assets*

11. Capital Work in progress

(Rs. in lakhs)

	As at March 31, 2022				As at March 31, 2021			
Capital work in progress (CWIP)	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**
Projects in progress	293.95	-	-	-	14.49	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
	293.95	**-**	**-**	**-**	**14.49**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements

12. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2021	
At cost at the beginning of the year	688.11
Additions during the year	590.92
Gross carrying value as March 31, 2021 (A)	**1,279.03**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	380.11
Amortisation for the year	351.49
Accumulated amortisation as at March 31, 2021 (B)	**731.60**
Net carrying value as at March 31, 2021 (A-B)	**547.43**
Year ended March 31, 2022	
At cost at the beginning of the year	1,279.03
Additions during the year	107.08
Gross carrying value as March 31, 2022 (A)	**1,386.11**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	731.60
Amortisation for the year	221.24
Accumulated amortisation as at March 31, 2022 (B)	**952.84**
Net carrying value as at March 31, 2022 (A-B)	**433.27**

13. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	298.63	366.01
Advances recoverable in kind (Unsecured, considerd good)	94.73	201.49
Advance to employee	-	0.10
Goods and Service Tax ('GST') receivable	1,075.40	915.18
Total	**1,468.76**	**1,482.78**

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

15. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
Debentures	95,683.00	73,827.02
Commercial Paper	10,840.77	1,959.73
Total	**1,06,523.77**	**75,786.75**
Debts securities in India	1,06,523.77	75,786.75
Debt securities outside India	-	-
Total	**1,06,523.77**	**75,786.75**

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2022	As at March 31, 2021
1	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each	1. Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a	Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	20-Sep-19	-	8,213.51
2	1000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 545 days from the date of allotment. Coupon to be paid annually and on maturity.	26-Apr-21	-	10,687.30
3	500, 9.75% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-20	5,313.88	5,265.56
4	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	10,689.83	10,649.39
5	500, 9.50% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each	Non- Convertible Debentures issued by the company are secured by way of a first pari- passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	20-Dec-21	-	5,050.83
6	500, 9.40% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	26-Jun-23	-	5,277.22
7	750, 9.40% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	-	7,491.67
8	250, 9.10% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	10-Feb-22	628.49	2,502.24
9	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable with agreed coupon at the end of 2191 days from the date of allotment, subject to a Put Option or Call Option at the end of 1096 days.	27-Jul-24	12,128.60	-
10	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each	Non- Convertible Debentures issued by the company are secured by way of a first ranking exclusive and continuing charge created over identified book debts/loan receivables (the "Hypothecated Assets") pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 366 days from the date of allotment.	17-Feb-23	5,203.54	-
11	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	17-Feb-24	4,146.15	-
12	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 1,000 each		50% will be redeemed on the date at the end of 365 days and remaining 50% at the end of 730 days from the date of allotment.	17-Feb-24	1,074.31	-
13	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non- Convertible Market- Linked Debentures issued by the company are secured by way of a first pari passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 730 days from the date of allotment.	14-Mar-22	-	1,849.04
14	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 732 days from the date of allotment.	18-Jan-21	-	3,977.66
15	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment.	03-Feb-21	-	5,630.14
16	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 911 days from the date of allotment.	14-Dec-21	6,406.88	5,744.54
17	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	18-Feb-22	1,657.03	1,487.92
18	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 545 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Mar-23	4,056.95	-
19	154, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	20-Oct-22	1,658.75	-
20	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1221 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Jan-23	1,400.88	-
21	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1011 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	04-Oct-24	1,527.53	-
22	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 518 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	03-Apr-23	2,132.32	-
23	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 761 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-Apr-24	2,139.44	-
24	320, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 942 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Dec-22	3,309.36	-
25	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Aug-23	7,707.02	-
26	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 547 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	22-Apr-24	4,062.03	-

27	173, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 1205 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	29-Mar-24	1,705.86	-
28	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	1. First ranking and exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interests created in	Redeemable with agreed coupon at the end of 609 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	28-Jul-23	10,780.60	-
29	7,500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 640 days from the date of allotment if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	26-May-23	7,953.55	-
28	Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 32 days to 364 days with an average discount rate of 8.13% p.a. to 9% p.a.	NA	10,840.77	1,959.73
	Total				**1,06,523.77**	**75,786.75**

Notes to the Consolidated Financial Statements

16. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	1,42,452.01	62,464.65
(ii) from other parties	19,839.77	16,338.37
(b) Inter corporate borrowings from related parties	-	5,801.94
(c) Inter corporate borrowings from other parties	4,550.00	1,000.25
(d) Loans repayable on demand	-	-
(i) from banks	8,223.71	5,456.92
(ii) from other parties	-	-
Total	**1,75,065.49**	**91,062.13**
Borrowings in India	1,69,735.67	91,062.13
Borrowings outside India	5,329.82	-
Total	**1,75,065.49**	**91,062.13**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2022	As at March 31, 2021
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 11 to 60 months at an average rate of interest ("ROI") of 9.00% p.a.	1,42,452.01	62,464.65
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 24 to 39 months at an average ROI of 10.94% p.a.	14,509.95	16,338.37
c) Others- External commercial borrowings	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loan is repayable on maturity at the end of 60 months. Interest linked to LIBOR and payable half yearly.	5,329.82	-
Loans repayable on demand (WCDL and CC)	Working Capital Demand Loans ("WCDL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding	CC / WCDL facilities are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 8.44% p.a.	8,223.71	5,456.92
Inter corporate borrowings from related parties (Refer Note 34)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis at an average ROI of 9.90% p.a.	-	5,801.94
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month to 3 months. Interest is payable on a monthly basis at an average ROI of 9.14% p.a.	4,550.00	1,000.25
Total			**1,75,065.49**	**91,062.13**

Notes to the Consolidated Financial Statements

17. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability (Refer Note 37)	2,141.57	1,957.64
Collaterals from customers	3,098.48	2,273.22
Payable on servicing portfolio	106.13	-
Provision for expenses	2,769.74	2,412.51
Security deposits	55.35	10.57
Employee expenses payable	5.36	5.74
Others	21.68	24.80
Total	**8,198.31**	**6,684.48**

18. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits (Refer Note 35)	315.04	158.90
Expected credit loss provision on undrawn commitments	9.42	11.00
Total	**324.46**	**169.90**

19. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	918.06	516.58
Total	**918.06**	**516.58**

Notes to the Consolidated Financial Statements

19 (A). Equity share capital (Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,01,10,00,000	2,01,100.00	2,00,00,00,000	2,00,000.00
Total	**2,01,10,00,000**	**2,01,100.00**	**2,00,00,00,000**	**2,00,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	35,45,02,651	35,450.27	30,77,27,936	30,772.79
Total	**35,45,02,651**	**35,450.27**	**30,77,27,936**	**30,772.79**

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

Terms/rights attached to equity shares

The Group has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Group, the holders of the 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.

Equity shares held by holding company

Out of the equity shares issued by the group, shares held by its holding company :

(Rs. in lakhs)

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	Amount	No. of shares held	Amount
Bee Finance Limited (Mauritius)	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	**23,03,73,125**	**23,037.31**	**23,03,73,125**	**23,037.31**

Equity shares held by promoters of the group

Out of the equity shares issued by the group, shares held by its promoters:

(Rs. in lakhs)

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% of shares held	No. of shares held	% of shares held
Bee Finance Limited (Mauritius)	23,03,73,125	59.38%	23,03,73,125	59.64%
Bhupinder Singh	25,19,554	0.65%	25,19,554	0.65%
Total	**23,28,92,679**	**60.03%**	**23,28,92,679**	**60.29%**

Details of shareholder(s) holding more than 5% of the total equity shares in the Group :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius)	23,03,73,125	64.98%	23,03,73,125	74.86%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	100	0.00%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	1,86,43,793	5.26%	1,88,93,793	6.14%
Total	**24,90,16,918**	**70.24%**	**24,92,67,018**	**81.00%**

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding

During the current financial year the Group has issued Nil equity shares for consideration other than cash (Previous year: Nil).

Equity shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	30,77,27,936	30,772.79	30,76,36,727	30,763.67
Add: Issued during the year				
Shares issued during the year	-		-	-
Stock options exercised during the year	17,38,050	173.81	91,209	9.12
Preference shares converted into equity shares	4,50,36,665	4,503.67	-	-
At the end of the year	**35,45,02,651**	**35,450.27**	**30,77,27,936**	**30,772.79**

For shares reserved for issue under Employee Stock option plan - Refer Note No 33

Notes to the Consolidated Financial Statements

19 (B). Preference share capital (Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
Authorised Capital				
Preference Shares of Rs. 10/- each	9,50,00,000	9,500.00	8,00,00,000	8,000.00
Total	**9,50,00,000**	**9,500.00**	**8,00,00,000**	**8,000.00**
Issued, subscribed and paid up capital				
Preference Shares of Rs. 10/- each fully paid	3,34,79,624	3,347.96	7,85,16,289	7,851.63
Total	**3,34,79,624**	**3,347.96**	**7,85,16,289**	**7,851.63**

Increase in authorised capital is on account of merger of InCred Housing Finance Private Limited with the Company

Terms/rights attached to preference shares

Each Cumulative Compulsory Convertible Preference Share ("CCCPS") shall be a 0.001% coupon preference share denominated in Indian Rupees and shall be fully and cumulatively compulsorily convertible within a period of 19 years from the date of their issue.

Each holder of CCCPS shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other applicable laws from time to time and as specified under the Articles of Association. Further to the aforesaid, for the purpose of voting, the holder of the CCCPS shall be deemed to have converted all its CCCPS into Equity Shares and shall have voting rights on every resolution placed before the Company on the basis of its shareholding in the Company on as "as converted" basis or Fully Diluted Basis, i.e., assuming the conversion of all the CCCPS held by it into Equity Shares.

Preference shares held by holding company: **Nil (PY : Nil)**

Preference shares held by promoters of the Group: **Nil (PY : Nil)**

Details of shareholder(s) holding more than 5% of the total preference shares in the Group :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius)	-	0.00%	-	0.00%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,665	57.36%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	72,37,813	21.62%	72,37,813	9.22%
Total	**72,37,813**	**21.62%**	**5,22,74,478**	**66.58%**

Preference shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	7,85,16,289	7,851.63
Add: Issued during the year				
Shares issued during the period	-	-	-	-
Preference shares converted into equity shares	(4,50,36,665)	(4,503.67)	-	-
At the end of the year	**3,34,79,624**	**3,347.96**	**7,85,16,289**	**7,851.63**

Details of shareholder(s) holding more than 5% of the total shares in the group :

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius)	23,03,73,125	59.38%	23,03,73,125	59.64%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	0.00%	4,50,36,765	11.66%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,58,81,606	6.67%	2,61,31,606	6.77%
Total	**25,62,54,731**	**66.05%**	**30,15,41,496**	**78.07%**

Notes to the Consolidated Financial Statements

21. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Cash flow hedge reserve	Equity instruments through OCI	Loss on change in proportion held by NCI	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
Balance at March 31, 2020	**452.03**	**61,702.59**	**50.90**	**734.78**	**3,096.25**	**-**	**-**	**15.36**	**(616.81)**	**65,435.10**
Profit for the year	-	-	-	-	217.03	-	-	-	-	217.03
Other comprehensive income for the year	-	-	-	-	(19.67)	89.03	-	-	-	69.36
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**197.36**	**89.03**	**-**	**-**	**-**	**286.39**
Transfer / utilisations										
Additions during the year	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	(204.69)	-	-	-	-	-
Share based payment expense	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
Balance at March 31, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**89.03**	**-**	**15.36**	**(616.81)**	**66,776.78**
Profit for the year	-	-	-	-	**3,082.74**	-	-	-	-	**3,082.74**
Other comprehensive income for the year	-	-	-	-	**(70.97)**	(90.02)	77.63	-	-	**(83.36)**
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**3,011.77**	**(90.02)**	**77.63**	**-**	**-**	**2,999.38**
Transfer / utilisations										
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	**497.86**
Additions during the year (non-cash premium)	-	270.48	-	-	(270.48)	-	-	-	-	**-**
Utilized during the year	-	-	-	-	-	-	-	-	-	**-**
Transferred to special reserve from retained earnings	722.35	-	-	-	(722.35)	-	-	-	-	**-**
Share based payment expense	-	-	3.82	2,442.64	-	-	-	-	-	**2,446.46**
Transferred from share based payment reserve	-	-	-	(23.07)	23.07	-	-	-	-	**-**
Balance at March 31, 2022	**1,379.07**	**62,498.29**	**66.10**	**4,170.90**	**5,130.93**	**(0.99)**	**77.63**	**15.36**	**(616.81)**	**72,720.48**

Description of nature and purpose of each reserve

Special reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934.

Securities premium - The securities premium account is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Capital contribution from parent - The capital contribution from parent is the outcome of share based arrangement where Bee Finance Limited (Mauritius), Holding Co. has granted equity settled options to the employees of the Group.

Share based payment reserve - The employee stock option outstanding reserve is used to recognise the grant date fair value of options issued to employees of the Group under stock option schemes of the Group.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Group and are available for distribution to shareholders.

Debt instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income.

Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Cash Flow hedge reserve- This represents the cumulative gains / (losses) arising on the revaluation of derivative instruments designated at cash flow hedges through other comprehensive income.

Notes to the Consolidated Financial Statements

22. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial assets measured at amortised cost:		
-Interest on loans	45,746.63	35,496.09
-Interest income from investments	862.39	523.59
-Interest on deposits with banks	122.17	166.27
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	608.87	1,537.50
Total	**47,340.06**	**37,723.45**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the year ended 31 March 2022 and 31 March 2021.

23. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Other fees and charges	966.24	501.16
Service fees (Refer Note 34)	56.00	56.00
Total	**1,022.24**	**557.16**
Geographical Markets		
Within India	1,022.24	557.16
Outside India	-	-
Total	**1,022.24**	**557.16**
Timing of revenue recognition		
Services transferred at a point in time	1,022.24	557.16
Services transferred over time	-	-
Total	**1,022.24**	**557.16**

Note: For receivable balances against the income, refere note no 8

24. Net (loss)/ gain on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	138.81	
- Derivatives	(34.64)	268.91
Total	**104.17**	**268.91**
Fair value changes:		
- Realised	138.81	268.91
- Unrealised	(34.64)	-

25. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Business Support Charges (Refer Note 34)	1,331.47	401.46
Marketing fees	2,055.20	195.00
Other income	237.42	101.67
Total	**3,624.09**	**698.13**

Notes to the Consolidated Financial Statements

26. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	10,593.94	8,258.40
(ii) Discount on Commercial Paper	487.26	124.74
(iii) Interest on Debentures	10,206.40	6,499.73
(iv) Interest on Inter Corporate Debts ("ICD")	274.60	195.52
(v) Interest on lease liability (Refer Note 37)	199.18	156.73
(vi) Other finance cost	185.43	40.62
Total	**21,946.81**	**15,275.74**

27. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On Financial instruments measured at amortised cost		
- Loans (including amount written off, net of recovery)	4,360.72	8,872.69
- Investments	(3.90)	0.05
- Others	(4.80)	(4.11)
Total	**4,352.02**	**8,868.63**

28. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	10,897.47	8,072.43
Contribution to provident and other funds	280.21	227.81
Share based payment to employees (Refer Note 36)	2,446.48	1,027.90
Staff welfare expenses	234.13	141.65
Retirement Benefit expenses (Refer Note 35)	60.92	(20.98)
Others	2.22	-
Total	**13,921.43**	**9,448.81**

Notes to the Consolidated Financial Statements

29. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Information Technology expenses	1,360.83	672.66
Cost of collection	1,150.94	851.93
Legal, professional and consultancy charges	1,144.55	434.57
Office Expense	469.16	416.78
Travelling and conveyance	260.73	129.70
Advertisement, publicity and sales promotion expenses	226.59	389.18
Rating fees	189.75	104.25
Payment to auditors	122.83	94.93
Directors' sitting fees	45.35	13.19
Stamp Duty & Filing fees	30.81	10.64
Repairs and maintenance	28.06	20.62
Rent (Refer Note 37)	27.31	275.89
Bank charges	26.68	32.23
Corporate Social responsibility (Refer Note 41)	16.35	20.05
Foreign exchange (gain)/loss	1.03	-
Miscellaneous expenses	225.90	469.83
Total	**5,326.87**	**3,936.45**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Auditor's remuneration		
- Audit fees	79.33	72.89
- Limited review	18.97	11.23
In other capacity		
- Certification services	24.53	10.81
- Taxation	-	-
Total	**122.83**	**94.93**

Notes to the Consolidated Financial Statements

30. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current tax expense		
Current year	1,358.99	1,231.51
Tax pertaining to previous years	-	(96.38)
Current tax expense	**1,358.99**	**1,135.13**
Deferred tax expense		
Origination and reversal of temporary differences	(256.21)	(999.71)
Current tax expense	**(256.21)**	**(999.71)**
Tax expense for the year	**1,102.78**	**135.42**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(94.84)	23.87	(70.97)	(26.29)	6.62	(19.67)
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(16.56)	4.17	(12.39)	118.97	(29.95)	89.03
Total	**(111.40)**	**28.04**	**(83.36)**	**92.68**	**(23.33)**	**69.35**

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax as per Statement of profit and loss	4,185.54	352.47
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	1,053.50	88.72
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	60.49	198.43
Effect of income exempt from income tax	(25.17)	(42.11)
Tax pertaining to prior year	-	(96.38)
Other adjustments	13.96	(13.23)
Total income tax expense	**1,102.78**	**135.43**
Effective tax rate	**26.35%**	**38.42%**

Notes to the Consolidated Financial Statements

31. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit attributable to equity holders of the Company used in calculating basic earnings per share	3,082.76	217.05
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	3,082.76	217.05

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,60,17,437	38,51,19,843
Add: Adjustments for calculation of diluted earnings per share	21,16,274	14,19,853
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	38,81,33,711	38,65,39,696
Basic earnings per share	**0.80**	**0.06**
Diluted earnings per share	**0.79**	**0.06**

Notes to the Consolidated Financial Statements

32. Fair value measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	5,505.98		-	1,457.92
Bank balance other than cash and cash equivalents	-	-	2,991.36	-	-	588.46
Derivative finncial instruments	1,181.05	-	-	-	-	-
Receivables						
(I) Trade receivables	-	-	108.34	-	-	3.76
(II) Other receivables	-	-	-	-	-	-
Loans	-	-	3,73,226.42	-	-	2,55,359.84
Investments						
- Mutual funds	78.65	-	-	-	-	-
- Debt securities	-	2,899.87	855.44	-	6,638.94	2,120.51
- Convertible preference shares	9.22	-	-	-	-	
Other financial assets	-	-	2,754.80	-	-	1,852.48
Total financial assets	**1,268.92**	**2,899.87**	**3,85,442.34**	**-**	**6,638.94**	**2,61,382.97**
Financial liabilities						
Derivative finncial instruments	186.87	-	-	-	-	-
Debt securities	-	-	1,06,523.77	-	-	75,786.75
Borrowings (other than debt securities)	-	-	1,75,065.49	-	-	91,062.13
Other financial liabilities	-	-	8,198.31	-	-	6,684.48
Total financial liabilities	**186.87**	**-**	**2,89,787.57**	**-**	**-**	**1,73,533.36**

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below:

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.22	-	9.22	-	-	-	-
Investment in mutual funds	78.65	-	-	78.65	-	-	-	-
Derivative financial instruments			1,181.05	1,181.05	-	-	-	-
Investment in debt securities	-	-	2,899.87	2,899.87	-	-	6,638.94	6,638.94
Total	**78.65**	**9.22**	**4,080.92**	**4,168.79**	**-**	**-**	**6,638.94**	**6,638.94**
Financial liabiltiies								
Derivative financial instruments	-	-	186.87	186.87	-	-	-	-
Total	**-**	**-**	**186.87**	**186.87**	**-**	**-**	**-**	**-**

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	5,505.98	-	-	5,505.98	1,457.92	-	-	1,457.92
Bank balance other than cash and cash equivalents	2,991.36	-	-	2,991.36	588.46	-	-	588.46
Receivables								
(I) Trade receivables	108.34	-	-	108.34	3.76	-	-	3.76
(ii) Other receivables	-	-	-	-	-	-	-	-
Investments								
-Debt securities	-	-	855.44	855.44	-	-	2,120.51	2,120.51
Loans	-	-	3,96,023.64	3,96,023.64	-	-	2,70,436.30	2,70,436.30
Other financial assets	2,754.80	-	-	2,754.80	1,852.48	-	-	1,852.48
Total	**11,360.48**	**-**	**3,96,879.08**	**4,08,239.56**	**3,902.62**	**-**	**2,72,556.81**	**2,76,459.43**
Financial Liabilities								
Debt securities	-	-	1,07,546.28	1,07,546.28	-	-	74,320.09	74,320.09
Borrowings (other than debt securities)	-	-	1,75,643.97	1,75,643.97	-	-	93,038.76	93,038.76
Other financial liabilities	8,198.31	-	-	8,198.31	6,684.48	-	-	6,684.48
Total	**8,198.31**	**-**	**2,83,190.25**	**2,91,388.56**	**6,684.48**	**-**	**1,67,358.85**	**1,74,043.33**

(Rs. in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	5,505.98	5,505.98	1,457.92	1,457.92
Bank balance other than cash and cash equivalents	2,991.36	2,991.36	588.46	588.46
Derivative financial instruments	1,181.05	1,181.05		
Receivables				
(I) Trade receivables	108.34	108.34	3.76	3.76
(II) Other receivables	-	-	-	-
Loans	3,73,226.42	3,96,023.64	2,55,359.84	2,70,436.30
Investments				
- Mutual funds	78.65	78.65	-	-
- Debt securities at Other comprehensive income	2,899.87	2,899.87	2,120.51	2,120.51
- Debt securities at amortised cost	855.44	855.44	6,638.94	6,638.94
Convertible preference shares	9.22	9.22	-	-
Other financial assets	2,754.80	2,754.80	1,852.48	1,852.48
Total	**3,89,611.13**	**4,12,408.35**	**2,68,021.91**	**2,83,098.37**
Financial liabilities				
Derivative financial instruments	186.87	186.87	-	-
Debt securities	1,06,523.77	1,07,546.28	75,786.75	74,320.09
Borrowings (other than debt securities)	1,75,065.49	1,75,643.97	91,062.13	93,038.76
Other financial liabilities	8,198.31	8,198.31	6,684.48	6,684.48
Total	**2,89,974.44**	**2,91,575.43**	**1,73,533.36**	**1,74,043.33**

Except for those financial instruments for which the fair value amounts are mentioned in the above table (which is different than the carrying value), the Group considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Group's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

Notes to the Consolidated Financial Statements

Financial instruments held at amortised cost

i. Cash and bank balance:

The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:

For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:

The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:

The group has investments in debt securities with fixed rates. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

v. Debt securities and borrowings:

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2022 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:

The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

Financial instruments held at fair value

i. Investment in mutual fund:

The investment in mutual funds are valued using the closing NAV in the market.

ii. Investment in debt securities:

Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using market yeild on the balance period to maturity on similar instruments using G-Sec rates adjusted for credit risk of the instruments.

Gains or losses on transfers amongst categories

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2022 and March 31, 2021.

D. Sensitivity analysis of financial instruments at Level 3

		Delta effect of	
Particulars	**Input name**	**+ 1% change**	**- 1% change**
Financial Assets:			
Loans	Discount rate	(2,035.95)	2,077.02
Investment in debt securities	Gsec rate	(9.46)	9.58
Investment in debt securities	FIMMDA rate	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	25.11	(33.00)
Financial Liabilities:			
Debt securities	Discount rate	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	29.55	(29.42)

E. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the year ended March 31, 2022 and March 31, 2021

(Rs. in lakhs)

Particulars	**Derivative**	**Debt**
As at March 31, 2020	**-**	-
Acquisitions/(Disposal)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	**-**	**6,652.06**
Acquisitions/(Disposal)	-	(3,622.64)
Gains recognised in other comprehensive income	299.22	(120.30)
As at March 31, 2022	**299.22**	**2,909.12**

Notes to the Consolidated Financial Statements

33. Financial risk management

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk, market risk & liquidity risk. The Group's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.
The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations i.e. receivables from customers, investments in debt securities etc. Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

i) Credit risk management
The Group key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks . The Group considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:
- Income and cash flow analysis: The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- Credit history analysis: The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- Borrower's profile and intended use of the funds: The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- Security cover provided: The Group has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- Collectability and geo-location: . The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or concerns about any of these factors, an adverse adjustment to the risk-profile is made.

The Group has separate data science/analytics team which monitors the vintage curve, bounce rates, collection efficiency, portfolio metrics and delinquencies further periodic re-audit of existing cases to unearth delinquency trends and credit learnings.
Measurement of Expected Credit Losses ('ECL')
The Group has segmented its outstanding portfolio based on the risk profiles i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Group has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

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 ECL 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 /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. Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3. Considering the current macro economic scenario, due to Covid, the probability of defaults have been increased over and above the historical trends across product verticals.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90 + days	Stage 3	Life Time ECL	Life Time ECL

Further, the Group on the basis of its assessment of credit risk classifies loans under Stage 2 irrespective of its overdues status during the period, including loans under one-time resolution (OTR) framework prescribed by the Reserve Bank of India (RBI) for COVID-19 related stress. These accounts are upgraded to Stage 1 as and when they demonstrate satisfactory behaviour under the revised repayment schedule.

Portfolio Segment	Lending verticals	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Unsecured	Personal Loan	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs.		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in unsecured portfolios is assumed (65%)
	Unsecured Business Loan					
	Student Loans					
	Supply Chain Finance					
Secured	Escrow Backed Funding	An empirical PD is derived basis the historical portfolio default rates. Forward looking PD is estimated from a statistical model that takes the empirical PD and future the macro-economic forecast as inputs		100%	Exposure at Default (EAD) is the amount which the borrower owes as at the reporting date (including overdue and undrawn amount)	RBI standard provision for NPAs in secured portfolios is assumed (50%)
	Two Wheeler Finance					
	Secured School Finance	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Micro Finance					
	Loan Against Property					
	Home Loans					

As at March 31, 2022

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	3,49,541.03	2,461.45	3,47,079.58
	Loan commitments	14,248.30	9.42	14,238.88
Stage 2	Term Loans	21,971.46	1,229.09	20,742.37
Stage 3*	Term Loans	10,811.36	5,406.89	5,404.47

** includes 8,513 loan accounts which are overdue for more than ninety days*

As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans	2,29,929.27	1,865.67	2,28,063.60
	Loan commitments	8,975.03	11.00	8,964.03
Stage 2	Term Loans	24,329.43	2,009.41	22,320.02
Stage 3	Term Loans	10,206.03	5,229.81	4,976.22

Collateral held

The Group periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Group varies on case to case basis and includes:

i) First/Subservient charge on the Land and/or Building of the project or other projects
ii) First/Subservient charge on the fixed and current assets of the borrower
iii) Hypothecation over receivables from funded project or other projects of the borrower
iv) First loss guarantee default (FLDG) in the form of cash collateral, lien on fixed deposits etc.

The below table stratifies credit exposure for secured loans by ranges of Loan-to-value (LTV) ratio. LTV is calculated as the ratio of the Principal outstanding of the loan to the value of the collateral. The valuation of collateral is as of date of grant of loan and excludes any adjustments for obtaining and selling the collateral.

(ii) Secured Loans

(Rs. in lakhs)

LTV Ratio	Principal outstanding as at March 31, 2022	As at March 31, 2022	Principal outstanding as at March 31, 2021	As at March 31, 2021
Less than 50%	48,024.41	30.40%	53,647.27	39.96%
51-70%	17,439.28	11.04%	18,554.37	13.82%
71-90%	20,912.59	13.24%	11,474.72	8.55%
91-100%	71,041.92	44.97%	46,912.45	34.94%
More than 100%	546.18	0.35%	3,663.67	2.73%
Total	**1,57,964.38**	**100.00%**	**1,34,252.48**	**100.00%**

The Group measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Group's internally developed statistical models and other historical data. In addition, the Group uses reasonable and supportable information on future economic conditions including macroeconomic factors such as services, GDP, recorded unemployment, growth rate, current account balance etc. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Notes to the Consolidated Financial Statements
(iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure
The below table signifies movement of gross carrying amount:

(Rs. in lakhs)

Reconciliation of Loan exposure	Stage 1	Stage 2	Stage 3
Loan exposure on March 31, 2020	**2,00,086.79**	**4,228.93**	**5,943.06**
Change in opening credit exposure	(1,11,619.89)	(7,901.73)	(5,362.11)
New credit exposures during the year, net of repayment*	1,60,934.35	17,437.99	6,845.50
Transferred to 12-month ECL	720.84	(710.69)	(10.15)
Transferred to Lifetime ECL not credit impaired	(12,243.37)	12,245.97	(2.60)
Transferred to Lifetime ECL credit impaired	(4,879.72)	(1,233.84)	6,113.56
Write – offs	-	-	(4,474.73)
Loan exposure on March 31, 2021	**2,32,999.00**	**24,066.63**	**9,052.53**
Change in opening credit exposure	(1,24,612.06)	(7,159.92)	(2,629.64)
New credit exposures during the year, net of repayment*	2,50,658.03	2,454.79	493.14
Transferred to 12-month ECL	2,000.14	(1,971.06)	(29.08)
Transferred to Lifetime ECL not credit impaired	(7,580.59)	7,921.29	(340.70)
Transferred to Lifetime ECL credit impaired	(3,923.49)	(3,340.27)	7,263.75
Write – offs	-	-	(2,998.64)
Loan exposure on March 31, 2022	**3,49,541.03**	**21,971.46**	**10,811.36**

**represents outstanding balance of loan exposures originated during the year as at reporting date.*

For Loan loss allowance:

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 3
Loss allowance on March 31, 2020	**1,345.71**	**317.58**	**3,675.81**
Change in opening credit exposure	(629.25)	(576.12)	(698.54)
New credit exposures during the year, net of repayment*	1,384.79	1,561.99	3,431.52
Transferred to 12-month ECL	5.20	(25.23)	(8.09)
Transferred to Lifetime ECL not credit impaired	(121.88)	881.42	(3.86)
Transferred to Lifetime ECL credit impaired	(118.89)	(150.23)	3,307.70
Write – offs	-	-	(4,474.73)
Loss allowance on March 31, 2021	**1,865.68**	**2,009.41**	**5,229.81**
Change in opening credit exposure	(1,342.22)	(640.79)	(54.68)
New credit exposures during the year, net of repayment*	1,973.46	178.72	249.06
Transferred to 12-month ECL	63.41	(265.29)	(15.65)
Transferred to Lifetime ECL not credit impaired	(49.40)	290.43	(171.57)
Transferred to Lifetime ECL credit impaired	(49.47)	(343.39)	3,168.56
Write – offs	-	-	(2,998.64)
Loss allowance on March 31, 2022	**2,461.46**	**1,229.09**	**5,406.89**

**represents outstanding balance of loss allowance on loan exposures originated during the year as at reporting date.*

For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on March 31, 2020	**-**
Changes in loss allowances due to Assets used or released	**13.17**
Loss allowance on March 31, 2021	**13.17**
Changes in loss allowances due to Assets used or released	(3.89)
Loss allowance on March 31, 2022	**9.28**

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Stage 1
Loss allowance on 31 March 2020	**4.82**
Changes in loss allowances due to Assets used or released	6.18
Loss allowance on 31 March 2021	**11.00**
Changes in loss allowances due to Assets used or released	(1.58)
Loss allowance on 31 March 2022	**9.42**

Offsetting financial assets and financial liabilities
There are no financial assets and Financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

Impact of COVID-19
(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the current and previous year, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0. dated August 6, 2020 and Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at March 31, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.

(B) Pursuant to the RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" and review of the Company's current policy for measuring expected credit losses as per Ind AS, the Company had aligned its definition of default (i.e. Stage III) with the aforesaid circular for asset classification and provisioning purpose as per Ind AS and the resultant impact had been effected in unaudited quarterly financial results for the period ended December 31, 2021. However, on February 15, 2022 RBI had issued further clarification on the said circular and has granted time till September 30, 2022 to NBFCs to implement the change in default definition. As a consequence, the Company has realigned the definition of change in default to earlier norms. The Company will take necessary steps to ensure compliance with the circular.

Notes to the Consolidated Financial Statements

33. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Group has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Group has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:
The Group has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Expiring within one year	17,010.00	10,090.93
Expiring beyond one year	-	-
Total	**17,010.00**	**10,090.93**

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	14	186.87	(186.87)	-	(186.87)	-	-
Debt securities	15	1,06,523.77	(1,23,335.86)	(48,013.55)	(60,046.05)	(2,517.01)	(12,759.25)
Borrowings	16	1,75,065.49	(2,13,959.44)	(92,103.90)	(88,864.92)	(32,990.62)	-
Other financial liabilities	17	8,198.31	(8,198.31)	(8,198.31)	-	-	-
Loan commitments	38	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)	-	-
Total		**3,04,222.74**	**(3,59,928.78)**	**(1,60,223.69)**	**(1,51,438.21)**	**(35,507.63)**	**(12,759.25)**

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Derivative financial instruments	14	-	-	-	-	-	-
Debt securities	15	75,786.75	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings	16	91,062.13	(1,06,339.41)	(54,087.87)	(41,538.58)	(10,712.96)	-
Other financial liabilities	17	6,684.48	(6,684.48)	(6,684.48)	-	-	-
Loan commitments	38	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		**1,82,508.39**	**(2,04,459.40)**	**(1,19,847.62)**	**(73,898.82)**	**(10,712.96)**	**-**

Notes to the Consolidated Financial Statements

33. Financial risk management (continued)

The following table details the Group's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2022

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	5,505.98	5,505.98	5,505.98	-	-	-
Bank deposits	3	2,991.36	2,991.36	2,991.36	-	-	-
Derivative financial instruments	4	1,181.05	1,181.05	-	1,181.05	-	-
Trade receivables	5	108.34	108.34	108.34	-	-	-
Loans	6	3,73,226.42	5,17,087.67	2,21,380.60	1,48,771.24	55,625.27	91,310.56
Investments (other than subsidiaries)	7	3,833.96	4,025.12	3,472.11	553.01	-	-
Other financial assets	8	2,754.80	-	-	-	-	-
Total		**3,89,601.91**	**5,30,899.52**	**2,33,458.39**	**1,50,505.30**	**55,625.27**	**91,310.56**

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,457.92	1,457.92	1,457.92	-	-	-
Bank deposits	3	588.46	588.46	588.46	-	-	-
Derivative financial instruments	4	-	-	-	-	-	-
Trade receivables	5	3.76	3.76	3.76	-	-	-
Loans	6	2,55,359.84	3,55,624.03	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments	7	8,759.45	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	8	1,852.48	1,852.48	1,852.48	-	-	-
Total		**2,68,021.91**	**3,68,823.42**	**1,63,614.28**	**99,022.60**	**39,082.15**	**67,104.40**

Notes to the Consolidated Financial Statements

33. Financial risk management (continued)

C. Market risk

Market risk or Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely. The Group has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and loans. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2022	As at March 31, 2021
Loans		
Fixed rate loans	2,22,062.75	1,30,872.89
Variable rate loans	1,58,346.89	1,32,493.60
Bank balance other than cash and cash equivalents	2,991.36	586.06
Fixed rate investments in debt securities at	855.47	2,120.55
Fixed rate investments in debt securities at other comprehensive income	2,909.12	6,652.06
Total	**3,87,165.59**	**2,72,725.16**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,56,641.86)	(94,222.18)
Variable rate Debt and Borrowings	(1,21,500.62)	(69,420.64)
Total	**(2,78,142.48)**	**(1,63,642.82)**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Group's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2022 and March 31, 2021 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2022				
Variable-rate instruments	397.55	(397.55)	397.55	(397.55)
Cash flow sensitivity (net)	**397.55**	**(397.55)**	**397.55**	**(397.55)**
March 31, 2021				
Variable-rate instruments	697.25	(697.25)	697.25	(697.25)
Cash flow sensitivity (net)	**697.25**	**(697.25)**	**697.25**	**(697.25)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Price risk

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2022, profit or loss(pre-tax) for the year ended March 31, 2022 would increase/decrease by 0.74 (Previous Year: Rs. Nil) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2022.

E. Foreign Currency Risk

The Group is exposed to foreign currency fluctuation risk for its external currency borrowing (ECB). The Group's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Group hedges its entire ECB exposure for the full tenure of the ECB as per Board approved policy. The Group for its ECB, evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs. The Group manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved policy.

Notes to the Consolidated Financial Statements

34. Related party disclosures

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the KMP	Designation
Mr. Bhupinder Singh	Whole-time director and Chief Executive Officer
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director (upto June 11, 2021)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director
Mr. Karnam Sekar	Independent Director (w.e.f December 17, 2021)
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director (upto December 15, 2021)
Mr. Girish Dinanath Nadkarni	Nominee Director (upto June 13, 2021)
Mr. Vivek Anand PS	Nominee Director

Enterprises where key management personnel exercises control

1. InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
2. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)
4. InCred Capital Wealth Portfolio Managers Private Limited (Formerly known as BSH Corporate Advisors and Consultants Private Limited)
5. InCred Research Services Private Limited (Formerly known as Earnest Innovation Partners Private Limited)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2022	As at March 31, 2021
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.38%	59.64%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2022	As at March 31, 2021
mValu Technology Services Private Limited	India	Mumbai	47.39%	40.96%

Transactions with key management personnel

i. Key management personnel compensation (Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expenses	692.35	575.33
Directors' sitting fees	45.35	13.19

As the liabilities for gratuity, leave encashment and share based payments are provided on actuarial basis for the group as a whole and hence the amounts pertaining to the key management personnel are not included in the above.

Notes to the Consolidated Financial Statements

34. Related party disclosures (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Rs. in lakhs)

Nature of transactions	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Associate of subsidiary	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance Sheet transactions								
Investment in equity shares	-	-	-	-	-	-	-	-
ICD taken	-	-	-	-	11,000.00	4,500.00	1,700.00	3,275.00
Repayment of ICD taken (including interest)	-	-	-	-	15,619.20	-	3,071.29	2,053.29
Refund of Security Deposit	-	-	-	-	-	-	-	-
Payment against expenses	-	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	12,738.68	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	-	1.88	-	-
Issue of Market Linked Debentures ("MLD")	-	-	-	-	9,910.00	830.00	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	295.27	-	-
Reimbursement of credit loss	-	-			-	-	1.85	57.31
Proceeds from sale of Debentures	-	-	-	-	-	6,505.59	-	-
Stock options exercised	-	-	3.85	-	-	-	-	-
Income transactions								
License fees	-	-			-	-	56.00	56.00
Service fee	-	-	-	-	977.89	404.03	300.60	0.15
Profit on sale of Debentures	-	-	-	-	-	20.70	-	-
Expense transactions								
License fees	-	-			-	-	-	-
Interest on ICD	-	-			119.20	1.76	71.29	84.99
Expenses on account of reimbursement	-	-	-	-	78.69	-	-	-
Fee and commission	-	-	-	-	569.56	187.63	-	14.90

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (*Refer Note 36 for further details).*

Notes to the Consolidated Financial Statements
34. Related party disclosures (continued)

Summary of balance receivable from / payable to the above related are as follows:

(Rs. in lakhs)

Sr. No.	Balance outstanding	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel		Associate of subsidiary	
		For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Advances/Receivables	-	-	-	-	489.18	31.74	15.17	15.47
2	ICD Payable	-	-	-	-	-	4,501.63	-	1,300.33
3	Other Payables	-	-	-	-	-	-	-	0.44
4	Security deposit payable	-	-	-	3.20	-	-	-	-
5	Number of options outstanding	-	241	-	-	-	-	-	-

Notes:
There are no debts due by directors or other officers of the group or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.
No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

Notes to the Consolidated Financial Statements

35. Employee benefits

1. The Group has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Provident fund	280.21	227.38

2. Gratuity

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	158.90	88.90
Interest cost	6.75	4.49
Current Service cost	54.15	39.21
Liability Transferred In/Acquisition	-	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Demographic Assumptions	(0.02)	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Financial Assumptions	(0.56)	4.98
Actuarial (Gains) / Loss on Obligations - Due to Experience	95.82	21.32
Liability at the end of the year	**315.04**	**158.90**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of benefit obligation at the end of the year	(315.04)	(158.90)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(315.04)	(158.90)
Net (Liability) Recognized in the Balance Sheet	**(315.04)**	**(158.90)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	54.15	39.21
Interest cost	6.75	4.49
Expenses recognised	**60.90**	**43.70**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Actuarial (Gains) on obligation for the year	95.24	26.30
Net (Income) for the year recognized in OCI	**95.24**	**26.30**

Notes to the Consolidated Financial Statements

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

Particulars	As at March 31, 2022	As at March 31, 2021
Discount Rate	5.15%	4.25%
Salary escalation rate	8.00%	5% for next 1 year and 7% thereafter
Expected Rate of return on Plan Assets	N.A	N.A.
Rate of Employee Turnover	35%	35.00%
Weighted Average Duration of Projected Benefit Obligation	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured lives mortality (2006-08)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening net liability	158.90	88.90
Expenses recognized in Statement of Profit and Loss	60.90	43.70
Expenses recognized in OCI	95.24	26.30
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	**315.04**	**158.90**

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefits payable in future years from the date of reporting		
1st following year	59.12	0.73
2nd following year	71.59	32.15
3rd following year	63.45	38.22
4th following year	48.84	33.79
5th following year	37.04	25.33
Sum of years 6 To 10	70.38	47.54
Sum of years 11 and above	12.23	7.87

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefit obligation on current assumptions	315.04	158.90
Delta effect of +1% change in rate of discounting	(7.66)	(5.20)
Delta effect of -1% change in rate of discounting	8.11	5.52
Delta effect of +1% change in rate of salary increase	6.62	4.96
Delta effect of -1% change in rate of salary increase	(6.43)	(4.83)
Delta effect of +1% change in rate of employee turnover	(3.91)	(4.15)
Delta effect of -1% change in rate of employee turnover	4.01	4.24

Notes to the Consolidated Financial Statements

Qualitative disclosures

Gratuity is a defined benefit plan and group is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Group has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Notes to the Consolidated Financial Statements

36. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Group has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

The Group has established share option plans that entitle the employees of the Group and its subsidiary companies to purchase the shares of the Group. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the vesting of grants under these plans are continued employment with the Group from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using Black-Scholes Option pricing model. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2022	For the year ended March 31, 2021
Fair value as on grant date (weighted average)	24.91 to 42.17	27.15 to 28.64
Share prices during the year , on grant dates	55.00 to 65.00	55.25
Exercise price	40.00	40.00*
Expected volatility (weighted average volatility)	40%	35% to 40%
Rate of Employee Turnover	35%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	4.89% to 6.85%	5.04% to 5.97%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

** The Nomination and Remuneration Committee during the year has approved modification of exercise price in respect of options granted in the year ended March 31, 2021 from Rs. 40.00 per share to Rs. 28.00 per share. Accordingly the incremental fair value of the option ranging from Rs. 5.37 to Rs. 7.40 per option has been included in the measurement of amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest.*

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2022	As at March 31, 2021
Opening balance	34.35	1,80,44,938	1,25,05,584
Add: Options granted during the year	40.00	1,88,51,500	97,92,875
Less: Options exercised during the year	38.64	(17,38,050)	(91,209)
Less: Options lapsed during the year	36.30	(9,09,800)	(41,62,312)
Options outstanding as at the year end	**37.26**	**3,42,48,588**	**1,80,44,938**
Option exercisable of the above		1,20,39,181	33,85,721

Weighted average remaining contractual life of options outstanding at end of the year: 2.72 years

Notes to the Consolidated Financial Statements

II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the Holding Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the grants under these plans are continued employment with the company from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

a) Share options issued by Bee Finance Limited (Mauritius)

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2022:
No fresh grants have been given during the year ended March 31, 2022 and year ended March 31, 2021

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

	As at March 31, 2022		As at March 31, 2021	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**47,728.27**	**241.00**	**48,033.52**	**248.00**
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	(47,728.27)	(241.00)	55,650.73	(7.00)
Options outstanding as at the year end	**-**	**-**	**47,728.27**	**241.00**

C. Expenses arising from share-based payment transactions

Refer Note 28 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

37. Lease accounting

The Group has entered into leasing arrangements for premises. Right of Use Assets ("ROU") has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,739.74**	**1,760.49**
Addition during the year	552.34	392.55
Disposals during the year	-	(131.39)
Depreciation for the year	(441.25)	(281.91)
Balance as at the end of the year	**1,850.83**	**1,739.74**

ii. The following is the movement in lease liabilities during the year ended March 31, 2022:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**1,957.65**	**1,878.95**
Addition during the year	552.36	247.56
Finance cost accrued during the year	199.16	156.73
Payment of Lease liabilities made during the year	(567.60)	(325.59)
Balance as at the end of the year	**2,141.57**	**1,957.65**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2022 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	369.50	261.42
Between one and five years	1,674.34	1,302.84
More than five years	97.73	221.24
Total	**2,141.57**	**1,785.50**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation expense on right-of-use assets (Refer Note 10)	441.25	281.91
Interest expense on lease liabilities (Refer Note 26)	198.43	156.73
Expense relating to short-term leases (Refer Note 29)	10.51	275.89
Expense relating to leases of low value assets	-	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

38. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments		
Undrawn committed credit lines	14,248.30	8,975.03
Obligation on investments in partly paid up preference shares	181.81	-
Total	**14,430.11**	**8,975.03**

There are no litigations and proceedings against the Company which requires any provision or disclosure as contingent liability.

Notes to the Consolidated Financial Statements

39. Current and Non-Current Maturity

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

(Rs. in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	5,505.98	-	5,505.98	1,457.92	-	1,457.92
Bank Balance other than cash and cash equivalents	2,991.36	-	2,991.36	588.46	-	588.46
Derivatives financial instruments	451.45	729.60	1,181.05			
Receivables				-	-	-
(I) Trade receivables	108.34	-	108.34	3.76	-	3.76
(II) Other receivables	-	-	-	-	-	-
Loans	1,74,340.33	1,98,886.09	3,73,226.42	1,23,300.54	1,32,059.30	2,55,359.84
Investments	3,277.00	4,842.65	8,119.65	7,664.75	4,792.68	12,457.43
Other Financial assets	1,456.58	1,298.22	2,754.80	1,590.59	261.89	1,852.48
Sub total	**1,88,131.04**	**2,05,756.56**	**3,93,887.60**	**1,34,606.02**	**1,37,113.87**	**2,71,719.89**
Non-financial assets						
Current Tax assets (Net)	-	1,209.98	1,209.98	17.11	720.61	737.72
Deferred Tax assets (Net)	-	2,038.67	2,038.67	-	1,857.41	1,857.41
Property, plant and equipment	-	3,479.68	3,479.68	-	3,440.94	3,440.94
Capital work-in-progress	-	293.95	293.95	-	14.49	14.49
Goodwill	-	652.65	652.65	-	652.65	652.65
Other intangible assets	-	433.27	433.27	-	547.43	547.43
Other non-financial assets	480.00	988.76	1,468.76	677.23	805.55	1,482.78
Sub total	**480.00**	**9,096.96**	**9,576.96**	**694.34**	**8,039.08**	**8,733.42**
Total assets	**1,88,611.04**	**2,14,853.52**	**4,03,464.56**	**1,35,300.36**	**1,45,152.95**	**2,80,453.31**
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	186.87	-	186.87	-	-	-
Debt securities	40,463.06	66,060.71	1,06,523.77	52,984.19	22,802.56	75,786.75
Borrowings (Other than Debt Securities)	69,333.95	1,05,731.54	1,75,065.49	45,250.40	45,811.73	91,062.13
Other Financial liabilities	3,134.51	5,063.80	8,198.31	2,704.50	3,979.98	6,684.48
Sub total	**1,13,118.39**	**1,76,856.05**	**2,89,974.44**	**1,00,939.09**	**72,594.27**	**1,73,533.36**
Non-Financial liabilities						
Provisions	59.12	265.34	324.46	-	169.90	169.90
Deferred tax liabilities (Net)	-	728.89	728.89	-	832.27	832.27
Other non-financial liabilities	918.06	-	918.06	516.58	-	516.58
Sub total	**977.18**	**994.23**	**1,971.41**	**516.58**	**1,002.17**	**1,518.75**
Total liabilities	**1,14,095.57**	**1,77,850.28**	**2,91,945.85**	**1,01,455.67**	**73,596.44**	**1,75,052.11**

Notes to the Consolidated Financial Statements

40. Foreign Currency Transactions

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Expenditure in foreign currency		
Directors' sitting fees	9.20	2.07
Legal, professional and consultancy charges	165.65	27.64
Information Technology expenses	14.27	6.63
Miscellaneous expenses	8.18	2.01
Interest on External Commercial Borrowings	215.69	-
Total	**412.99**	**38.35**

41. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Amount required to be spent as per section 135 of the Companies Act, 2013	16.12	19.99
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	
(ii) On purposes other than (i) above		
In cash	16.35	20.05
Yet to be paid in cash		-
Total	**16.35**	**20.05**
Details related to spent obligations:		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	11.68	20.05
iii) Covid vaccination other than employees and family members	4.67	
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
Total	**16.35**	**20.05**

42. Micro, Small and Medium Enterprises Development

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, as at 31 March 2022, no dues were outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act till 31 March 2022.

Notes to the Consolidated Financial Statements

43. Capital Management

The Parent maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Capital Management

The primary objectives of the Parent's capital management policy are to ensure that the Parent 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.

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Common Equity Tier 1 (CET1) capital	1,08,442.86	1,01,900.06
Other Tier 2 capital	2,461.45	1,261.64
Total capital	**1,10,904.31**	**1,03,161.70**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS–based results and reserves. The other component of regulatory capital is other Tier 2 Capital, which also includes hybrid debt instruments.

44. During the current year, the Parent company has reported frauds to RBI aggregating to Rs. 739.00 lakhs (previous year: Rs. 72.28 lakhs)

45. On August 16, 2021, the Company entered into agreements with KKR India Financial Services Limited (“KIFS”) for the demerger of the retail lending, SME lending, housing finance business and ancillary activities of the Company to KIFS (“Proposed Demerger”). The Board of Directors of the Company at their meeting held on September 3, 2021 has approved a composite scheme of arrangement ("Scheme") amongst KKR Capital Markets India Private Limited, Bee Finance Limited, KIFS and the Company and their respective shareholders for the Proposed Demerger. The Scheme has been filed with the National Company Law Tribunal on September 27, 2021. The Scheme will be effective post completion of customary conditions, including receipt of approvals from the relevant statutory authorities. Further, the Company has received no-objection from RBI on December 08, 2021 and in-principle approval from BSE Limited on December 24, 2021. The Equity Shareholders, Preference Shareholders and secured creditors of the Company have also approved the Scheme at their respective meetings convened by the NCLT held on December 15, 2021.

46. Ratio Analysis and its elements

Below ratios are based on the financial statements of the Parent Company

Ratio	As at March 31, 2022	As at March 31, 2021	% change
CRAR (%)	28.05%	37.20%	-24.60%
CRAR - Tier I Capital (%)	27.43%	36.54%	-24.94%
CRAR - Tier II Capital (%)	0.62%	0.66%	-5.71%
Liquidity Coverage Ratio*	Not Applicable	Not Applicable	Not Applicable

**Not Applicable as the Company is a Non-Deposit taking NBFC with an asset size of less than Rs. 5,000 Crore as stipulated in the Master Directions.*

CRAR : (Tier I Captital + Tier II Capital) / Total Risk Weighted Assets
CRAR - Tier I Capital : Tier I Capital / Total Risk Weighted Assets
CRAR - Tier II Capital : Tier II Capital / Total Risk Weighted Assets

Notes to the Consolidated Financial Statements

47 .Other Statutory Information

During the current year and previous year:

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group do not have any transactions with companies struck off.

(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency.

(v) The quarterly statement of current assets submitted to banks / financial institutions which are provided as security against the borrowings are in agreement with the books of accounts.

Funding Transactions:

(vi) (a) On 20 September 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 999.87 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Group). Subsequently, BFPL subscribed to 17,240 equity shares of mValu Technology Services Private Limited (an Associate Group of BFPL) on 20 September 2021 at a price of Rs. 5,797 (including premium of Rs. 5,787) per share aggregating to Rs. 999.40 lakhs. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vi)(b) Except as disclosed above, the Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) (a) On 28 April 2021, the InCred Management and Technology Services Private Limited ("IMTSPL") and Booth Fintech Private Limited ("BFPL") (wholly owned subsidiaries of the Group) had borrowed Inter Corporate Deposit from InCred Capital Financial Services Pvt Ltd ("ICFSPL"), of Rs. 2000 lakhs. The amount was used to further invest as Inter Corporate Deposit to InCred Financial Services Limited ("IFSL"), the Parent. The transactions are in compliance with the relevant provisions of the Companies Act, 2013 and are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003). Further the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable to the transactions.

(vii)(b) Except as disclosed above, the Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(II) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

(ix) There are no scheme of arrangements which have been filed by the Group under the Act and which have been approved by the competent authority u/s 232 to 237 of the Act. For details of Scheme of arrangement filed by the Group with NCLT refer Note no 45.

(x) The Group, being a Non-Banking Financial Group ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of sec 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.

(xi) The Group has not been declared as wilful defaulter by any bank or financial institution or any other lender.

(xii) The Group has not revalued any property plant and equipment and intangible assets.

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

48. Additional Information to the consolidated Financial Statements

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2022:

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,11,720.24	100.18%	3,640.96	118.11%	(83.36)	100.00%	3,557.60	118.61%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,316.80)	-1.18%	(232.47)	-7.54%	-	0.00%	(232.47)	-7.75%
Booth Fintech Private Limited	1,114.40	1.00%	(326.60)	-10.60%	-	0.00%	(326.60)	-10.89%
InCred.AI Limited	0.87	0.00%	0.87	0.03%	-	0.00%	0.87	0.03%
Total	**1,11,518.71**	**100.00%**	**3,082.76**	**100.00%**	**-83.36**	**100.00%**	**2,999.40**	**100.00%**

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2021:

(Rs. in lakhs)

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,06,692.64	101.23%	1,026.40	472.93%	69.35	100.00%	1,095.76	382.62%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,461.98)	-1.39%	(536.54)	-247.22%	-	0.00%	(536.54)	-187.35%
Booth Fintech Private Limited	170.51	0.16%	(272.83)	-125.71%	-	0.00%	(272.83)	-95.27%
Total	**1,05,401.17**	**100.00%**	**217.03**	**100.00%**	**69.35**	**100.00%**	**286.39**	**100.00%**

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

49. Investments in associates

The Groups interests in associates are:

Name of associate	Principal place of busines	Method of accounting	Proportion of stake
mValu Technology Services Private Limited	India	Equity Method	47.39%

Summarised financial information in respect of Group's associates is set out below:

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
A) Summarised Statement of net assets		
Financial assets	1,801.63	2,136.84
Non-Financial assets	299.03	332.31
Total assets (I)	**2,100.66**	**2,469.15**
Financial liabilities	47.78	105.32
Non-Financial liabilities	8.82	36.57
Total liabilities (II)	**56.60**	**141.89**
Net assets (I - II)	**2,044.06**	**2,327.26**
Group's share %	47.39%	40.96%
Group's share in amount	968.68	953.24
Carrying amount of Investment	4,276.47	3,697.97

(Rs. in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
B) Summarised Statement of Profit and Loss		
Revenue from operation	3.79	6.85
Other income	123.91	215.88
Total income (I)	**127.70**	**222.73**
Finance costs	3.78	65.69
Employee benefits expenses	(58.06)	757.26
Depreciation, amortization and impairment	32.90	49.16
Others expenses	1,037.25	204.07
Total expenses (II)	**1,015.87**	**1,076.18**
Loss before tax (III = I-II)	(888.17)	(853.45)
Tax expense	-	-
Loss after tax (V = III-IV)	(888.17)	(853.45)
Other Comprehensive income	-	-
Total Comprehensive income	(888.17)	(853.45)
Group's share %	47.39%	40.96%
Group share in Amount in Profit and loss (A)	(420.90)	(349.57)
Group share in Amount in Other Comprehensive Income (B)	-	-
Total Group share in Amount (A+B)	(420.90)	(349.57)

Notes to the Consolidated Financial Statements

50. Ageing Schedule

(Rs. in lakhs)

Particulars	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at March 31, 2022							
(A) Trade receivables							
Unsecured, considered good	-	108.74	-	-	-	-	108.74
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Other receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-
As at March 31, 2021							
(A) Trade receivables							
Unsecured, considered good	-	8.87	-	-	-	-	8.87
Unsecured, considered doubtful	-	-	-	-	-	-	-
(B) Trade receivables							
Unsecured, considered good	-	-	-	-	-	-	-
Unsecured, considered doubtful	-	-	-	-	-	-	-

Goodwill impairment

For impairment testing, goodwill acquired through business combinations with indefinite lives has been allocated to the against investments in subsidiary companies , i.e., InCred Management and Technology Services Private Limited and Booth Fintech Private Limited.

The Group has performed its annual impairment test for years ended 31 March 2022 and 31 March 2021. It is concluded that the fair value less costs of disposal exceeds the value in use. As a result of this analysis, management has not recognised any impairment charge against the goodwill.

52. Reversal of Compound Interest

As per guidelines issued by RBI on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 7, 2021 and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021, the Group had put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020. The Group had provided for reversal of interest on interest amounting to Rs. 106.64 lakhs in the previous year.

53. Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

54. Previous year figures have been audited by another firm of chartered accountants.

Notes to the Consolidated Financial Statements

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

As per our report of even date

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 29, 2022

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 29, 2022

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Chartered Accountants

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Independent Auditor's Report

To the Members of InCred Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of InCred Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 42 of the standalone financial statements which describes the accounting for the Scheme of Amalgamation of between the Company and InCred Housing Finance Limited, (wholly owned subsidiary). The Scheme has been approved by the National Company Law Tribunal ('NCLT') vide its order dated 11 March 2021, however due to the ongoing pandemic situation, the Company has not received the certified true copy of the Order from the NCLT and hence the same has not been filed by the Company with the Registrar of Companies, Mumbai. Pending the certified copy of the order being filed with Registrar of Companies, the Company has given effect of the merger in its standalone financial statements for the year ended 31 March 2021. Though the appointed date as per the NCLT approved Scheme is 1 April 2020, as per the requirements of Appendix C to Ind AS 103 "Business Combination", the merger has been accounted for as if it had occurred from the beginning of the preceding period in the standalone financial statements. Accordingly, the amounts relating to the year 2020 include the impact of the business combination and the corresponding amounts for the previous year ended 31 March 2020, have been restated by the Company after recognising the effect of the amalgamation as above. The aforesaid note (Note 42) also describes the impact of the business combination on the standalone financial statements.

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	**How the matter was addressed in our audit**
Impairment of loans and advances to customers **Charge (including write off): INR 8,868.53 lakhs for the year ended 31 March 2021** **Provision: INR 9,104.89 lakhs as at 31 March 2021** *Refer to the accounting policies in "Note 1 (D)(7) to the Standalone Financial Statements: Impairment of financial assets", "Note 1(B) (iv) to the Standalone Financial Statements: use of estimates and judgements" and "Note 4 : Loans to Standalone financial statements and Note 28 A : Financial Risk Management - Credit Risk to the Standalone Financial Statements"*	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: - Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate - Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. - Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19.	Our key audit procedures included: • Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Testing of review controls over measurement of impairment allowances and disclosures in standalone financial statements. • Testing management's controls over authorisation and calculation of post model adjustments • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters *(Continued)*

Description of Key Audit Matter *(Continued)*

Key audit matter	How the matter was addressed in our audit
- Qualitative adjustments – In the absence of time tested historical data for certain loan products, management has used surrogate industry estimates or derived inputs using regulatory guidance. Management believes that these estimates address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. - Restructuring – the Company has restructured loans in the current year on account of COVID-19 related regulatory measures. The Company has undertaken restructuring under RBI circulars/ guidelines for retail as well as SME portfolio. In addition, Company has given relief to its eligible borrowers using the ECLGS scheme. This has resulted in increased management estimation over determination of losses for such restructured loans *Impact of COVID -19* On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, the severity and duration of the pandemic, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the standalone financial statements, we have considered this as a key audit matter. *Disclosures* The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied. • Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the standalone financial statements are appropriate and sufficient. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used. • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the impairment loss allowance determination.

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology **IT systems and controls** The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting. We have identified 'Information Technology systems' as a key audit matter because of the high level of automation, large transaction volume, the increasing challenge to protect the Company's systems, controls over data integrity and the risks associated with remote access of key applications by a large population of employees at the year end. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: **General IT controls / user access management** • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, completeness and accuracy of the report generated from the system and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. • Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end. • Performed inquiry of enhanced cyber security measures put in place in the context of a cyber security incident taken place at the Company

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

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Information Other than the Standalone Financial Statements and Auditor's Report Thereon *(Continued)*

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Auditor's Responsibilities for the Audit of the Standalone Financial Statements *(Continued)*

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

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

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

   i. The Company does not have any pending litigations which would impact its financial position – Refer Note 33 to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 33 to the standalone financial statements;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements *(Continued)*

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its extra ordinary general meetings held on 26 March 2019 and 31 May 2019 the managerial remuneration paid/provided for by the Company during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Pranav Gune
Partner
Membership No. 121058
UDIN: 21121058AAAAAS4898

Mumbai
07 May 2021

InCred Financial Services Limited

'Annexure A' to the Independent Auditor's Report of even date on the standalone financial statements of InCred Financial Services Limited

The Annexure referred to in the Independent Auditor's Report to the members of InCred Financial Services Limited (the "Company") on the standalone financial statements for the year ended 31 March 2021, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details fixed assets and situation of fixed assets.

(b) The Company has a regular program of physical verification of fixed assets in a phased manner, over three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is a Non-Banking Finance Company (NBFC), engaged in the business of lending. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 of the Act and has complied with the provisions of section 186(1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply. Thus, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Thus, paragraph 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of excise duty, wealth tax, sales tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, goods and services tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

InCred Financial Services Limited

'Annexure A' to the Independent Auditor's Report of even date on the standalone financial statements of InCred Financial Services Limited *(Continued)*

(b) According to the information and explanations given to us, there have been no dues of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) According to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which those are raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its extra ordinary general meetings held on 26 March 2019 and 31 May 2019, the managerial remuneration paid/provided for by the company during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.

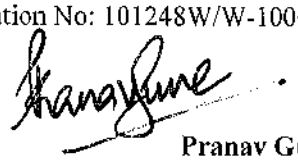
(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company has obtained registration under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained its Certificate of Registration dated 8 January 1991.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Pranav Gune
Partner
Membership No: 121058
UDIN: 21121058AAAAAS4898

Mumbai
07 May 2021

InCred Financial Services Limited

Annexure B to the Independent Auditor's report on the standalone financial statements of InCred Financial Services Limited for the year ended 31 March 2021.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph (2(A)(f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

InCred Financial Services Limited

Annexure B to the Independent Auditor's report on the standalone financial statements of InCred Financial Services Limited for the year ended 31 March 2021. *(Continued)*

Auditor's Responsibility *(Continued)*

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Pranav Gune
Partner
Membership No: 121058
UDIN: 21121058AAAAAS4898

Mumbai
07 May 2021

InCred Financial Services Limited

Standalone Financial Statements
Balance Sheet as at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020 (Restated)*
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	1,323.38	3,772.83
(b) Bank balance other than cash and cash equivalents	3	588.46	735.88
(c) Loans	4	2,55,359.84	2,04,849.17
(d) Investments	5	12,670.66	3,113.50
(e) Other financial assets	6	1,821.28	1,690.39
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		720.61	862.36
(b) Deferred tax assets (Net of deferred tax liabilities)	7	1,857.39	963.22
(c) Property, plant and equipment	8	3,276.35	2,975.07
(d) Capital work-in-progress		14.49	125.06
(e) Other intangible assets	9	222.49	299.97
(f) Other non-financial assets	10	1,285.55	1,046.22
Total assets		**2,79,140.50**	**2,20,433.67**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Debt securities	11	73,827.02	42,105.62
(b) Borrowings (other than debt securities)	12	93,422.08	70,321.28
(c) Other financial liabilities	13	4,231.88	3,342.57
(2) Non-financial liabilities			
(a) Provisions	14	169.48	158.41
(b) Other non-financial liabilities	15	2,905.26	2,078.21
EQUITY			
(a) Equity share capital	16 (A)	38,624.42	38,615.30
(b) Other equity	16 (B)	65,960.36	63,812.28
Total liabilities and equity		**2,79,140.50**	**2,20,433.67**

*Refer Note No 42 "Scheme of Amalgamation and arrangement"
Significant accounting policies and key accounting estimates and judgments 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Pranav Gune
Partner
Membership No: 121058

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: 7 May 2021

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021

InCred Financial Services Limited

Standalone Financial Statements
Statement of Profit and Loss for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)*
Revenue From operations			
(i) Interest income	17	37,711.75	31,103.32
(ii) Fees and commission income	18	557.16	805.95
(iii) Net gain/(loss) on fair value changes	19	268.91	465.01
(I) Total revenue from operations		**38,537.82**	**32,374.28**
(II) Other income	20	647.09	782.37
(III) Total income (I + II)		**39,184.91**	**33,156.65**
Expenses			
(i) Finance costs	21	15,271.40	11,605.69
(ii) Impairment on financial instruments	22	8,865.37	5,634.74
(iii) Employee benefits expenses	23	9,159.37	9,240.58
(iv) Depreciation, amortization and impairment	8 & 9	841.79	1,099.89
(v) Others expenses	24	3,805.92	4,271.24
(IV) Total expenses		**37,943.86**	**31,852.14**
(V) **Profit before tax and exceptional items (III - IV)**		1,241.06	1,304.51
(VI) Exceptional items	41	-	645.76
(VII) Profit before tax and after exceptional item (V - VI)		**1,241.06**	**658.75**
(VIII) Tax Expense:	25		
(1) Current Tax		1,135.14	527.43
(2) Deferred Tax		(917.52)	(144.09)
(IX) Profit for the year (VII-VIII)		**1,023.44**	**275.41**
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(26.29)	29.03
(b) Equity instruments through other comprehensive income		-	0.02
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.62	(0.32)
Subtotal (A)		(19.67)	28.73
(B) (i) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		118.97	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		(29.95)	-
Subtotal (B)		89.03	-
Other comprehensive income / (loss) (A + B)		**69.35**	**28.73**
(XI) Total comprehensive income for the year (IX + X)		**1,092.79**	**304.14**
(XII) Earnings per equity share	26		
Basic (Rs.)		0.27	0.07
Diluted (Rs.)		0.26	0.07

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Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: 7 May 2021

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021

Standalone Financial Statements
Cash Flow Statement for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)*
Cash flow from operating activities		
Profit before tax	1,241.06	658.75
Adjustments ro reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	841.79	1,099.89
Net (gain)/loss on fair value changes	(268.91)	(465.01)
Interest income	(37,711.75)	(31,103.32)
Finance cost	15,119.25	11,453.91
Impairment loss	8,865.37	5,634.73
Provision for diminution in the value of investments	-	645.76
Share based expense	1,027.94	583.88
Advertisement expense	28.02	30.61
Retirement benefit expenses	(21.39)	32.28
Interest expense on lease liability	152.16	151.78
Reversal of rent expense	(292.95)	(401.71)
Operating profit before working capital changes	**(11,019.41)**	**(11,678.45)**
Working capital adjustments		
(Increase) in Loans	(59,179.73)	(35,416.46)
(Increase) / decrease in other financial assets	(130.88)	(453.33)
(Increase) in other non financial assets	(267.35)	(330.79)
Increase in other financial liabilities	1,030.10	2,340.72
Increase / (decrease) in provisions	12.79	(27.84)
Increase in other non financial liabilities	827.04	195.92
Cash generated from operations	**(68,727.44)**	**(45,370.23)**
Interest received on loans	37,515.45	30,229.32
Interest paid on borrowings	(17,429.34)	(10,668.87)
Income taxes paid (net)	(970.03)	(470.41)
Net cash (used in) operating activities	**(49,611.36)**	**(26,280.19)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(876.19)	(2,755.54)
Purchase of intangibles assets	(189.42)	(107.54)
Capital work-in-progress	110.57	(125.06)
Purchase of investments	(1,56,146.89)	(1,08,350.45)
Proceeds from sale of investments	1,46,947.67	1,07,268.75
Investment in term deposits earmarked with banks	(96,580.25)	(5,814.26)
Proceeds from maturity of term deposits earmarked with banks	96,724.72	5,348.80
Net cash (used in) / generated from investing activities	**(10,009.79)**	**(4,535.30)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	36.48	42,361.30
Security issue expenses	-	(595.77)
Proceeds from borrowings (other than debt securities)	72,665.00	55,339.32
Proceeds from issue of debt securities	62,173.39	12,511.62
Repayment of borrowings (other than debt securities)	(48,668.11)	(58,279.10)
Redemption of debt securities	(28,044.83)	(18,807.33)
Net cash generated from financing activities	**58,161.93**	**32,530.05**
Net increase / (decrease) in cash and cash equivalents	**(1,459.22)**	**1,714.56**
Cash and cash equivalents at the beginning of the year	813.54	(901.02)
Cash and cash equivalents at the end of the year	**(645.68)**	**813.54**

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow

(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)*
Cash on hand	2.84	7.92
Balances with banks		
- Current Accounts	1,320.54	3,764.91
Deposit with bank with maturity less than 3 months	-	-
Cash and cash equivalents (Refer note 2)	**1,323.38**	**3,772.83**
Less: Bank overdraft and cash credit (Refer note 12)	(1,969.07)	(2,962.25)
Add: Impairment loss allowance on deposits with bank	-	2.96
Cash and cash equivalents in cash flow statement	**(645.69)**	**813.54**

*Refer Note No 42 "Scheme of Amalgamation and arrangement"

Significant accounting policies and key accounting estimates and judgments 1

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

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Chartered Accountants
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For and on behalf of the Board of Directors of
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Partner
Membership No: 121058

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: 7 May 2021

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021

Standalone Financial Statements
Statement of Changes in Equity for the year ended March 31, 2021

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)*
Balance as at the beginning of the year	30,763.67	30,762.93
Changes in equity share capital during the year	9.12	0.74
Balance as at the end of the year	30,772.79	30,763.67

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)*
Balance as at the beginning of the year	7,851.63	-
Changes in preference share capital during the year	-	7,851.63
Balance as at the end of the year	7,851.63	7,851.63

B. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings			
Balance at March 31, 2019 (Restated)*	**362.99**	**27,435.03**	**27.74**	**65.70**	**136.09**	**613.58**	**-**	**15.34**	**28,656.48**
Profit for the year	-	-	-	-	-	275.41	-	-	275.41
Remeasurement benefit of defined benefit plans	-	-	-	-	-	28.73	-	-	28.73
Other comprehensive income for the year	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**304.13**	**-**	**0.02**	**304.16**
Transfer / utilisations									
Additions during the period	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	(595.77)	-	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	89.04	-	-	-	-	(89.04)	-	-	-
Employee stock option expense	-	-	-	(14.81)	598.69	-	-	-	583.88
Balance at March 31, 2020 (Restated)*	**452.04**	**61,702.79**	**27.74**	**50.89**	**734.78**	**828.68**	**-**	**15.36**	**63,812.28**
Profit for the year	-	-	-	-	-	1,023.44	-	-	1,023.44
Remeasurement benefit of defined benefit plans	-	-	-	-	-	(19.67)	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	-	89.03	-	89.03
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**1,003.76**	**89.03**	**-**	**1,092.79**
Transfer / utilisations	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**
Additions during the period	-	27.36	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	-	(204.69)	-	-	-
Employee stock option expense	-	-	-	11.38	1,016.56	-	-	-	1,027.94
Balance at March 31, 2021	**656.72**	**61,730.15**	**27.74**	**62.27**	**1,751.34**	**1,627.75**	**89.03**	**15.36**	**65,960.36**

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DIN: 07342318

Place: Mumbai
Date: 7 May 2021

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

(1) Significant Accounting Policies

A. Corporate Information

Incred Financial Services Limited (the 'Company') was incorporated in India on 8 January 1991, under the provisions of the Companies Act, 1956.

The Company has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 30th August 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The company qualifies to be a NBFC - Systematically Important Non-Deposit taking Company as per "Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016".

The registered office of the Company is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai – 400051 (erstwhile - 1502-A, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra, India, 400051)

B. Basis of preparation

i. Statement of compliance

The Standalone financial statement of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as applicable to NBFCs subject to RBI norms and regulations.

The Company's financial statements were authorized for issue by the Company's Board of Directors on May 07, 2021.

ii. Functional and presentation currency

The Standalone financial statement are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All the amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

iii. Basis of measurement

The Standalone financial statement have been prepared under the historical cost convention except for the following items:

a. Certain financial assets and liabilities that are measured at fair value
b. Net defined benefit asset / liability – plan assets are measured at fair value less present value of defined benefit obligation; and
c. Share-based payments - measured at fair value

iv. Use of estimates and judgements

The preparation of Standalone financial statement in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the

date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

Significant judgements

i. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. Further details are disclosed in Note 30.

ii. Recognition of deferred tax assets / liabilities

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forward and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry forward and unused tax credits could be utilised. Further details are disclosed in Note 7.

iii. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

iv. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial assets / liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

v. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes option pricing model used for valuation of options. Key assumptions and inputs for fair value made with respect to expected volatility includes share price, expected dividends and discount rate, under the Black-Scholes option pricing model. These assumptions / inputs and models are disclosed in Note 31.

vi. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost 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.

vii. Leases

The Company has recognized the lease liability at the present value of the future lease payments over the lease term discounted at the incremental borrowing rate.

C. Presentation of financial statements

The Standalone financial statement of the Company are presented as per Schedule III ('Division III') of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Standalone Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and RBI regulations to the extent applicable.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair values of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition.

ii Classification and subsequent measurement of financial assets:

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. The Company classifies its financial assets in the following measurement categories:

Financial assets measured at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment), unless the asset is designated at FVTPL:

i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
ii. the Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair value through other comprehensive Income ('FVOCI')

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b. the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair Value through Profit and Loss ('FVTPL')

A financial asset which is not classified in above category is subsequently measured at FVTPL. Where assets are measured at fair value, gains and losses are recognized entirely in the Standalone Statement of Profit and Loss.

The assets classified in the aforementioned categories are subsequently measured as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Standalone Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Standalone Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in Standalone Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Standalone Statement of Profit and Loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Standalone Statement of Profit and Loss.

iii. Classification and subsequent measurement of financial liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as on initial recognition.

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit and loss.

The Company's financial liabilities include trade payables and other financial liabilities.

iv. Derecognition

Financial assets

The Company derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

v. Offsetting of financial instruments

A financial asset and a financial liability is 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. Compound financial instruments

Compound financial instruments issued by the company comprise convertible debentures in INR that can be converted to equity shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with the changes in the fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

Interest related to financial liability is recognised in Standalone Statement of Profit and Loss. In case of conversion at maturity, financial liability is reclassified to equity and no gain or loss is recognised.

4. Share capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

5. Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment if any in the standalone financial statement.

6. Business Combination

Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

7. Impairment of financial assets

Overview of the Expected Credit Losses ('ECL') principles

- The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. 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 ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
  Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

  Stage 1
  All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances and advances upto 30 days default under this category.

  Stage 2
  All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

  Stage 3
  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. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

Credit-impaired financial assets:

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

- Evidence that a financial asset is credit-impaired includes the following observable data:

  a) Significant financial difficulty of the borrower or issuer;
  b) A breach of contract such as a default or past due event;
  c) The restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
  d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:
The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

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

Probability of Default - 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 28.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 28.

Loss Given Default - 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 lender 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 28.

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

Write-offs

The Company writes off Retail secured and unsecured loans outstanding for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are writen off on a case-to-case basis subject to 540 days and 450 days respectively, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

8. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

9. Share-based payment arrangements

a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Standalone Standalone Statement of Profit and Loss.

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

10. Lease Accounting

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease

At the date of commencement of the lease, the Company recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

11. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income ('OCI').

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends to realise the asset or settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

iii Temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has

become probable that future taxable profits will be available against which they can be used.

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 as on the reporting date. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

12. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

(i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,

(ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Standalone Statement of Profit and Loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Standalone Statement of Profit and Loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is provided on written down value basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Standalone Statement of Profit and Loss.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date which the asset is ready for use (disposed of).

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years

Assets costing less than INR 5,000 are fully depreciated in the year in which they are purchased.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimated useful life as given above best represent the period over which management expects to use the these assets.

13. Intangible assets

i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Standalone Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

14. Impairment of non-financial assets

The carrying values of assets at each balance sheet date are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Standalone Statement of Profit and Loss for such excess amount.

In respect of assets (except goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such reversal of impairment loss is recognised in the Standalone Statement of Profit and Loss, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Revenue from operations

Recognition of interest and fee income or expense

Dividend income is recognised on the date on which the Company's right to receive the payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:
Under Ind AS, corporate guarantee issued on behalf of subsidiaries without any commission has been measured at fair value with corresponding impact adjusted with investment in the respective subsidiary. Consequently, guarantee commission for the respective period has been recognised through income statement. Other loan related

charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

16. Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

17. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Contribution to provident fund and ESIC

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

iii. Gratuity

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

iv. Compensated absence

The Company does not have a policy of encashment of unavailed leaves for its employees and are not permitted to carry forward the leaves. Hence there is no liability towards compensated absence.

18. Foreign currency

Transaction and balances

Transactions in foreign currencies are translated in to the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each closing date, foreign currency monetary items are reported using the closing exchange rate.

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the Standalone Statement of Profit and Loss.

19. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

20. Statement of Cash flows

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

21. Segment Reporting

The Company is considered to have two operating segments 'Consumer Retail' and 'SME.' As per Ind AS-108 'Operating segments', if a financial report contains both the consolidated financial statements of a parent as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 'Operating segments' will be given in the Consolidated Financial Information.

22. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a 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.

The expenses relating to a provision is presented in the Standalone Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

c. Contingent liabilities

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

d. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

23. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

24. Standards issued but not yet effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 01 April 2021.

Notes to the Standalone Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31,2021	As at March 31,2020 (Restated)
Cash on hand	2.84	7.92
Balances with banks (of the nature of cash and cash equivalent)	1,320.54	3,764.91
Total	**1,323.38**	**3,772.83**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31,2021	As at March 31,2020 (Restated)
Earmarked balances with banks *	588.46	738.84
Expected credit Loss	-	(2.96)
Total	**588.46**	**735.88**

** Earmarked for borrowings, bank guarantee and securitised transaction.*

4. Loans

(Rs. in lakhs)

Particulars	As at March 31,2021	As at March 31,2020 (Restated)
	Amortised cost	**Amortised cost**
(A) (i) Term loans	2,46,338.20	1,98,335.79
(ii) Loans repayable on demand	18,126.53	11,852.47
Total - Gross (A)	**2,64,464.73**	**2,10,188.26**
Less: Impairment loss allowance	(9,104.89)	(5,339.09)
Total - Net of impairment loss allowance (A)	**2,55,359.84**	**2,04,849.17**
(B) (i) Secured by tangible assets	93,266.30	84,293.71
(ii) Secured by intangible assets	37,712.37	16,269.02
(ii) Covered by Bank / Government guarantees	5,786.74	-
(iii) Unsecured	1,27,699.32	1,09,625.53
Total - Gross (B)	**2,64,464.73**	**2,10,188.26**
Less: Impairment loss allowance	(9,104.89)	(5,339.09)
Total - Net of impairment loss allowance (B)	**2,55,359.84**	**2,04,849.17**
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	2,64,464.73	2,10,188.26
Total - Gross (C)	**2,64,464.73**	**2,10,188.26**
Less: Impairment loss allowance	(9,104.89)	(5,339.09)
Total - Net of impairment loss allowance (C)	**2,55,359.84**	**2,04,849.17**

InCred Financial Services Limited

Notes to the Standalone Financial Statements

5. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2021					As at March 31, 2020 (Restated)				
	Amortised cost	At Fair Value		Others*	Total	Amortised cost	At Fair Value		Others*	Total
		Through other comprehensive income	Through profit or loss				Through other comprehensive income	Through profit or loss		
Mutual funds	-	-	-	-	-	-	-	1,003.81	-	1,003.81
Debt securities	2,120.55	6,652.06	-	-	8,772.61	-	-	-	-	-
Equity instruments										
-Subsidiaries**	-	-	-	3,911.22	3,911.22	-	-	-	2,109.69	2,109.69
Total - Gross (A)	**2,120.55**	**6,652.06**	**-**	**3,911.22**	**12,683.83**	**-**	**-**	**1,003.81**	**2,109.69**	**3,113.50**
Investments in India (B)	2,120.55	6,652.06	-	3,911.22	12,683.83	-	-	1,003.81	2,109.69	3,113.50
Total - Gross (B)	**2,120.55**	**6,652.06**	**-**	**3,911.22**	**12,683.83**	**-**	**-**	**1,003.81**	**2,109.69**	**3,113.50**
Less: Allowance for impairment loss **(C)**	(0.05)	(13.12)	-	-	(13.17)	-	-	-	-	-
Total - Net (B - C)	**2,120.50**	**6,638.94**	**-**	**3,911.22**	**12,670.66**	**-**	**-**	**1,003.81**	**2,109.69**	**3,113.50**

** Others are measured at cost.*

*** For details of investment in subsidiaries, refer Note no 29*

6. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Other receivables	72.71	277.01
Loan to employees	8.62	43.51
Security Deposits (Unsecured, considered good)	230.06	273.74
Advances to related parties	15.46	1,046.10
Advances recoverable in cash	1,499.61	55.47
Less: Allowance for impairment loss	(5.18)	(5.44)
Total	**1,821.28**	**1,690.39**

Notes to the Standalone Financial Statements

7. Deferred tax

The major components of deferred tax assets arising on account of timing differences are as follows:

(Rs. in lakhs)

Particulars	Net balance April 01, 2020 (Restated)	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2021
Deferred tax assets				
Impairment loss on financial assets	1,201.23	883.35	-	2,084.58
Impairment on investments	17.87	4.91	-	22.78
Remeasurement of retirement benefit plans	37.68	(4.41)	6.62	39.89
Disallowance of expenses	-	119.56	-	119.56
Lease expense	29.82	24.36	-	54.18
Difference between written down value of fixed assets as per the books of accounts and income tax	30.49	40.96	-	71.45
(A)	**1,317.09**	**1,068.73**	**6.62**	**2,392.44**
Deferred tax liabilities				
Net fair value gain on investment designated through FVOCI	-	-	(29.96)	(29.96)
EIR impact on financial instruments	(352.63)	(152.18)	-	(504.81)
Others	(1.24)	0.96	-	(0.28)
(B)	**(353.87)**	**(151.22)**	**(29.96)**	**(535.05)**
Deferred tax asset (net) (A+B)	**963.22**	**917.51**	**(23.34)**	**1,857.39**

Notes to the Standalone Financial Statements

8. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computer & Printer	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2020 (Restated)								
At carrying cost at the beginning of the year	22.71	38.03	708.55	21.43	402.03	51.91	-	1,244.66
Additions	-	44.78	263.30	86.64	180.71	52.84	2,128.88	2,757.15
Disposals	-	(1.46)	(250.30)	(0.44)	-	-	-	(252.20)
Gross carrying value as March 31, 2020 (Restated)	**22.71**	**81.35**	**721.55**	**107.63**	**582.74**	**104.75**	**2,128.88**	**3,749.61**
Accumulated depreciation as at the beginning of the year	0.40	1.12	0.40	2.06	126.57	8.70	-	139.25
Depreciation for the year	0.38	5.80	323.41	15.74	160.45	11.71	368.39	885.88
Disposals	-	(0.18)	(250.30)	(0.11)	-	-	-	(250.59)
Accumulated depreciation as at March 31, 2020 (Restated)	**0.78**	**6.74**	**73.51**	**17.69**	**287.02**	**20.41**	**368.39**	**774.54**
Net carrying value as at March 31, 2020 (Restated)	**21.93**	**74.61**	**648.04**	**89.94**	**295.72**	**84.34**	**1,760.49**	**2,975.07**
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	81.35	721.55	107.63	582.74	104.75	2,128.88	3,749.61
Additions during the year	-	94.14	359.63	83.14	151.00	19.53	321.04	1,028.48
Disposals	-	(17.89)	-	(3.99)	(3.06)	-	(131.39)	(156.33)
Gross carrying value as March 31, 2021	**22.71**	**157.60**	**1,081.18**	**186.78**	**730.68**	**124.28**	**2,318.53**	**4,621.76**
Accumulated depreciation as at the beginning of the year	0.78	6.74	73.51	17.69	287.02	20.41	368.39	774.54
Depreciation for the year	0.38	9.58	91.71	25.50	192.55	17.61	373.20	710.52
Disposals	-	(2.80)	-	(0.87)	(0.37)	-	(135.63)	(139.67)
Accumulated depreciation as at March 31, 2021	**1.16**	**13.52**	**165.22**	**42.32**	**479.20**	**38.02**	**605.96**	**1,345.40**
Net carrying value as at March 31, 2021	**21.55**	**144.08**	**915.96**	**144.46**	**251.48**	**86.26**	**1,712.57**	**3,276.36**

** Immovable properties have been pledged against debt securities issued. Refer Note 11*

*** Refer Note 32 for recognisition of right-of-use assets*

Notes to the Standalone Financial Statements

9. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2020 (Restated)	
At cost at the beginning of the year	465.16
Additions during the year	107.54
Gross carrying value as March 31, 2020 (Restated)	**572.70**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	58.72
Amortisation for the year	214.01
Accumulated amortisation as at March 31, 2020 (Restated)	**272.73**
Net carrying value as at March 31, 2020 (Restated)	**299.97**
Year ended March 31, 2021	
At cost at the beginning of the year	572.70
Additions during the year	189.42
Gross carrying value as March 31, 2021	**762.12**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	272.73
Amortisation for the year	266.89
Accumulated amortisation as at March 31, 2021	**539.62**
Net carrying value as at March 31, 2021	**222.50**

10. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Prepaid expenses	360.27	254.71
Advances recoverable in kind (Unsecured, considered good)	201.49	77.67
GST receivable	723.79	713.84
Total	**1,285.55**	**1,046.22**

InCred Financial Services Limited

Notes to the Standalone Financial Statements

11. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
	Amortised cost	Amortised cost
Debentures	73,827.02	42,105.62
Total	**73,827.02**	**42,105.62**
Debt securities in India	73,827.02	42,105.62
Debt securities outside India	-	-
Total	**73,827.02**	**42,105.62**

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2021	As at March 31, 2020 (Restated)
1	500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)	1. Non- Convertible Debentures issued by the company are secured by way of a first pari-passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a pari- passu charge with other debenture holders over the identified immovable property owned by the Company.	Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	20-Sep-19	-	6,068.98
2	1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 825 days from the date of allotment. Coupon to be paid annually.	22-Jun-20	-	15,047.83
3	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Apr-21	8,213.51	8,208.86
4	1000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 545 days from the date of allotment. Coupon to be paid annually and on maturity.	20-Dec-21	10,687.30	-
5	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,265.56	-
6	1000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,649.39	-
7	500, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	Non- Convertible Debentures issued by the company are secured by way of a first pari-passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	5,050.83	-
8	500, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	10-Feb-22	5,277.22	-
9	750, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	14-Mar-22	7,491.67	-
10	250, 9.10% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each	Non- Convertible Debentures issued by the company are secured by way of a first exclusive charge over the specific book-debts / loan receivables of the Company ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	04-Jun-22	2,502.24	-
11	156, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non- Convertible Market- Linked Debentures issued by the company are secured by way of a first pari passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 451 days from the date of allotment.	18-Jan-21	-	1,621.98
12	192, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 428 days from the date of allotment.	03-Feb-21	-	1,967.73
13	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	30-Sep-21	1,849.04	1,653.72
13	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 732 days from the date of allotment.	14-Dec-21	3,977.66	3,553.81
14	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment.	18-Feb-22	5,630.14	3,982.71
15	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	5,744.54	-
16	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	28-Jul-23	1,487.92	-
	Total				**73,827.02**	**42,105.62**

Notes to the Standalone Financial Statements

12. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	62,464.65	50,699.91
(ii) from other parties	16,338.37	15,145.11
(b) Inter corporate borrowings from related parties	6,202.16	-
(c) Inter corporate borrowings from other parties	1,000.25	-
(d) Loans repayable on demand		
(i) from banks	5,456.93	4,476.26
(ii) from other parties	-	-
(e) Commercial Papers	1,959.72	-
Total	**93,422.08**	**70,321.28**
Borrowings in India	93,422.08	70,321.28
Borrowings outside India	-	-
Total	**93,422.08**	**70,321.28**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2021	As at March 31, 2020 (Restated)
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 3 to 60 months. Rate of Interest ("ROI") ranging from 6.32% p.a. to 11.00% p.a.	62,464.65	50,699.91
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 33 to 39 months. ROI ranging from 10.35% p.a. to 12.45% p.a.	16,338.37	15,014.28
	Pass Through Certificate Borrowings are secured by way of charge on fixed deposits and receivable from the pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings. ROI ranging from 10.35% p.a. to 12.45% p.a.	-	130.83
Loans repayable on demand (WCDL and CC)	Working Capital Demand Loans ("WCDL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	WCDL and CC facilities are repayable on demand. Interest is payable on a monthly basis. ROI ranging from 8.10% p.a. to 11.00% p.a.	5,456.93	4,476.26
Inter corporate borrowings from related parties (Refer Note 29)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis. ROI - 9.90% p.a.	6,202.16	-
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month. Interest is payable on maturity. ROI - 10.00% p.a.	1,000.25	-
Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 364 days with coupon of 9.00% p.a.	1,959.72	-
Total			**93,422.08**	**70,321.28**

Notes to the Standalone Financial Statements

13. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Lease liability (Refer Note 32)	1,927.82	1,878.95
Advances from customers	2,273.22	1,432.21
Sundry Creditors	18.59	16.19
Security deposits	10.57	10.57
Employee expenses payable	0.01	0.69
Others	1.67	3.96
Total	**4,231.88**	**3,342.57**

14. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Provision for employee benefits (Refer Note 30)	158.48	153.59
Expected credit loss provision on undrawn commitments	11.00	4.82
Total	**169.48**	**158.41**

15. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Statutory dues payable	516.18	658.23
Provision for expenses	2,389.08	1,419.98
Total	**2,905.26**	**2,078.21**

Notes to the Standalone Financial Statements

16 (A). Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00
Preference Shares of Rs. 10/- each	8,00,00,000	8,000.00	8,00,00,000	8,000.00
Total	**2,08,00,00,000**	**2,08,000.00**	**2,08,00,00,000**	**2,08,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	30,77,27,936	30,772.79	30,76,36,727	30,763.67
Preference Shares of Rs. 10/- each fully paid	7,85,16,289	7,851.63	7,85,16,289	7,851.63
Total	**38,62,44,225**	**38,624.42**	**38,61,53,016**	**38,615.30**

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

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

Terms/rights attached to preference shares

Each Cumulative Compulsory Convertible Preference Share ("CCCPS") shall be a 0.001% coupon preference share denominated in Indian Rupees and shall be fully and cumulatively compulsorily convertible within a period of 19 years from the date of their issue.

Each holder of CCCPS shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other applicable laws from time to time and as specified under the Articles of Association. Further to the aforesaid, for the purpose of voting, the holder of the CCCPS shall be deemed to have converted all its CCCPS into Equity Shares and shall have voting rights on every resolution placed before the Company on the basis of its shareholding in the Company on as “as converted” basis or Fully Diluted Basis, i.e., assuming the conversion of all the CCCPS held by it into Equity Shares.

Equity shares held by holding company

Out of the equity shares issued by the company, shares held by its holding company :

(Rs. in lakhs)

Name of shareholder	As at March 31, 2021		As at March 31, 2020 (Restated)	
	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	**23,03,73,125**	**23,037.31**	**23,03,73,125**	**23,037.31**

Details of shareholder(s) holding more than 5% of shares in the company :

Name of shareholder	As at March 31, 2021		As at March 31, 2020 (Restated)	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	59.64%	23,03,73,125	59.66%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	4,50,36,765	11.66%	4,50,36,765	11.66%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,61,31,606	6.77%	2,63,04,302	6.81%
Investcorp Private Equity Fund II (formerly known as IDFC Private Equity IV)	1,42,41,228	3.69%	2,87,82,735	7.45%
Total	**31,57,82,724**	**81.76%**	**33,04,96,927**	**85.59%**

Notes to the Standalone Financial Statements

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding

During the current financial year the Company has issued Nil equity shares for consideration other than cash (Previous year: Nil).

Equity shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
	Number	Amount	Number	Amount
At the beginning of the year	30,76,36,727	30,763.67	30,76,29,303	30,762.93
Add: Issued during the year				
Shares issued during the year	-		-	-
ESOP exercised during the year	91,209	9.12	7,424	0.74
Bought during the year	-	-	-	-
At the end of the year	**30,77,27,936**	**30,772.79**	**30,76,36,727**	**30,763.67**

Preference shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	-	-
Add: Issued during the year				
Shares issued during the period	-	-	7,85,16,289	7,851.63
Bought during the period	-	-	-	-
At the end of the year	**7,85,16,289**	**7,851.63**	**7,85,16,289**	**7,851.63**

16 (B). Other Equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings			
Balance at March 31, 2019 (Restated)	**362.99**	**27,435.03**	**27.74**	**65.70**	**136.09**	**613.61**	**-**	**15.34**	**28,656.50**
Profit for the year	-	-	-	-	-	275.41	-	-	275.41
Remeasurement benefit of defined benefit plans	-	-	-	-	-	28.71	-	-	28.71
Other comprehensive income for the year	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	**304.13**	**-**	**0.02**	**304.14**
Transfer / utilisations									**-**
Additions during the period	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	(595.77)	-	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	89.04	-	-	-	-	(89.04)	-	-	-
Employee stock option expense	-	-	-	(14.81)	598.69	-	-	-	583.88
Balance at March 31, 2020 (Restated)	**452.03**	**61,702.79**	**27.74**	**50.89**	**734.78**	**828.69**	**-**	**15.36**	**63,812.28**
Profit for the year	-	-	-	-	-	1,023.44	-	-	1,023.44
Remeasurement benefit of defined benefit plans	-	-	-	-	-	(19.67)	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	-	89.03	-	89.03
Total comprehensive income for the year (net of tax)	-	-	-	-	-	**1,003.76**	**89.03**	-	**1,092.79**
Transfer / utilisations									
Additions during the period	-	27.36	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-			(204.69)	-	-	-
Employee stock option expense	-	-	-	11.38	1,016.55	-	-	-	1,027.93
Balance at March 31, 2021	**656.72**	**61,730.15**	**27.74**	**62.27**	**1,751.33**	**1,627.76**	**89.03**	**15.36**	**65,960.36**

Nature and purpose of each reserves

Special reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934.

Capital reserve - This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

Securities premium - The securities premium account is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Deemed equity - This reserves is outcome of security deposits placed by Incred Management and Technology Services Private Limited (wholly owned subsidiary) on behalf of the Company.

Capital contribution from parent - The capital contribution from parent is the outcome of share based arrangement where Bee Finance Limited (Mauritius), Holding Co. has granted equity settled options to the employees of the Company.

Share based payment reserve - The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the company and its subsidiaries under stock option schemes of the Company.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.

Debt instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income.

Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

Notes to the Standalone Financial Statements

17. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
On financial assets measured at amortised cost:		
-Interest on loans	35,496.52	31,024.84
-Interest income from investments	523.59	40.22
-Interest on deposits with banks	154.14	38.26
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	1,537.50	-
Total	**37,711.75**	**31,103.32**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2021 and 31 March 2020.

18. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Other fees and charges	501.16	749.95
Service fees (Refer Note 29 for related party transaction)	56.00	56.00
Total	**557.16**	**805.95**

19. Net gain/ (loss) on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Net gain/ (loss) on financial instruments at fair value through profit or loss		
-Investments	268.91	465.01
Total	**268.91**	**465.01**
Fair value changes:		
-Realised	268.91	461.20
-Unrealised	-	3.81

20. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Marketing income	195.00	135.00
Service fee income (Refer Note 29 for related party transaction)	401.46	628.56
Other income	50.63	18.81
Total	**647.09**	**782.37**

Notes to the Standalone Financial Statements

21. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	8,258.41	7,463.00
(ii) Discount on Commercial Paper	124.74	93.85
(iii) Interest on Debentures	6,499.73	3,801.05
(iv) Interest on Inter Corporate Debts ("ICD") (Refer Note 29)	195.74	66.18
(v) Liability towards operating lease (Refer Note 32)	152.16	151.78
(vi) Other finance cost	40.62	29.83
Total	**15,271.40**	**11,605.69**

22. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
On Financial instruments measured at amortised cost:		
(i) Loans (including amount written off, net of recovery)	8,868.53	5,631.53
(ii) Investments	0.05	(1.82)
(iii) Others	(3.21)	5.03
Total	**8,865.37**	**5,634.74**

23. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Salaries and wages	7,799.95	8,154.92
Contribution to provident and other funds	216.00	260.68
Share based payment to employees (Refer Note 31)	1,026.38	583.88
Staff welfare expenses	138.43	199.55
Retirement Benefit expenses (Refer Note 30)	(21.39)	32.28
Others	-	9.27
Total	**9,159.37**	**9,240.58**

Notes to the Standalone Financial Statements

24. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Rent (Refer Note 32)	275.89	198.41
Communication cost	76.38	96.11
Travelling and conveyance	129.22	344.41
Legal, professional and consultancy charges	441.41	316.89
Membership and Subscription	5.50	4.27
IT expenses	593.96	657.31
Repairs and maintenance	15.28	25.01
Rating fees	104.25	47.84
Printing and stationary	4.56	29.67
Bank charges	31.94	28.55
Bureau charges	168.68	290.44
Directors' sitting fees (Refer Note 29)	13.19	14.55
Payment to auditors	84.93	73.54
Advertisement, publicity and sales promotion expenses	389.18	385.90
Operation Cost	164.00	458.25
Office Expense	286.25	316.03
Postage & courier charges	11.63	62.45
Interest on statutory dues	10.03	0.18
Recruitment fees	32.51	126.88
Stamp Duty & Filing fees	8.10	62.22
Legal & Technical charges	25.64	88.74
Corporate Social responsibility (Refer Note 37)	20.05	16.93
Cost of Collection	851.93	553.48
Miscellaneous expenses	61.41	73.18
Total	**3,805.92**	**4,271.24**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Auditor's remuneration		
- Audit fees	74.12	65.95
In other capacity		
- Certification services	10.81	7.59
- Taxation	-	-
Total	**84.93**	**73.54**

Notes to the Standalone Financial Statements

25. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Current tax expense		
Current year	1,135.14	527.43
	1,135.14	**527.43**
Deferred tax expense		
Origination and reversal of temporary differences	(917.52)	(144.09)
Deferred tax expense	**(917.52)**	**(144.09)**
Tax expense for the year	**217.61**	**383.34**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Year ended March 31, 2020 (Restated)		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(26.29)	6.62	(19.67)	29.03	(0.32)	28.71
(b) Equity instruments through other comprehensive income	-	-	-	0.02	-	0.02
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	118.97	(29.95)	89.03	-	-	-
	92.68	**(23.33)**	**69.35**	**29.05**	**(0.32)**	**28.74**

(c) Amounts recognised directly in equity

There are no temporary difference recognised directly in equity for the year ended March 31, 2021 (Previous Year: Nil)

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Profit before tax as per Statement of profit and loss (A)	1,241.06	658.75
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate (B)	312.37	165.81
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	8.42	18.45
Effect of income exempt from income tax	(42.11)	(97.74)
Tax pertaining to prior year	(47.84)	(4.85)
Other adjustments	(13.23)	11.54
Reversal of Deferred tax on account of merger (Refer Note No 42)	-	182.70
Impact for change in tax rate	-	107.43
Effective tax amount	**217.61**	**383.34**
Effective tax rate	17.53%	58.19%

(e) During the previous year, the Company had elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section. The full impact of the above mentioned change of Rs. 107.43 lakhs has been recognised in the standalone statement of profit and loss for the year ended March 31, 2020.

Notes to the Standalone Financial Statements

26. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Profit attributable to equity holders of the Company used in calculating basic earnings per share	1,023.44	275.41
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	**1,023.44**	**275.41**

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,51,19,843	38,03,66,142
Adjustments for calculation of diluted earnings per share:	14,19,853	-*
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**38,65,39,696**	**38,03,66,142**
Basic earnings per share	**0.27**	**0.07**
Diluted earnings per share	**0.26**	**0.07**

** The ESOPs outstanding are anti-dilutive in nature*

Notes to the Standalone Financial Statements

27. Fair Value Measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at March 31, 2021				As at March 31, 2020 (Restated)			
	FVTPL	FVOCI	Amortised Cost	Others	FVTPL	FVOCI	Amortised Cost	Others
Financial assets								
Cash and cash equivalents	-	-	1,323.38	-	-	-	3,772.83	-
Bank balance other than cash and cash equivalents	-	-	588.46	-	-	-	735.88	-
Loans	-	-	2,55,359.84	-	-	-	2,04,849.17	-
Investments								
-Mutual funds	-	-	-	-	1,003.81	-	-	-
-Debt securities	-	6,638.94	2,120.55	-	-	-	-	-
Other financial assets	-	-	1,821.28	-	-	-	1,690.39	-
		-						
Total financial assets	**-**	**6,638.94**	**2,61,213.51**	**-**	**1,003.81**	**-**	**2,11,048.27**	**-**
Financial liabilities								
Debt securities	-	-	73,827.02	-	-	-	42,105.62	-
Borrowings (other than debt securities)	-	-	93,422.08	-	-	-	70,321.28	-
Other financial liabilities	-	-	4,231.88	-	-	-	3,342.57	-
Total financial liabilities	**-**	**-**	**1,71,480.98**	**-**	**-**	**-**	**1,15,769.47**	**-**

Note: Investment in subsidiaries amounting to Rs. 3,911.22 lakhs (Previous year: Rs. 2,109.69 lakhs) is carried at cost in accordance with Ind AS 27 and does not form part of the above.

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020 (Restated)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investment in mutual funds	-	-	-	-	1,003.81	-	-	1,003.81
Investment in debt securities	-	-	6,638.94	6,638.94	-	-	-	-
Total	**-**	**-**	**6,638.94**	**6,638.94**	**1,003.81**	**-**	**-**	**1,003.81**

Notes to the Standalone Financial Statements

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020 (Restated)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	1,323.38	-	-	1,323.38	3,772.83	-	-	3,772.83
Bank balance other than cash and cash equivalents	588.46	-	-	588.46	735.88	-	-	735.88
Investments	-	-	-	-	-	-	-	
- Debt securities	-	-	2,120.55	2,120.55	-	-	-	-
Loans	-	-	2,70,436.30	2,70,436.30	-	-	2,06,237.47	2,06,237.47
Other financial assets	-	-	1,821.28	1,821.28	-	-	1,690.39	1,690.39
Total	**1,911.84**	**-**	**2,74,378.13**	**2,76,289.97**	**4,508.71**	**-**	**2,07,927.86**	**2,12,436.57**
Financial Liabilities								
Debt securities	-	-	74,320.09	74,320.09	-	-	42,112.57	42,112.57
Borrowings (other than debt securities)	-	-	93,438.98	93,438.98	-	-	70,306.94	70,306.94
Other financial liabilities	-	-	4,231.88	4,231.88	-	-	3,342.57	3,342.57
Total	**-**	**-**	**1,71,990.95**	**1,71,990.95**	**-**	**-**	**1,15,762.08**	**1,15,762.08**

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	1,323.38	1,323.38	3,772.83	3,772.83
Bank balance other than cash and cash equivalents	588.46	588.46	735.88	735.88
Loans	2,55,359.84	2,70,436.30	2,04,849.17	2,06,237.47
Investments				
-Mutual funds	-	-	1,003.81	1,003.81
-Debt securities	8,759.49	8,759.49	-	-
Other financial assets	1,821.28	1,821.28	1,690.39	1,690.39
Total	**2,67,852.45**	**2,82,928.91**	**2,12,052.08**	**2,13,440.38**
Financial liabilities				
Debt securities	73,827.02	74,320.09	42,105.62	42,105.62
Borrowings (other than debt securities)	93,422.08	93,438.98	70,321.28	70,321.28
Other financial liabilities	4,231.88	4,231.88	3,342.57	3,342.57
Total	**1,71,480.98**	**1,71,990.95**	**1,15,769.47**	**1,15,769.47**

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Company considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Company's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

Financial instruments held at amortised cost

i. Cash and bank balance:
The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:
For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:
Other financial assets comprise primarily of advances to related parties and other advances. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:
The Company has investments in debt securities with fixed rates. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

v. Debt securities and borrowings:
The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2021 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:
Other financial liabilities comprise primarily of advances received from customers and other payables. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

Notes to the Standalone Financial Statements
Financial instruments held at fair value
i. Investment in mutual fund:
The investment in mutual funds are valued using the closing NAV in the market.

ii. Investment in debt securities:
Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using market yeild on the balance period to maturity on similar instruments using G-Sec rates adjusted for credit risk of the instruments.

Gains or losses on transfers amongst categories
The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Inter-level transfers
There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2021 and March 31, 2020.

D. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the year ended March 31, 2021.

(Rs. in lakhs)

Particulars	Equity	Debt Instruments
As at March 31, 2019 (Restated)	**121.63**	**-**
Net Acquisitions/(Disposal)	(121.61)	-
Gains recognised in other comprehensive income	(0.02)	-
As at March 31, 2020 (Restated)	**-**	**-**
Net Acquisitions/(Disposal)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	**-**	**6,652.06**

Notes to the Standalone Financial Statements

28. Financial risk management

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Notes to the Standalone Financial Statements

28. Financial risk management (continued)

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations i.e. receivables from customers, investments in debt securities etc. Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

i) Credit risk management

The Company key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks . The Company considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:

- **Income and cash flow analysis:** The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- **Credit history analysis:** The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- **Borrower's profile and intended use of the funds:** The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- **Security cover provided:** The Company has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- **Collectability and geo-location:** . The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or concerns about any of these factors, an adverse adjustment to the risk-profile is made.

The Company has separate data science/analytics team which monitors the vintage curve, bounce rates, collection efficiency, portfolio metrics and delinquencies further periodic re-audit of existing cases to unearth delinquency trends and credit learnings.

Measurement of Expected Credit Losses ('ECL')

The Company has segmented its outstanding portfolio based on the risk profiles i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Company has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

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 ECL 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 /collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3. Considering the current macro economic scenario, due to Covid, the probability of defaults have been increased over and above the historical trends across product verticals.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90 + days	Stage 3	Life Time ECL	Life Time ECL

Write-offs

As per Company's policy, the Company writes off Retail secured and unsecured loans outstanding for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are writen off on a case-to-case basis subject to 540 days and 450 days respectively, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

Notes to the Standalone Financial Statements
As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	2,120.55	0.05	2,120.50
	Investments at FVOCI			
	- Debt securities	6,652.06	13.12	6,638.94
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	2,29,929.27	1,866.31	2,28,062.96
	Bank balance other than cash and cash equivalents	588.46	-	588.46
	Loan commitments	8,975.03	11.00	8,964.03
	Other financial assets	1,826.46	5.18	1,821.28
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Loans			
	- Term Loans and Loans repayable on demand	24,329.43	2,008.79	22,320.64
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	10,206.03	5,229.79	4,976.24

As at March 31, 2020 (Restated)

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	-	-	-
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,99,017.36	1,345.71	1,97,671.65
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,880.07	4.82	9,875.25
	Other assets	1,695.83	5.44	1,690.39
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Loans			
	- Term Loans and Loans repayable on demand	4,355.24	317.58	4,037.68
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	6,815.66	3,675.81	3,139.85

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised financial instruments. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table. For financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount.

(Rs. in lakhs)

Particulars	Gross Exposure as at March 31, 2021	Gross Exposure as at March 31, 2020 (Restated)
Cash and cash equivalent	1,323.38	3,772.83
Balances with Banks	588.46	738.84
Loans	2,64,464.73	2,10,188.26
Investment securities	8,772.61	-
Other financial assets	1,826.46	1,695.82
Total credit risk exposure	**2,76,975.64**	**2,16,395.75**

Collateral held

The Company periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Company varies on case to case basis and includes:

i) First/Subservient charge on the Land and/or Building of the project or other projects
ii) First/Subservient charge on the fixed and current assets of the borrower
iii) Hypothecation over receivables from funded project or other projects of the borrower
iv) First loss guarantee default (FLDG) in the form of cash collateral, lien on fixed deposits etc.

Notes to the Standalone Financial Statements

The below table stratifies credit exposure for secured loans by ranges of Loan-to-value (LTV) ratio. LTV is calculated as the ratio of the Principal outstanding of the loan to the value of the collateral. The valuation of collateral is as of date of grant of loan and excludes any adjustments for obtaining and selling the collateral.

Secured Loans

(Rs. in lakhs)

LTV Ratio	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020(Restated)	As at March 31, 2020 (Restated)
Less than 50%	53,647.27	39.96%	47,097.54	47.09%
51-70%	18,554.37	13.82%	22,742.80	22.74%
71-90%	11,474.72	8.55%	8,264.25	8.26%
91-100%	46,912.45	34.94%	18,791.63	18.79%
More than 100%	3,663.67	2.73%	3,117.75	3.12%
Total	**1,34,252.48**	**100.00%**	**1,00,013.97**	**100.00%**

Value of security of secured credit Impaired assets

The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

(Rs. in lakhs)

Particulars	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020(Restated)	As at March 31, 2020 (Restated)
Value of Security	3,639.95	6,498.64	1,541.35	3,050.38

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as services, GDP, recorded unemployment, growth rate, current account balance etc. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

The below table signifies movement of loan exposure i.e outstanding principal and accrued interest thereon

(Rs. in lakhs)

Reconciliation of Loan exposure*	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loan exposure as on March 31, 2019 (Restated)	**1,66,754.11**	**3,902.16**	**3,178.89**
Remeasurement of net exposure	(76,016.63)	(2,301.48)	725.22
Assets originated or purchased	1,15,443.82	1,398.54	753.99
Transferred to 12-month ECL	858.10	(826.50)	(31.60)
Transferred to Lifetime ECL not credit impaired	(2,748.25)	2,750.49	(2.24)
Transferred to Lifetime ECL credit impaired	(4,204.36)	(694.28)	4,898.64
Write – offs	-	-	(3,579.84)
Loan exposure on March 31, 2020 (Restated)	**2,00,086.79**	**4,228.93**	**5,943.06**
Remeasurement of net exposure	(1,11,619.89)	(7,901.73)	(5,362.11)
Assets originated or purchased	1,60,934.35	17,437.99	6,845.50
Transferred to 12-month ECL	720.84	(710.69)	(10.15)
Transferred to Lifetime ECL not credit impaired	(12,243.37)	12,245.97	(2.60)
Transferred to Lifetime ECL credit impaired	(4,879.72)	(1,233.84)	6,113.56
Write – offs	-	-	(4,474.73)
Loan exposure on March 31, 2021	**2,32,999.00**	**24,066.63**	**9,052.53**

For Loan loss allowance:

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loss allowance on March 31, 2019 (Restated)	**595.58**	**202.21**	**2,148.45**
Remeasurement of loss allowance	47.94	(67.90)	2,055.25
Assets originated or purchased	739.48	116.72	407.66
Transferred to 12-month ECL	9.28	(39.97)	(21.89)
Transferred to Lifetime ECL not credit impaired	(17.97)	176.45	(2.21)
Transferred to Lifetime ECL credit impaired	(28.60)	(69.93)	2,627.76
Write – offs	-	-	(3,539.21)
Loss allowance on March 31, 2020 (Restated)	**1,345.71**	**317.58**	**3,675.81**
Remeasurement of loss allowance	(629.25)	(576.12)	(698.54)
Assets originated or purchased	1,384.79	1,561.99	3,431.52
Transferred to 12-month ECL	5.20	(25.23)	(8.09)
Transferred to Lifetime ECL not credit impaired	(121.88)	881.42	(3.86)
Transferred to Lifetime ECL credit impaired	(118.89)	(150.23)	3,307.70
Write – offs	-	-	(4,474.73)
Loss allowance on March 31, 2021	**1,865.68**	**2,009.41**	**5,229.81**

Notes to the Standalone Financial Statements

For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2019 (Restated)	**1.82**
Changes in loss allowances due to Assets used or released	**(1.82)**
Loss allowance on March 31, 2020 (Restated)	-
Changes in loss allowances due to Assets used or released	13.17
Loss allowance on March 31, 2021	**13.17**

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on 31 March 2019 (Restated)	**3.63**
Changes in loss allowances due to Assets used or released	1.19
Loss allowance on 31 March 2020 (Restated)	**4.82**
Changes in loss allowances due to Assets used or released	6.18
Loss allowance on 31 March 2021	**11.00**

Concentration of credit risk

The Company monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below.

(Rs. in lakhs)

Particulars	Loans and advances to customers		Loan commitments	
	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2021	As at March 31, 2020 (Restated)
Concentration by region				
North	45,263.88	30,112.17	985.91	1,215.32
South	1,27,616.29	1,00,098.22	4,251.67	4,456.38
East	9,525.25	9,254.90	491.33	574.73
West	82,059.31	70,722.97	3,246.12	3,633.64
Total	**2,64,464.73**	**2,10,188.26**	**8,975.03**	**9,880.07**

Offsetting financial assets and financial liabilities

There are no financial assets and Financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of Covid-19 pandemic, RBI announced resolution plan framework vie circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress for personal loan customers and extended RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances for SME loans. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower specific. We continue to monitor the recoverability of loans granted in accordance with these circulars. The on-going and future performance of such loans remains an area of uncertainity as March 31, 2021. The relevant details in respect of these loans have been presented under note no. 43 and 44.

Impact of COVID-19

(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID-19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(B) The Honorable Supreme Court of India through an interim order had directed that the accounts which were not declared non-performing asset till August 31, 2020 shall not be declared non-performing after August 31, 2020, till further notice. Basis the interim order, the Company had not classified any standard account as of August 31, 2020 as per Indian Accounting Standards, as impaired (Stage 3) after August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the ECL model under Ind AS financial statements for the year ended March 31, 2021.

Notes to the Standalone Financial Statements

28. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Company has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Company has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
- Expiring within one year	10,090.93	11,038.25
- Expiring beyond one year	-	-
Total	**10,090.93**	**11,038.25**

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings (other than debt securities)	12	93,422.08	(1,06,739.63)	(54,488.09)	(41,538.58)	(10,712.96)	-
Other financial liabilities	13	4,231.88	(4,231.88)	(4,231.88)			
Loan commitments	33	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		**1,80,456.01**	**(2,02,407.02)**	**(1,17,795.24)**	**(73,898.81)**	**(10,712.96)**	**-**

Notes to the Standalone Financial Statements

As at March 31, 2020 (Restated) (Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings (other than debt securities)	12	70,321.28	(99,576.75)	(41,614.51)	(34,684.90)	(23,277.34)	-
Other financial liabilities	13	3,342.57	(3,342.57)	(24.00)	(3,318.57)	-	-
Loan commitments	33	9,880.07	(9,880.07)	(5,430.48)	(4,420.62)	(14.49)	(14.48)
Total		**1,25,649.54**	**(1,58,597.84)**	**(73,502.71)**	**(61,788.82)**	**(23,291.83)**	**(14.48)**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the

As at March 31, 2021 (Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,323.38	1,323.38	1,323.38	-	-	-
Bank deposits	3	588.46	613.99	613.99	-	-	-
Loans	4	2,55,359.84	3,55,624.04	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments (other than subsidiaries)	5	8,759.44	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	6	1,821.28	1,821.28	1,821.28	-	-	-
Total		**2,67,852.40**	**3,68,679.46**	**1,63,470.31**	**99,022.60**	**39,082.15**	**67,104.40**

As at March 31, 2020 (Restated) (Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,772.83	3,419.63	3,419.63	-	-	-
Bank deposits	3	735.88	766.12	766.12	-	-	-
Loans	4	2,04,849.17	2,92,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments (other than subsidiaries)	5	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	6	1,690.39	1,690.39	1,410.43	279.96	-	-
Total		**2,12,052.08**	**2,99,361.14**	**1,14,360.14**	**80,172.44**	**36,729.10**	**68,099.46**

Notes to the Standalone Financial Statements

28. Financial risk management (continued)

C. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely. The Company has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Company's interest rate risk arises majorly from borrowings, loans and investments. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Loans		
Fixed rate loans	1,30,872.89	1,08,509.09
Variable rate loans	1,32,493.60	99,181.42
Bank balance other than cash and cash equivalents	586.06	723.06
Fixed rate investments in debt securities	8,533.21	-
Total	**2,72,485.76**	**2,08,413.57**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(94,622.40)	(47,449.67)
Variable rate Debt and Borrowings	(69,420.64)	(75,026.89)
Total	**(1,64,043.04)**	**(1,22,476.56)**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Company's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2021 and March 31, 2020 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2021				
Variable-rate instruments	630.73	(630.73)	630.73	(630.73)
Cash flow sensitivity (net)	**630.73**	**(630.73)**	**630.73**	**(630.73)**
March 31, 2020 (Restated)				
Variable-rate instruments	241.55	(241.55)	241.55	(241.55)
Cash flow sensitivity (net)	**241.55**	**(241.55)**	**241.55**	**(241.55)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Price risk

The Company is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/ lower by 1% from market price existing as at March 31, 2021, profit or loss(pre-tax) for the year ended March 31, 2021 would increase/ decrease by NIL (Previous Year: Rs. 10.03 lakhs) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2021.

The Company is currently not exposed to any equity price risks arising from equity investments classified in the Balance Sheet at fair value through Other Comprehensive Income since the amount outstanding as at March 31, 2021 is Nil (Previous year: Nil).

Notes to the Standalone Financial Statements

29. Related party disclosures

Key managerial personnel ("KMP")

Name of the KMP	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and Chief Executive Officer (w.e.f. May 16, 2019)
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director
Mr. Girish Dinanath Nadkarni	Nominee Director
Mr. Vivek Anand PS	Nominee Director

Enterprises where key management personnel exercises control

1. InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
2. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited) (w.e.f. May 20, 2019)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2021	As at March 31, 2020 (Restated)
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.64%	59.66%

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2021	As at March 31, 2020 (Restated)
Incred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%
Booth Fintech Private Limited	India	Mumbai	100.00%	100.00%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2021	As at March 31, 2020 (Restated)
mValu Technology Services Private Limited	India	Mumbai	40.96%	40.96%

Transactions with key management personnel

i. Key management personnel compensation (Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Employee benefit expenses	575.33	570.22
Directors' sitting fees	13.19	14.55

As the liabilities for gratuity, leave encashment and share based payments are provided on actuarial basis for the Company as a whole and hence the amounts pertaining to the key management personnel are not included in the above.

Notes to the Standalone Financial Statements

29. Related party disclosures (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Rs. in lakhs)

Nature of transactions	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Associate of subsidiary	
	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)
Balance Sheet transactions										
Purchase of equity shares of subsidiary company	-	1,050.25	-	-	-	-	-	-	-	-
Investment in equity shares	-	-	1,800.00	200.20	-	-	-	-	-	-
Security Deposit received	-	-	-	-	-	3.20	-	-	-	-
ICD taken	-	-	400.00	-	-	-	4,500.00	-	3,275.00	-
Repayment of ICD given (including interest)	-	-	-	395.75	-	-	-	-	-	-
Repayment of ICD taken (including interest)	-	-	-	-	-	-	-	-	2,053.29	-
Advances given	-	-	-	437.00	-	-	-	-	-	-
Refund of Security Deposit	-	-	75.63	-	-	-	-	-	-	-
Payment against expenses	-	-	24.99	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	1,110.60	20.25	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	12,738.68	-	-	-
Proceeds from sale of Fixed Assets	-	-	0.47	-	-	-	1.88	-	-	-
Issue of MLD	-	-	-	-	-	-	830.00	-	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	-	295.27	-	-	-
Reimbursement of credit loss	-	-	-	-	-	-	-	-	57.31	-
Proceeds from sale of Debentures	-	-	-	-	-	-	6,505.59	-	-	-
Income transactions										
License fees	-	-	-	-	-	-	-	-	56.00	56.00
Interest on ICD	-	-	-	11.95	-	-	-	-	-	-
Service fee	-	-	-	-	-	-	404.03	91.85	0.15	14.34
Profit on sale of Debentures	-	-	-	-	-	-	20.70	-	-	-
Expense transactions										
License fees	-	-	5.45	5.45	-	-	-	-	-	-
Interest on ICD	-	-	0.22	-	-	-	1.76	-	84.99	-
Expenses on account of reimbursement	-	-	43.56	244.83	-	-	-	-	-	-
Fee and commission	-	-	-	-	-	-	187.63	19.01	14.90	-

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (*Refer Note 31 for further details).*

Notes to the Standalone Financial Statements
29. Related party disclosures (continued)

Summary of balance receivable from / payable to the above related are as follows:

(Rs. in lakhs)

Sr. No.	Balance outstanding	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel		Associate of subsidiary	
		For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)
1	Advances/Receivables	-	-	-	1,041.24	-	-	31.74	99.19	15.47	17.11
2	Investments (at cost)	-	-	3,909.69	2,109.69	-	-	-	-	-	-
3	ICD Payable	-	-	400.20	-	-	-	4,501.63	-	1,300.33	-
4	Other Payables	-	-	-29.35	-	-	-	-	19.01	0.44	-
5	Security deposit payable	-	-	-	-	3.20	3.20	-	-	-	-
6	Number of options outstanding	241	248	24,000	-	-	-	-	-	-	-

For terms and conditions of transactions on payables to related parties, refer Note No 12

Notes to the Standalone Financial Statements

30. Employee benefits

1. The Company has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Provident fund	215.57	235.48

2. Gratuity

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	88.90	65.06
Interest cost	4.49	4.41
Current Service cost	38.82	48.46
Liability Transferred In/Acquisition	-	-
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	-	(38.03)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	4.98	2.11
Actuarial Losses on Obligations - Due to Experience	21.32	6.89
Liability at the end of the year	**158.50**	**88.90**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Present value of benefit obligation at the end of the year	(158.50)	(88.89)
Fair value of plan assets at the end of the year		-
Funded Status (Deficit)	(158.50)	(88.89)
Net (Liability)/Asset Recognized in the Balance Sheet	**(158.50)**	**(88.90)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Current service cost	38.82	48.45
Net Interest cost	4.49	4.41
Expenses recognised	**43.31**	**52.86**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Actuarial (Gains) on obligation for the year	26.29	(29.03)
Net (Income) for the year recognized in OCI	**26.29**	**(29.03)**

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Discount Rate	4.25%	5.21%
Salary escalation rate	5% for next 1 year and 7% thereafter	7.00%
Expected Rate of return on Plan Assets	N.A	N.A.
Rate of Employee Turnover	35%	35%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

Notes to the Standalone Financial Statements

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation (Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Opening net liability	**88.89**	65.06
Expenses recognized in Statement of Profit and Loss	40.54	52.86
Expenses recognized in OCI	26.29	(29.03)
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	**155.72**	**88.89**

Cash Flow Projection
Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Projected benefits payable in future years from the date of reporting		
1st following year	0.72	0.55
2nd following year	32.14	0.41
3rd following year	38.21	20.52
4th following year	33.63	24.07
5th following year	25.02	20.49
Sum of years 6 to 10	46.94	38.84
Sum of years 11 and above	7.76	6.86

Sensitivity analysis (Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Projected benefit obligation on current assumptions	155.72	88.89
Delta effect of +1% change in rate of discounting	(5.18)	(3.56)
Delta effect of -1% change in rate of discounting	5.50	3.79
Delta effect of +1% change in rate of salary increase	4.94	3.62
Delta effect of -1% change in rate of salary increase	(4.81)	(3.50)
Delta effect of +1% change in rate of employee turnover	(4.12)	(3.44)
Delta effect of -1% change in rate of employee turnover	4.21	3.55

Qualitative disclosures

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

3. Compensated absences
The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Company is given below:

Particulars	As at March 31, 2021*	As at March 31, 2020 (Restated)
Assumptions:		
Discount rate	NA	5.21%
Salary escalation rate	NA	7.00%
Rate of Employee Turnover	NA	35.00%

**Note - As per the revised leave policy of the Company, the accumulated unavailed leave lapses as at March 31, 2021. Thus no liability has been determined for the current year.*

Notes to the Standalone Financial Statements

31. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Company has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

The Company has established share option plans that entitle the employees of the Company and its subsidiary companies to purchase the shares of the Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the vesting of grants under these plans are continued employment with the company from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)
Fair value as on grant date (weighted average)	27.15 to 28.64	27.81 to 28.99
Share price as on grant date	55.25	54.40
Exercise price	40.00	40.00
Expected volatility (weighted average volatility)	35% to 40%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	5.04% to 5.97%	6.49% to 7.08%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2021	As at March 31, 2020
Opening balance	40.00	1,25,05,584	50,80,781
Add: Options granted during the year	40.00	97,92,875	85,86,300
Less: Options exercised during the year	40.00	(91,209)	(6,924)
Less: Options lapsed during the year	40.00	(41,62,312)	(11,54,573)
Options outstanding as at the year end	**40.00**	**1,80,44,938**	**1,25,05,584**
Weighted average remaining contractual life of options outstanding at end of period		8.1 years	

Notes to the Standalone Financial Statements
II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the Holding Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the grants under these plans are continued employment with the company from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

a) Share options issued by Bee Finance Limited (Mauritius)

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2021:
No fresh grants have been given during the year ended March 31, 2021 and year ended March 31, 2020

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

	As at March 31, 2021		As at March 31, 2020 (Restated)	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**48,033.52**	**248.00**	**53,031.00**	**549.00**
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	55,650.73	(7.00)	55,363.75	(301.00)
Options outstanding as at the year end	**47,728.27**	**241.00**	**48,033.52**	**248.00**

Weighted average remaining contractual life of options outstanding at end of period 11.2 years

C. Expenses arising from share-based payment transactions

Refer Note 23 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

Notes to the Standalone Financial Statements

32. Lease accounting

The Company has entered into leasing arrangements for premises. Right of Use Assets ("ROU") has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Balance at the beginning of the year	**1,760.49**	**930.97**
Addition during the year	321.04	1,197.91
Disposals during the year	(131.39)	-
Depreciation for the year	(237.57)	(368.39)
Balance as at the end of the year	**1,712.57**	**1,760.49**

ii. The following is the movement in lease liabilities during the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Balance at the beginning of the year	**1,878.95**	**930.97**
Addition during the year	176.05	1,197.91
Finance cost accrued during the year	152.16	151.78
Payment of Lease liabilities made during the year	(279.34)	(401.71)
Balance as at the end of the year	**1,927.82**	**1,878.95**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Less than one year	231.60	424.93
Between one and five years	1,302.84	1,456.00
More than five years	221.24	713.46
Total	**1,755.68**	**2,594.39**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Depreciation expense on right-of-use assets (Refer Note 8)	237.57	368.39
Interest expense on lease liabilities (Refer Note 21)	152.16	151.78
Expense relating to short-term leases (Refer Note 24)	275.89	198.41
Expense relating to leases of low value assets	-	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Total cash outflow for leases	279.34	401.71

Notes to the Standalone Financial Statements

33. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Commitments		
Undrawn committed credit lines	8,975.03	9,880.07
Total	**8,975.03**	**9,880.07**

The Company does not have any pending litigations and proceedings and hence does not require any provision or mention under contingent liability.
The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

34. Securitisation

Transfer of financial assets that do not result in derecognition

The Company was party to securitisation transaction involving transfer of pool of unsecured loan receivables (monthly instalment loans with original maturity upto 3 years)
In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.
The Company agreed to provide servicing assistance pursuant to the terms of servicing agreement.
In this securitisation where the Company transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Company does not transfer substantially all of the risks and rewards of these assets.
Hence, the company continues to recognise the securitised loan portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities :

(Rs. in lakhs)

As at March 31, 2021	Loan receivables	Credit enhancements
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

(Rs. in lakhs)

As at March 31, 2020 (Restated)	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

Notes to the Standalone Financial Statements

35. Current and Non-current maturity

(Rs. in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020 (Restated)		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,323.38	-	1,323.38	3,772.83	-	3,772.83
Bank Balance other than cash and cash equivalents	588.46	-	588.46	735.88	-	735.88
Loans	1,23,300.54	1,32,059.30	2,55,359.84	84,546.08	1,20,303.09	2,04,849.17
Investments	7,664.75	5,005.91	12,670.66	1,003.81	2,109.69	3,113.50
Other Financial assets	1,590.60	230.68	1,821.28	1,410.43	279.96	1,690.39
Sub total	**1,34,467.73**	**1,37,295.89**	**2,71,763.62**	**91,469.03**	**1,22,692.74**	**2,14,161.77**
Non-financial assets						
Current Tax assets (Net of provision for tax)	-	720.61	720.61	-	862.36	862.36
Deferred Tax assets (Net of deferred tax liabilities)	-	1,857.39	1,857.39	-	963.22	963.22
Property, plant and equipment	-	3,276.35	3,276.35	-	2,975.07	2,975.07
Capital Work-in-progress	-	14.49	14.49	-	125.06	125.06
Other intangible assets	-	222.49	222.49	-	299.97	299.97
Other non-financial assets	480.00	805.55	1,285.55	420.00	626.22	1,046.22
Sub total	**480.00**	**6,896.88**	**7,376.88**	**420.00**	**5,851.90**	**6,271.90**
Total assets	**1,34,947.73**	**1,44,192.77**	**2,79,140.50**	**91,889.03**	**1,28,544.64**	**2,20,433.67**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Debt securities	51,024.47	22,802.55	73,827.02	24,700.66	17,404.96	42,105.62
Borrowings (Other than Debt Securities)	47,610.34	45,811.74	93,422.08	35,358.69	34,962.59	70,321.28
Other Financial liabilities	251.87	3,980.01	4,231.88	445.76	2,896.81	3,342.57
Sub total	**98,886.68**	**72,594.30**	**1,71,480.98**	**60,505.11**	**55,264.36**	**1,15,769.47**
Non-Financial liabilities						
Provisions	-	169.48	169.48	25.72	132.69	158.41
Other non-financial liabilities	2,905.26	-	2,905.26	2,078.21	-	2,078.21
Sub total	**2,905.26**	**169.48**	**3,074.74**	**2,103.93**	**132.69**	**2,236.62**
Total liabilities	**1,01,791.94**	**72,763.78**	**1,74,555.72**	**62,609.04**	**55,397.05**	**1,18,006.09**

Notes to the Standalone Financial Statements

36. Foreign currency transactions

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)
Expenditure in foreign currency		
Directors' sitting fees	2.07	-
Legal, professional and consultancy charges	27.64	-
Recruitment fees	6.63	3.63
Legal & Technical charges	2.01	2.26
Total	**38.35**	**5.89**

37. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)
Amount required to be spent as per section 135 of the Companies Act, 2013:	19.99	16.05
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash	20.05	14.93
Yet to be paid in cash*	-	2.00
Total	**20.05**	**16.93**

** Paid in the month of April, 2020*

38. Micro, Small and Medium Enterprises Development

In accordance with the Micro, Small and Medium Enterprises Development Act 2006 ('MSMED Act') the Company is required to identify the micro, small and medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based on the on the information available with the management, there are no dues outstanding to micro and small enterprises covered under the MSMED Act. The Auditors have placed reliance on such information.

39. Share issue expenses

In accordance with the provision of section 52 of the Companies Act, 2013 the following share issue expenses have been debited against securities premium account:

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)
Stamp duty	-	52.67
Legal and professional charges	-	543.10
Total	-	595.77

Notes to the Standalone Financial Statements

40. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of the Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Common Equity Tier1 (CET1) capital	1,02,012.53	1,00,841.20
Other Tier 2 capital	1,843.20	1,261.64
Total capital	**1,03,855.73**	**1,02,102.84**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS–based results and reserves.

Refer Note 46 (2) for further details.

Notes to the Standalone Financial Statements

41. Impairment of goodwill

The Board of Directors of InCred Housing Finance Private Limited ('HFC'), subsidiary of the Company, had approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. Considering the aforementioned strategic decision, the Company had tested the investment for impairment and recognised an impairment loss of Rs. 645.76 lakhs as an exceptional item for the year ended March 31, 2020.

42. Scheme of Amalgamation and arrangement

The Board of Directors of the Company on February 18, 2020 had approved a Scheme of Amalgamation ("Scheme") of Incred Housing Finance Private Limited (a wholly-owned subsidiary of the Company) with the Company. The Company had filed the scheme with National Company Law Tribunal ("NCLT") on October 6, 2020. During the half year ended March 31, 2021, the NCLT, Mumbai bench has approved the Scheme of Amalgamation ("Scheme") vide order no 'CP(CAA)/1094/MB/2020 Connected with CA(CAA)/1105/MB /2020' on March 11, 2021 from the Appointed Date of April 1, 2020. The Scheme will be made effective upon filling of the certified true copy of the order with the Registrar of Companies, from the Appointed Date of April 1, 2020.

On account of NCLT Mumbai Bench being shut (except for urgent hearing matters through video conference w.e.f. April 20, 2021 as notified by circular dated April 19, 2021) in accordance with the government guidelines in view of unprecedented pandemic situation in the country, the certified true copies could not be obtained. In view of the same, though the certified copy of the order is yet to be filed with Registrar of Companies, the Company has given effect of the merger in its standalone audited financial statements for the year ended March 31, 2021.

In accordance with the requirements of Para 9(iii) of Appendix C of Ind AS 103, the standalone financial statements of the Company in respect of the previous year have been restated from the Appointed Date. Summary of effect of restatement of previous published numbers are as below:

(A) Summary of Restated Balance Sheet:

(Rs. in lakhs)

Particulars	As at March 31, 2020 (as previously reported)	Effect of restatement	As at March 31, 2020 (Restated)
ASSETS			
Financial assets			
(a) Cash and cash equivalents	3,419.63	353.20	3,772.83
(b) Bank balance other than cash and cash equivalents	735.88	-	735.88
(c) Loans	2,04,172.53	676.64	2,04,849.17
(d) Investments	8,695.58	(5,582.07)	3,113.50
(e) Other financial assets	1,712.77	(22.38)	1,690.39
Non-financial assets			
(a) Current tax assets (Net of provision for tax)	787.48	74.88	862.36
(b) Deferred tax assets (Net of deferred tax liabilities)	1,118.43	(155.20)	963.22
(c) Property, plant and equipment	2,928.71	46.37	2,975.07
(d) Capital work-in-progress	125.06	-	125.06
(e) Other intangible assets	295.49	4.48	299.97
(f) Other non-financial assets	1,006.35	39.87	1,046.22
Total assets	**2,24,997.90**	**(4,564.21)**	**2,20,433.67**
LIABILITIES AND EQUITY			
Financial liabilities			
(a) Debt securities	42,105.62	-	42,105.62
(b) Borrowings (other than debt securities)	74,615.66	(4,294.38)	70,321.28
(c) Other financial liabilities	3,339.41	3.16	3,342.57
Non-financial liabilities			
(a) Provisions	153.90	4.51	158.41
(b) Other non-financial liabilities	2,052.09	26.13	2,078.21
Total Equity			
(a) Equity share capital	38,615.30	-	38,615.30
(b) Other equity	64,115.93	(303.63)	63,812.28
Total liabilities and equity	**2,24,997.90**	**(4,564.21)**	**2,20,433.67**

Notes to the Standalone Financial Statements

42. Scheme of Amalgamation and arrangement (continued)

(A) Summary of Restated Statement of Profit and Loss:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020 (as previously reported)	Effect of restatement	Year ended March 31, 2020 (Restated)
(i) Interest income	30,997.60	105.72	31,103.32
(ii) Fees and commission income	805.82	0.13	805.95
(iii) Net gain/(loss) on fair value changes	365.98	99.03	465.01
(I) Total revenue from operations	**32,169.39**	**204.88**	**32,374.28**
(II) Other income	752.25	30.11	782.37
Total income	32,921.65	234.99	33,156.65
Expenses			
(i) Finance costs	11,861.40	(255.71)	11,605.69
(ii) Impairment on financial instruments	5,530.23	104.51	5,634.74
(iii) Employee benefits expenses	9,068.92	171.66	9,240.58
(iv) Depreciation, amortization and impairment	1,077.41	22.48	1,099.89
(v) Others expenses	4,151.14	120.10	4,271.24
(IV) Total expenses	**31,689.11**	**163.03**	**31,852.14**
Profit before tax and exceptional items	**1,232.54**	**71.96**	**1,304.52**
Exceptional items	616.74	29.02	645.76
Profit before tax and after exceptional item	**615.80**	**42.94**	**658.75**
Tax Expense:			
(1) Current Tax	508.89	18.53	527.43
'(2) Deferred Tax	(326.79)	182.70	(144.09)
Profit after tax for the period	**433.70**	**(158.29)**	**275.41**
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans	26.31	2.73	29.03
(b) Equity instruments through other comprehensive income	0.02	-	0.02
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.32)	0.00	(0.32)
Subtotal (A)	26.01	2.73	28.74
(B) (i) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
Subtotal (B)	-	-	-
Other comprehensive income / (loss)	26.01	2.73	28.74
Total comprehensive income for the period	**459.71**	**(155.57)**	**304.14**

Notes to the Standalone Financial Statements

43. Disclosure as required in paragraph 52 of RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress

(Rs. in lakhs)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	7,351	6,789.43	-	-	NA*
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**7,351**	**6,789.43**	**-**	**-**	**-**

*The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. The Company has made adequate provision on impairment loss allowance as per ECL model for the year ended March 31, 2021

44. Disclosure as per RBI Notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

(Rs. in lakhs)

For the year ended March 31, 2021		For the year ended March 31, 2020 (Restated)	
No. of accounts restructured	**Amount**	**No. of accounts restructured**	**Amount**
124	9,370.49	12	126.08

45. Reversal of Compound Interest

As per guidelines issued by RBI on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 7, 2021 and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021, the Company has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020. The Company has provided for reversal of interest on interest amounting to Rs. 106.64 lakhs on such loans in the financial statements for the year ended March 31, 2021.

Notes to the Standalone Financial Statements

46. Additional disclosures required by Reserve Bank of India ('RBI')

RBI disclosures have been prepared based on IndAS financials.

1 Fraud reported during the year

The Company has reported frauds aggregating Rs. 739 lakhs (previous year: Rs. 72.28 lakhs) based on management reporting to risk committee and to the RBI through prescribed returns FMR-1.

(Rs. In lakhs)

No of cases	Amount involved	Amount recovered	Amount written off
1	739.00	-	731.33

2 Capital to Risk Assets Ratio (CRAR)

The ratios calculated in accordance with the guidelines of Reserve Bank of India, are as under:

Particulars		As at March 31, 2021	As at March 31, 2020 (Restated)
i)	CRAR (%)	37.20%	46.89%
ii)	CRAR - Tier I Capital (%)	36.54%	46.31%
iii)	CRAR - Tier II Capital (%)	0.66%	0.58%
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-
vi)	Risk weighted asset	2,79,168.54	2,17,752.82

Notes to the Standalone Financial Statements

3 Investments

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
(1) Value of investments		
(i) Gross value of investments		
(a) In India	12,683.83	3,113.50
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	13.17	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	12,670.65	3,113.50
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	1.82
(ii) Add : Provisions made during the year	13.17	-
(iii) Less : Write-off/(write-back)of excess provisions during the year	-	(1.82)
(iv) Closing balance	13.17	-

4 Derivatives

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
(i) Transactions/exposure in derivative during the year	Nil	Nil
(ii) Unhedged foreign currency exposure as at the year end	Nil	Nil

Notes to the Standalone Financial Statements

5 Disclosures relating to securitisation

(a) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
1	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	-	1
2	Total amount of securitised assets as per books of the SPVs sponsored	-	421.00
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	(a) Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss	-	137.00
	Others	-	331.99
4	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-Balance Sheet exposures		
	(i) Exposure to own securitisations	-	-
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	(i) Exposure to own securitisations	-	-
	First loss	-	-
	Others		
	(ii)Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-

(b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction - NIL

(c) The Company has not purchased/sold non-performing assets for the year ended March 31, 2021 and March 31, 2020.

Notes to the Standalone Financial Statements

6 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2021

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances	20,636.94	17,076.51	16,817.08	27,879.93	40,890.07	68,296.59	23,993.82	39,768.89	**2,55,359.84**
Investments	1,098.44	542.19	166.57	4,129.53	1,728.01	1,094.70	-	3,911.22	**12,670.66**
Borrowings	14,369.27	2,235.84	7,569.00	16,541.89	57,918.88	58,756.50	9,857.72	-	**1,67,249.10**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-	-	**-**

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2020 (Restated)

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances	17,426.19	9,257.39	8,001.27	19,306.14	30,555.09	53,954.26	21,285.94	45,062.89	**2,04,849.17**
Investments	1,003.81	-	-	-	-	-	-	2,109.69	**3,113.50**
Borrowings	2,295.98	2,729.53	23,387.59	8,961.54	22,684.70	47,970.99	4,396.56	-	**1,12,426.90**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-	-	**-**

Notes to the Standalone Financial Statements

7 Exposure to real estate sector

(Rs. in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020 (Restated)
	Direct Exposure		
	Residential Mortgages -		
a)(i)	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	3,179.03	1,051.10
	Commercial Real Estate -		
a)(ii)	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	57,821.14	45,596.50
	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a)(iii)	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Indirect Exposure		
	Fund based and non based exposures on National housing Bank and Housing Finance Companies	-	-

8 Exposure to capital market

(Rs. in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020 (Restated)
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	3,911.22	2,109.69
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total exposure to capital market	**3,911.22**	**2,109.69**

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

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL).

10 Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses, authority.

11 Miscellaneous

(a) Registration obtained from other financial sector regulators

Particulars	Reg. Number
RBI Registration Number (COR)*	B-13.02395
Corporate Identification number (CIN)*	U74899MH1991PLC340312
Central Registry of Securitization Asset	JB867

** The Company has received requisite approval for change of registered office from Delhi to Maharashtra with effect from June 5, 2020. Consequently, the Corporate Identification Number and RBI Regulation Number of the Company has also changed. The erstwhile CIN is U74899DL1991PLC042659 and CoR is B-14.01801*

(b) Disclosure of Penalties imposed by RBI and other regulators: None

(c) Related Party Transactions

Refer Note 29 to the Financial statements for the transaction with the related parties.

(d) Credit rating

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Long term bank facilities	CRISIL A (Stable) / CARE A (Negative)	CARE A (Stable)
Non-Convertible Debenture	CRISIL A(Stable) / CARE A (Negative)	CARE A (Stable)
Market Linked Debentures	CRISIL PP-MLD Ar (Stable) / CARE PP-MLD A (Negative)	CARE PP-MLD A (Stable)
Short term bank facilities	CRISIL A1 / ICRA A1	NA
Commercial Paper	CARE A1 / CRISIL A1	NA

Notes to the Standalone Financial Statements

12 Additional disclosures

(a) Provisions and contingencies

(Rs. in lakhs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Provisions for depreciation on investment	13.17	-
Provision towards NPA/ Write off*	6,028.74	5,066.57
Provision made towards income tax	217.61	383.34
Provision for Standard Assets**	2,211.80	865.49

** Provision on stage 3 assets and write off*

*** Stage 1 and 2 assets*

(b) Draw down from reserves

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

(c) Concentration of Advances, Exposures and NPAs

(c) (i) Concentration of advances

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Total advances to twenty largest borrowers	23,622.22	14,882.01
Percentage of advances to twenty largest borrowers to total advances of the NBFC	8.97%	7.17%

(c) (ii) Concentration of exposures

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Total exposure to twenty largest borrowers/customers	23,622.22	14,882.01
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	8.67%	6.84%

Notes to the Standalone Financial Statements

(c) (iii) Concentration of NPAs*

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Total exposure to top four NPA accounts	1,514.17	1,288.45

** NPA accounts refer to stage 3 assets*

(c) (iv) Sector-wise NPAs*

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2021	As at March 31, 2020 (Restated)
1	Agriculture & allied activities	-	-
2	MSME	4.23%	6.28%
3	Corporate borrowers	-	-
4	Services	2.45%	1.54%
5	Unsecured personal loans	3.50%	2.11%
6	Auto loans	7.02%	2.30%
7	Other personal loans	20.47%	2.08%

** NPA accounts refer to stage 3 assets*

13 Movement of NPAs*

(Rs. in lakhs)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
(i)	**Net NPAs to net advances (%)**	1.71%	1.36%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	5,943.06	3,178.63
	(b) Additions during the year	10,792.43	6,533.25
	(c) Reductions during the year	7,698.82	3,768.82
	(d) Closing balance	**9,036.67**	**5,943.06**
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	2,783.21	1,227.35
	(b) Additions during the year	5,283.97	3,467.75
	(c) Reductions during the year	3,642.64	1,911.89
	(d) Closing balance	**4,424.54**	**2,783.21**
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets**)**		
	(a) Opening balance	3,159.85	1,951.28
	(b) Provisions made during the year	5,508.45	3,065.50
	(c) Write-off of excess provisions	4,056.18	1,856.93
	(d) Closing balance	**4,612.12**	**3,159.85**

** NPA accounts refer to stage 3 assets*

*** Standard assets refer to stage 1 and Stage 2 assets as defined under IND-AS*

14 Disclosure of Complaints

Customer Complaints

Sr. No	Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
(a)	No. of complaints pending at the beginning of the year	1	4
(b)	No. of complaints received during the year	858	514
(c)	No. of complaints redressed during the year	855	517
(d)	No. of complaints pending at the end of the year	4	1

15 Overseas Assets (For those with Joint Ventures and Subsidiaries Abroad)

The Company does not have any joint ventures or subsidiaries abroad, hence not applicable

16 In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2021 (31 March 2020:NIL)

Notes to the Standalone Financial Statements

Schedule to the Balance Sheet of a Non-Deposit taking Non-Banking Financial Company (as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

Schedule to the Balance Sheet

17 Loans & Advances availed by the Non-Banking Financial company inclusive of interest accrued thereon but not paid: (Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
(1)	**Liabilities side :**	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures*				
	- Secured	73,827.02	-	42,105.62	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	78,803.02	-	65,845.02	-
	(d) Inter-corporate loans and borrowing	7,202.41	-	-	-
	(e) Commercial Paper	1,959.72	-	-	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	5,456.93	-	4,476.26	-
	*other than falling within the meaning of public deposits				
(2)	**Assets side :**				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	1,36,765.41	1,743.78	1,00,562.73	741.92
	(b) Unsecured	1,27,699.32	5,707.84	1,09,625.53	2,946.11

18 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
(ii)	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

19 Break-up of investments:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
	Current investments :		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debenture and bonds	-	-
	(iii) Units of mutual funds	-	1,003.81
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	6,652.06	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	2,120.55	-
	Non- current investments:		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	3,911.22	2,109.69
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-

20 Borrower group-wise classification of assets, financed as in (3) and (4) above :

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2021		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	1,33,514.07	1,21,845.76	**2,55,359.84**
	Total	**1,33,514.07**	**1,21,845.76**	**2,55,359.84**

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2020 (Restated)		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	99,208.70	1,05,640.47	**2,04,849.17**
	Total	**99,208.70**	**1,05,640.47**	**2,04,849.17**

21 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2021		As at March 31, 2020 (Restated)	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties				
	(a) Subsidiaries	3,911.22	3,911.22	2,109.69	2,109.69
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	8,772.61	8,759.44	1,003.81	1,003.81
	Total	**12,683.83**	**12,670.66**	**3,113.50**	**3,113.50**

22 Other information

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
(i)	Gross non-performing assets*		
	(a) Related parties	-	-
	(b) Other than related parties	9,036.67	5,943.06
(ii)	Net non-performing assets*		
	(a) Related parties	-	-
	(b) Other than related parties	4,424.54	2,783.21
(iii)	Assets acquired in satisfaction of debt	-	-

**NPA accounts refer to stage 3 assets*

InCred Financial Services Limited

Notes to the Standalone Financial Statements

Disclosure as per
As required in RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4th November, 2019 - Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

23 Funding Concentration based on significant counterparty

(Rs. in lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	20	1,43,447.99	NA	82.18%

24 Top 20 large deposits : NA

25 Top 10 Borrowings

(Rs. in lakhs)

Sr. No.	Amount	% of Total borrowings
1	19,947.87	11.93%
2	14,655.49	8.76%
3	14,536.03	8.69%
4	14,393.36	8.61%
5	9,905.24	5.92%
6	9,450.24	5.65%
7	8,941.82	5.35%
8	8,213.51	4.91%
9	6,199.78	3.71%
10	5,033.80	3.01%

26 Funding Concentration based on significant instrument/product

(Rs. in lakhs)

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	78,803.02	45.14%
2	Non Convertible Debentures	55,137.72	31.59%
3	Market Linked Debentures	18,689.37	10.71%
4	Inter Corporate borrowings	7,202.41	4.13%
5	Cash Credit / WCDL	5,456.92	3.13%
6	Commercial paper	1,959.72	1.12%

27 Stock Ratios

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper	1.17%	1.12%	0.70%
b	Non-convertible debentures (Original maturity of less than 1 year)	0.00%	0.00%	0.00%
c	Other short term liabilities	60.72%	58.18%	36.38%

InCred Financial Services Limited

Notes to the Standalone Financial Statements

28. Disclosure as required in paragraph 10 of RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 -COVID19 Regulatory Package - Asset Classification and Provisioning

(Rs. in lakhs)

Particulars	Amount (Total POS as on 31st March 2021)	Amount (Total POS as on 31st March 2020) (Restated)
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3;*	69,052.68	57,839.55
Respective amount where asset classification benefits is extended	NIL**	1,061.91
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5***	NA	NA
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	NIL	NIL

**Outstanding as on 31 March 2021 and 31 March 2020 respectively on account of all cases in SMA/ overdue categories where moratorium benefit was extended by the Company up to 31 August 2020*

***There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.*

****The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. The Company has made adequate provision on impairment loss allowance as per ECL model for the year ended March 31, 2021*

InCred Financial Services Limited

Notes to the Standalone Financial Statements

29. Restructuring of Loans

(Rs. in lakhs)

Sr. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2020 (Restated)	No. of borrowers	14	2	-	-	16
		Amount outstanding	127.95	11.74	-	-	139.69
		Provision thereon	12.16	7.63	-	-	19.79
2	Fresh Restructuring during the year	No. of borrowers	129	3,817	-	-	3,946
		Amount outstanding	9,449.92	1,050.21	-	-	10,500.13
		Provision thereon	601.46	483.08	-	-	1,084.54
3	Upgradations to restructured standard category during the FY*	No. of borrowers	2	6	-	-	8
		Amount outstanding	74.21	20.79	-	-	95.00
		Provision thereon	10.00	13.88	-	-	23.88
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-3	3	-	-	-
		Amount outstanding	(29.64)	29.64	-	-	-
		Provision thereon	(0.10)	0.10	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on March 31, 2021	No. of borrowers	138	3,816	-	-	3,954
		Amount outstanding	9,474.01	1,070.79	-	-	10,544.80
		Provision thereon	603.52	476.93	-	-	1,080.45

InCred Financial Services Limited

Notes to the Standalone Financial Statements

29. Restructuring of Loans (Continued)

(Rs. in lakhs)

Sr. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2019 (Restated)	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh Restructuring during the year	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	153.56	12.05	-	-	165.61
		Provision thereon	14.33	7.83	-	-	22.16
3	Upgradations to restructured standard category during the FY*	No. of borrowers	-	-	-	-	-
		Amount outstanding	25.61	0.32	-	-	25.94
		Provision thereon	2.17	0.21	-	-	2.38
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on March 31, 2020 (Restated)	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	127.95	11.74	-	-	139.68
		Provision thereon	12.16	7.63	-	-	19.79

**Includes accounts closed/settled or repayments received from restructured accounts during the current year and previous year*

There are no cases restructured on account of CDR mechanism or SME debt restructuring in the current year and previous year.

The Company has availed asset classification benefit underRBI Notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances during FY 2020-21 and FY 2019-20.

The above disclosure does not include assets where resolution plan is implemented under RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress.

InCred Financial Services Limited

Notes to the Standalone Financial Statements

30. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2021	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	2,29,929.27	1,866.31	2,28,062.96	922.15	944.16
Standard	Stage 2	24,329.43	2,008.79	22,320.64	1,260.74	748.05
Subtotal		2,54,258.70	3,875.10	2,50,383.60	2,182.89	1,692.21
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,206.03	5,229.79	4,976.24	829.56	4,400.23
Doubtful - up to 1 year	Stage 3	-	-	-	328.05	(328.05)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	328.05	(328.05)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		10,206.03	5,229.79	4,976.24	1,157.61	4,072.18
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	8,975.03	11.00	8,964.03	-	11.00
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		8,975.03	11.00	8,964.03	-	11.00
Total	**Stage 1**	**2,38,904.30**	**1,877.31**	**2,37,026.99**	**922.15**	**955.16**
	Stage 2	**24,329.43**	**2,008.79**	**22,320.64**	**1,260.74**	**748.05**
	Stage 3	**10,206.03**	**5,229.79**	**4,976.24**	**1,157.61**	**4,072.18**
	Total	**2,73,439.76**	**9,115.89**	**2,64,323.87**	**3,340.50**	**5,775.39**

Notes to the Standalone Financial Statements

30. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards (Continued)

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2020 (Restated)	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	1,99,017.36	1,345.71	1,97,671.65	790.46	555.25
	Stage 2	4,355.24	317.58	4,037.68	67.78	249.80
Subtotal		2,03,372.60	1,663.29	2,01,709.33	858.24	805.05
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,815.66	3,675.81	3,139.85	1,202.20	2,473.61
Doubtful - up to 1 year	Stage 3	-	-	-	45.35	(45.35)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	45.35	(45.35)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		6,815.66	3,675.81	3,139.85	1,247.55	2,428.26
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	9,880.07	4.82	9,875.25	-	4.82
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		9,880.07	4.82	9,875.25	-	4.82
Total	**Stage 1**	**2,08,897.43**	**1,350.53**	**2,07,546.90**	**790.46**	**560.07**
	Stage 2	**4,355.24**	**317.58**	**4,037.68**	**67.78**	**249.80**
	Stage 3	**6,815.66**	**3,675.81**	**3,139.85**	**1,247.55**	**2,428.26**
	Total	**2,20,068.33**	**5,343.92**	**2,14,724.43**	**2,105.79**	**3,238.13**

47. Previous year's figures are regrouped/reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

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

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 7 May 2021

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Independent Auditor's Report

To the Members of InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Incred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of matter

As described in Note 34A(iv) to the consolidated financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Emphasis of matter *(Continued)*

As described in Note 34A(iv) to the consolidated financial statements, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.

We draw attention to Note 47(i) of the financial statements, which describes the Incred Housing Finance Private Limited ('IHFPL') (a wholly owned subsidiary of the Holding Company) management's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment, the IHFPL Board's proposal of merger with the Holding Company and surrender of the housing finance license.

We draw attention to Note 47(ii) of the financial statements, which more fully describes Incred Management Technology and Services Private Limited ('IMTSPL') (a wholly owned subsidiary of the Holding Company) management's basis for concluding and continuing with the going concern assumption for preparation of the financial statements.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	**How the matter was addressed in our audit**
Impairment of loans and advances to customers **Charge: INR 5,628.25 Lakhs for year ended 31 March 2020** **Provision: INR 5,339.09 Lakhs at 31 March 2020** *Refer to the accounting policies in "Note 1 (C)(b) to the Consolidated Financial Statements: Impairment", "Note 1(B)(e)(vii) to the Consolidated Financial Statements: Significant Accounting Policies- use of estimates" and "Note 6 to the Consolidated Financial Statements: Loans"*	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Holding Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default	Our audit procedures included: **Design / controls** • Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice. • Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Key audit matter	How the matter was addressed in our audit
- Consideration of probability weighted scenarios and forward looking macro-economic factors - Complexity of disclosures There are many data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternative proxies have been applied to allow calculations to be performed. *Impact of COVID -19* On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans and advances on account of: - Short and long term macroeconomic effect on businesses in the country and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Company's customers and their ability to repay dues; and - application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk ('SICR') of its loan and advances with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macro-economic scenarios to factor in the potential impact of COVID-19 on expected credit loss provision.	**Substantive tests** • Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Testing of review controls over measurement of impairment allowances and disclosures in financial statements. • Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Involving our specialists to test the model methodology and reasonableness of assumptions used, including management overlays. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package. • Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Checked the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19. Considered the appropriateness of disclosures relating to financial risk management including those relating to ECL provision on loans and advances.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Key audit matter	How the matter was addressed in our audit
Information technology **IT systems and controls** The Holding Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting. We have identified 'Information Technology systems' as a key audit matter because of the high level of automation, large transaction volume, the increasing challenge to protect the Holding Company's systems, controls over data integrity and the risks associated with remote access of key applications by a large population of employees at the year end. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: **General IT controls / user access management** • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. • Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Report on Other Legal and Regulatory Requirements

(A) As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

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

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

e) On the basis of the written representations received from the directors of the Holding Company and Subsidiary Companies as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and Subsidiary Companies as on 31 March 2020, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 39 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020;

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate company incorporated in India during the year ended 31 March 2020;

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Report on Other Legal and Regulatory Requirements *(continued)*

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No. 118189
UDIN: 20118189AAACFP4582

Mumbai
31 August 2020

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Annexure A to the Independent Auditor's report on the consolidated financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph ((A)(f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness.

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Annexure A to the Independent Auditor's report on the consolidated financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* for the year ended 31 March 2020 *(Continued)*

Auditor's Responsibility *(Continued)*

Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189
UDIN: 20118189AAACFP4582

Mumbai
31 August 2020

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Consolidated Financial Statements
Consolidated Balance Sheet as at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	3,843.63	6,773.51
(b) Bank balance other than cash and cash equivalents	3	735.88	267.46
(c) Receivables			
(I) Trade receivables	4	141.01	13.18
(II) Other receivables	5	4.75	55.50
(d) Loans	6	2,04,849.17	1,73,800.39
(e) Investments	7	5,051.35	5,246.65
(f) Other financial assets	8	773.70	575.85
(2) Non-financial assets			
(a) Current tax assets (net)		1,282.51	962.32
(b) Deferred tax assets (net)	9	1,118.43	924.60
(c) Property, plant and equipment	10	3,145.49	1,309.66
(d) Capital work-in-progress		125.06	-
(e) Goodwill		652.65	652.65
(f) Other intangible assets	11	308.00	442.60
(g) Other non-financial assets	12	1,178.31	820.41
Total assets		**2,23,209.94**	**1,91,844.78**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables			
(I)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	-	12.33
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14	58.11	343.10
(b) Debt securities	15	42,105.62	47,814.80
(c) Borrowings (other than debt securities)	16	70,321.28	77,497.73
(d) Other financial liabilities	17	3,345.35	918.14
(2) Non-financial liabilities			
(a) Current tax liabilities (net)		-	64.90
(b) Provisions	18	158.41	153.97
(c) Deferred tax liabilities (net)	9	1,069.68	1,205.53
(d) Other non-financial liabilities	19	2,101.09	1,982.55
EQUITY			
(a) Equity share capital	20 (A)	38,615.30	30,762.93
(b) Other equity	20 (B)	65,435.10	31,088.80
Total liabilities and equity		**2,23,209.94**	**1,91,844.78**

Significant accounting policies and key accounting estimates and judgements **1**
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Kapil Goenka
Partner
Membership No: 118189

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: 31 August 2020

Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Consolidated Financial Statements

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Revenue From operations			
(i) Interest income	21	31,091.36	29,940.46
(ii) Fees and commission income	22	805.95	1,044.68
(iii) Net (loss)/gain on fair value changes	23	465.01	(5.14)
(iv) Other operating income	24	255.00	600.00
(I) Total revenue from operations		**32,617.32**	**31,580.00**
(II) Other income	25	649.34	1,136.42
(III) Total income (I + II)		**33,266.66**	**32,716.42**
Expenses			
(i) Finance costs	26	11,605.70	14,082.84
(ii) Impairment on financial instruments	27	5,634.50	3,662.19
(iii) Employee benefits expenses	28	9,174.99	8,636.15
(iv) Depreciation and amortisation	10 & 11	1,160.68	275.93
(v) Others expenses	29	4,485.49	5,234.09
(IV) Total expenses		**32,061.36**	**31,891.20**
(V) Profit before share of loss of Associates (III - IV)		**1,205.30**	**825.22**
(VI) Share of loss of associates		491.55	-
(VII) Profit before exceptional items and tax (V - VI)		**713.75**	**825.22**
(VIII) Exceptional item	30	-	3,316.63
(IX) Profit after exceptional items and before tax (VII + VIII)		**713.75**	**4,141.85**
(X) Tax Expense:	31		
(1) Current Tax		527.43	574.55
(2) Deferred Tax		(329.99)	795.24
(XI) Profit for the year (IX - X)		**516.31**	**2,772.06**
(XII) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		29.03	54.47
(b) Equity instruments through other comprehensive income		0.02	14.26
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.32)	(15.19)
Subtotal (A)		28.73	53.54
(B) Items that will be reclassified to profit or loss		-	-
Other comprehensive income (A + B)		**28.73**	**53.54**
(XIII) Total comprehensive income for the year (XI + XII)		**545.04**	**2,825.60**
Profit is attributable to:			
Shareholders of the Group		516.31	2,453.24
Non controlling interests		-	318.82
Other Comprehensive Income is attributable to:			
Shareholders of the Group		28.73	53.54
Non controlling interests		-	-
Total Comprehensive Income is attributable to:			
Shareholders of the Group		545.04	2,506.78
Non controlling interests		-	318.82
(XIV) Earnings per equity share	32		
Basic (Rs.)		0.14	0.80
Diluted (Rs.)		0.14	0.80

Significant accounting policies and key accounting estimates and judgements **1**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 31 August 2020

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Consolidated Financial Statements

Consolidated Cash Flow Statement for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Profit / (Loss) before tax	713.75	4,141.85
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	1,160.68	275.93
Net (gain) on fair value changes	(465.01)	(4,142.57)
Interest Income	(31,078.05)	(29,940.46)
Finance Cost	11,453.91	14,082.84
Impairment loss	5,634.50	3,762.19
Fee and Commission income	-	(12.72)
Other expenses	-	15.63
Provision for employment benefits	32.28	(19.91)
Share based expense	583.88	201.79
Impairment of goodwill	-	831.08
Advertisement expense	30.61	140.00
Share in loss of associate	491.55	-
Interest expense on lease liability	151.78	-
Reversal of rent expense	(401.71)	-
Operating cash flow before working capital changes	**(11,691.83)**	**(10,664.35)**
Working capital adjustments		
(Increase) / decrease in other trade receivables	(127.83)	39.17
Decrease / (increase) in other receivables	50.75	(55.50)
(Increase) in Loans	(36,677.02)	(36,913.50)
(Increase) in other financial assets	(205.92)	(273.04)
(Increase) in other non financial assets	(388.51)	(117.22)
(Decrease) in trade payables	(12.33)	(257.90)
(Decrease) / Increase in other payables	(284.99)	343.10
Increase in other financial liabilities	2,677.13	233.37
Increase / (decrease) increase in provisions	0.86	(50.52)
Increase in other non financial liabilities	88.71	630.89
Cash generated from operations	**(46,570.98)**	**(47,085.49)**
Interest received on loans	31,012.88	31,372.69
Interest paid on borrowings and debt	(13,157.80)	(11,226.05)
Income taxes paid	(912.13)	(1,206.53)
Net cash (used in) operating activities	**(29,628.03)**	**(28,145.39)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,754.37)	(955.94)
Purchase of intangibles assets	(107.53)	(464.59)
Capital work in progress	(125.06)	-
(Payment made) /Amount received for acquisition of subsidiary	(1,050.25)	279.83
Purchase of investments	(1,11,881.19)	(3,44,582.29)
Proceeds from sale of investments	1,12,051.78	3,44,173.62
Investment in term deposits	(16,814.26)	(267.46)
Proceeds from maturity of term deposits	16,332.53	-
Interest on investments	40.22	87.75
Interest on term deposits	38.26	7.69
Net cash (used in) investing activities	**(4,269.87)**	**(1,721.39)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	42,715.90	1,097.10
Security issue expenses	(595.97)	(68.08)
Proceeds from issue of debt securities	12,511.61	30,000.00
Proceeds from borrowings (other than debt securities)	55,339.32	58,500.01
Redemption of debt securities	(17,500.00)	(5,000.00)
Redemption of borrowings (other than debt securities)	(57,065.32)	(60,344.76)
Net cash generated from financing activities	**35,405.54**	**24,184.27**
Net increase / (decrease) in cash and cash equivalents	**1,507.64**	**(5,682.51)**
Cash and cash equivalents at the beginning of the year	(623.30)	5,059.21
Cash and cash equivalents at the end of the year	**884.34**	**(623.30)**

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow

(b) Cash and cash equivalents comprises of

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	8.11	7.22
Balances with banks		
- Current Accounts	3,835.52	6,766.29
Deposit with bank with maturity less than 3 months	-	-
Cash and cash equivalents (Refer note 2)	3,843.63	6,773.51
Less: Bank overdraft and cash credit (Refer note 16)	(2,962.25)	(7,397.43)
Add: Impairment loss allowance on deposits with bank	2.96	0.62
Cash and cash equivalents in cash flow statement	**884.34**	**(623.30)**

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Kapil Goenka
Partner
Membership No: 118189

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Place: Mumbai
Date: 31 August 2020

Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Consolidated Financial Statements

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	30,762.93	26,408.02
Changes in equity share capital during the year	0.74	4,354.91
Balance as at the end of the year	30,763.67	30,762.93

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	-	-
Changes in equity share capital during the year	785.16	-
Balance as at the end of the year	785.16	-

B. Other equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus						Equity instruments through OCI	Loss on change in proportion held by NCI	Non Controlling interest	Total
		Special reserve	Capital reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings				
Balance at April 1, 2018	1,191.65	242.42	(6,722.25)	26,476.07	-	-	(365.46)	4.83	-	-	**20,827.26**
Profit for the year	-	-	-	-	-	-	2,453.24	-	-	318.82	2,772.06
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	43.03	-	-	-	43.03
Other comprehensive income for the year	-	-	-	-	-	-	-	10.51	-	-	10.51
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	**2,496.27**	**10.51**	-	**318.82**	**2,825.60**
Transfer / utilisations							-				
Additions during the year	370.35	-	5,793.86	-	65.70	-	-	-	-	36.70	6,266.61
Utilized during the year	-	-	-	(68.08)	-	-	-	-	-	-	(68.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	120.57	-	-	-	-	(120.57)	-	-	-	-
Employee stock option expense	-	-	-	-	-	136.09	-	-	-	-	136.09
Loss of control on Business combination	-	-	-	-	-	-	(3.57)	-	-	77.85	74.28
Transferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	633.61	-	-	-	0.00
Balance at March 31, 2019	-	**362.99**	-	**27,435.03**	**65.70**	**136.09**	**2,640.28**	**15.34**	-	**433.37**	**31,088.80**
Profit for the year	-	-	-	-	-	-	516.31	-	-	-	516.31
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	28.70	-	-	-	28.70
Other comprehensive income for the year	-	-	-	-	-	-	-	0.02	-	-	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	**545.01**	**0.02**	-	-	**545.03**
Transfer / utilisations											
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.97)	-	-	-	-	-	-	(595.97)
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	-	89.04	-	-	-	-	(89.04)	-	-	-	-
Employee stock option expense	-	-	-	-	(14.80)	598.69	-	-	-	-	583.89
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	(616.81)	(433.37)	(1,050.18)
Balance at March 31, 2020	-	**452.03**	-	**61,702.59**	**50.90**	**734.78**	**3,096.24**	**15.36**	**(616.81)**	-	**65,435.10**

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 31 August 2020

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

1. Significant Accounting Policies and notes forming part of financial statements:

A. Corporate Information

Incred Financial Services Limited (the 'Parent') was incorporated in India on January 8, 1991, under the provisions of the Companies Act, 1956. The Parent together with its subsidiaries (hereinafter collectively referred to as the 'Group') has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India.

The Parent has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on August 30, 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The Parent qualifies to be a NBFC - Systematically Important as per "Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016".

The registered office of the Company is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400 051 (erstwhile- 406, 4th Floor, Competent House , Middle Circle, F Block, Connaught Place, New Delhi -110001.)

The Board of Directors vide resolution dated 13 August 2019 and Shareholders of the Parent at the Annual General Meeting dated September 25, 2019 accorded its approval to shift the Registered Office of the Company from National Capital Territory of Delhi to State of Maharashtra. The Regional Director, Ministry of Corporate Affairs, New Delhi on March 6, 2020 passed an Order to shift the registered office of the Company from National Capital Territory of Delhi to State of Maharashtra. The said Order was made effective by the Board of Directors vide resolution dated 9 April 2020 and the Company has received approval from Registrar of Companies, Mumbai, Maharashtra dated June 5, 2020.

B. Basis of preparation and presentation

(a) Statement of compliance

The Consolidated financial statement of the Group and its associates, have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as applicable to NBFCs subject to RBI norms and regulations.

The Group's consolidated financial statements were authorized for issue by the Parent's Board of Directors on August 31, 2020.

(b) Presentation of financial statements

The Consolidated financial statement of the Group are presented as per Schedule III ('Division III') of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Consolidated Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial

statements along with the other notes required to be disclosed under the notified Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and RBI regulations to the extent applicable.

(c) Functional and presentation currency

The Consolidated financial statement are presented in Indian Rupees ('INR'), which is also the Group's functional currency. All the amounts have been rounded-off to the nearest lakhs as per the requirements of Schedule III, unless otherwise indicated.

(d) Basis of measurement

The Consolidated financial statement have been prepared under the historical cost convention except for the following items:

a. Certain financial assets that are measured at fair value
b. Net defined benefit asset / liability – plan assets are measured at fair value less present value of defined benefit obligation; and
c. Share-based payments - measured at fair value

(e) Use of estimates and judgements

The preparation of Consolidated financial statement in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

- **Significant judgements**

(i) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long-term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. Further details are disclosed in Note 36.

(ii) Recognition of deferred tax assets / liabilities

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forward and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry forward and unused tax credits could be utilised. Further details are disclosed in Note 9.

(iii) Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may, therefore, vary from the amount included in other provisions.

(iv) Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial assets / liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

(v) Fair valuation of employee stock options

The fair valuation of the employee stock options is based on the Black-Scholes option pricing model used for valuation of options. Key assumptions and inputs for fair value made with respect to expected volatility includes share price, expected dividends and discount rate, under the Black-Scholes option pricing model. These assumptions / inputs and models are disclosed in Note 37.

(vi) Effective Interest Rate (EIR) Method

The Group recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behavior and life cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument

(vii) Impairment of financial assets

The Group recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost 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.

(viii) Leases

The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options. The determination of the incremental borrowing rate used to measure lease liabilities.

(f) Basis of Consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all 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. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date the control ceases.

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

- **Equity method**

Under equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee and in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the

Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Change in ownership interests

The Group considers transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate or equity account for an investment because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in the other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(g) Business combination:

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the:

- Fair values of assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group and
- Fair value of any assets and liabilities resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at acquisition date. The Group recognizes any non-controlling interests in the acquired entity on acquisition-by-acquisition basis either at fair value or by non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of:

- Consideration transferred
- Any amount of non-controlling interest in the acquired entity and

- Acquisition date fair value of the previous entity interest in the acquired entity

Over the fair value of identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of identifiable assets , the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reason for carrying the business combination as a bargain purchase. In other cases, bargain purchase gain are recognized directly in equity as capital reserve.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss or other comprehensive income, as appropriate.

C. Significant Accounting Policies

(a) Revenue from operations

Recognition of interest income

Dividend income is recognised on the date on which the Group's right to receive the payment is established.

Interest income or expense is recognised using the effective interest method.
The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection. Commission and brokerage income earned for the services rendered are recognised as and when they are due. Other loan related charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

License income:

Revenue arising from licensing agreements is recognised on an accrual basis in accordance with the license agreement when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

Interest income on investments:

Interest income from on investments is recognised when it is certain that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(b) Financial instruments

- **Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition.

- **Classification and subsequent measurement of financial assets:**

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets. The Group classifies its financial assets in the following measurement categories:

Financial assets measured at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment), unless the asset is designated at FVTPL:

- the financial asset is held within a business model whose objective is to hold assets 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 ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair value through other comprehensive Income ('FVOCI')

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair Value through Profit and Loss ('FVTPL')

A financial asset which is not classified in above category is subsequently measured at FVTPL. Where assets are measured at fair value, gains and losses are recognized entirely in the Consolidated statement of Profit and Loss.

The assets classified in the aforementioned categories are subsequently measured as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised inf Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Consolidated Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Consolidated

Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Consolidated Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in Consolidated Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Consolidated Statement of Profit and Loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Consolidated Statement of Profit and Loss.

- **Classification and subsequent measurement of financial liabilities**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as on initial recognition.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit and loss.

The Group's financial liabilities include trade payables and other financial liabilities.

- **Derecognition**

Financial assets

The Group derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

- **Offsetting of financial assets and liabilities**

A financial asset and a financial liability is 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.

- **Compound financial instruments**

Compound financial instruments issued by the Group comprise convertible debentures in INR that can be converted to equity shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with the changes in the fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

Interest related to financial liability is recognised in Consolidated statement of Profit and Loss. In case of conversion at maturity, financial liability is reclassified to equity and no gain or loss is recognised.

- **Share capital**

  Ordinary shares

  Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

- **Impairment of financial assets**

  Overview of the Expected Credit Losses ('ECL') principles
  The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. 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 ECL 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. Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

  Stage 1
  All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances upto 30 days default under this category.

  Stage 2
  All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

  Stage 3

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. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

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:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:
The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

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

Probability of Default - 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.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date.

Loss Given Default - 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 lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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.

Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. 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 subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(c) Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Group has an established control framework with respect to the measurement of fair values. The management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair values of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value

measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(e) Share-based payment arrangements

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Consolidated Statement of Profit and Loss.

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

(f) Lease accounting

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease

if the Group is reasonably certain not to exercise that option. The Group revises the lease term if there is a change in the non-cancellable period of a lease

At the date of commencement of the lease, the Group recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

(g) Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income ('OCI').

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

- has a legally enforceable right to set off the recognised amounts; and
- intends to realise the asset or settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

- Temporary differences related to investments in associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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 as on the reporting date. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Minimum Alternative Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the entity will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date.

(h) Property, plant and equipment

- **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,
- any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Consolidated Statement of Profit and Loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Consolidated Statement of Profit and Loss.

- **Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

- **Depreciation**

Depreciation is provided on straight-line method as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Consolidated Statement of Profit and Loss.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date which the asset is ready for use (disposed of).

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years
Leasehold improvements	Over the lease period

Assets costing less than INR 5,000 are fully depreciated in the year in which they are purchased.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimated useful life as given above best represent the period over which management expects to use these assets.

(i) Intangible assets

- **Recognition and measurement**

Intangible assets comprising of computer software are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those

subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

- **Goodwill**

  Goodwill on acquisition of subsidiaries 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, an 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.

- **Subsequent expenditure**

  Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

- **Amortisation**

  Amortisation is calculated to write down the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Consolidated Statement of Profit and Loss.

  The intangible assets are amortised over the estimated useful life of 3 years as per the management's estimate.

  Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

- **Impairment of non-financial assets**

  Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

  The carrying values of other assets at each balance sheet date are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Consolidated Statement of Profit and Loss for such excess amount.

In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Foreign currency

Transaction and balances

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each closing date, foreign currency monetary items are reported using the closing exchange rate.

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the Consolidated Statement of Profit and Loss.

(k) Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

(l) Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(m) Statement of Cash flows

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

(n) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / Costs which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated Income / Costs.

(o) Employee benefits

- **Short-term employee benefits:**
  Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- **Contribution to provident fund and ESIC:**
  Group's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

- **Gratuity:**
  The Group's liability towards gratuity schemes is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
  The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

- **Compensated absences**

The Group does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. The Group's liability towards compensated absence is based on an independent external actuarial valuation as at the balance sheet date using the projected unit credit method.

(p) Provisions, contingent liabilities and contingent assets

- **Provisions**

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a 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.

The expenses relating to a provision is presented in the Consolidated Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

- **Onerous contracts**

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

- **Contingent liabilities**

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

- **Contingent assets**

  Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

  Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

(q) Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Consolidated Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	8.11	7.22
Balances with banks	3,835.52	6,766.29
Total	**3,843.63**	**6,773.51**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposit with bank*	738.84	268.08
Allowance for impairment loss	(2.96)	(0.62)
Total	**735.88**	**267.46**

** Lien marked for securitised transaction, borrowings, etc.*

4. Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	141.67	13.21
Unsecured, considered doubtful	5.09	5.09
Allowance for impairment loss	(5.75)	(5.12)
Total	**141.01**	**13.18**

5. Other Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	4.75	55.63
Allowance for impairment loss	-	(0.13)
Total	**4.75**	**55.50**

6. Loans

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortised cost	Amortised cost
(A) (i) Term loans	1,98,335.79	1,58,743.18
(ii) Loans repayable on demand	11,852.47	18,002.56
Total - Gross	**2,10,188.26**	**1,76,745.74**
Less: Impairment loss allowance	(5,339.09)	(2,945.35)
Total - Net of impairment loss allowance (A)	**2,04,849.17**	**1,73,800.39**
(B) (i) Secured by tangible assets	1,00,562.73	85,678.33
(ii) Unsecured	1,09,625.53	91,067.41
Total - Gross	**2,10,188.26**	**1,76,745.74**
Less: Impairment loss allowance	(5,339.09)	(2,945.35)
Total - Net of impairment loss allowance (B)	**2,04,849.17**	**1,73,800.39**
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	2,10,188.26	1,76,745.74
Total - Gross	**2,10,188.26**	**1,76,745.74**
Less: Impairment loss allowance	(5,339.09)	(2,945.35)
Total - Net of impairment loss allowance (C)	**2,04,849.17**	**1,73,800.39**

InCred Financial Services Limited

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Notes to the Consolidated Financial Statements

7. Investments

Particulars	As at March 31, 2020					As at March 31, 2019				
	Amortised cost	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others	Total	Amortised cost	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others	Total
Mutual funds	-	1,003.81	-	-	1,003.81	-	-	-	-	-
Debt securities	-	-	-	-	-	587.75	-	-	-	587.75
Equity instruments										
-Associates*	-	-	-	4,047.55	4,047.55	-	-	-	4,639.09	4,639.09
- Strategic Investment	-	-	-	-	-	-		121.63	-	121.63
Total - Gross (A)	**-**	**1,003.81**	**-**	**4,047.55**	**5,051.35**	**587.75**	**-**	**121.63**	**4,639.09**	**5,348.47**
Investments in India	-	1,003.81	-	4,047.55	5,051.35	587.75	-	121.63	4,639.09	5,348.47
Total - Gross (B)	**-**	**1,003.81**	**-**	**4,047.55**	**5,051.35**	**587.75**	**-**	**121.63**	**4,639.09**	**5,348.47**
Less: Allowance for impairment loss **(C)**	-	-	-	-	-	(1.82)	-	-	-	(1.82)
Less: Write off of investment **(D)**	-	-	-	-	-	-	-	-	(100.00)	(100.00)
Total - Net (A + C + D)	**-**	**1,003.81**	**-**	**4,047.55**	**5,051.35**	**585.93**	**-**	**121.63**	**4,539.09**	**5,246.65**

** For details of investment in associates, refer note 35 and note 51*

8. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other receivables	277.02	25.87
Loan to employees	43.51	114.41
Security Deposits	387.24	659.51
Advances to related parties (Refer Note 35)	16.96	13.70
Advances recoverable in cash	50.72	63.15
Less: Allowance for impairment loss	(1.75)	(300.79)
Total	**773.70**	**575.85**

InCred Financial Services Limited

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Notes to the Consolidated Financial Statements

9. Deferred tax

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	As at April 1, 2019	Recognised in profit and loss	Recognised in OCI	As at March 31, 2020
Deferred tax assets				
Impairment on financial assets	774.53	419.38	-	1,193.91
Impairment on investments	29.12	(3.95)	-	25.17
Retirement benefit plans	42.09	(4.41)	-	37.68
Lease expense	-	29.82	-	29.82
Minimum Alternate Tax credit entitlement	132.65	(132.65)	-	-
Difference between book value of fixed assets as per the books of accounts and income tax	(33.62)	64.11	-	30.49
Others	0.25	4.31	-	4.56
Total (A)	**945.02**	**376.61**	**-**	**1,321.63**
Deferred tax liabilities				
Net fair value gain on investment designated through FVOCI	(6.31)	-	6.31	-
EIR impact on financial instruments	(11.83)	(340.80)	-	(352.63)
Remeasurement of defined benefit plan	-	6.62	(6.62)	-
Fair value of investments in associate	(1,207.81)	287.56	-	(920.25)
Total (B)	**(1,225.95)**	**(46.62)**	**(0.31)**	**(1,272.88)**
Deferred tax assets (net) (A+B) *	**(280.93)**	**329.99**	**(0.31)**	**48.75**

** Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 1,118.43 lakhs - Rs.1,069.68 lakhs)*

InCred Financial Services Limited

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Notes to the Consolidated Financial Statements

10. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2019								
At carrying cost at the beginning of the year	22.71	9.55	-	16.59	237.14	278.83	-	564.82
Additions	-	37.12	708.55	18.62	191.65	-	-	955.94
Disposals	-	-	-	-	-	-	-	-
Gross carrying value as March 31, 2019	**22.71**	**46.67**	**708.55**	**35.21**	**428.79**	**278.83**	**-**	**1,520.76**
Accumulated depreciation as at the beginning of the year	0.02	0.50	-	1.74	39.36	12.58	-	54.20
Depreciation for the year	0.38	2.01	0.40	5.14	112.29	36.68	-	156.90
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	**0.40**	**2.51**	**0.40**	**6.88**	**151.65**	**49.26**	**-**	**211.10**
Net carrying value as at March 31, 2019	**22.31**	**44.16**	**708.15**	**28.33**	**277.14**	**229.57**	**-**	**1,309.66**
Year ended March 31, 2020								
At carrying cost at the beginning of the year	22.71	46.67	708.55	35.21	428.79	278.83	-	1,520.76
Additions during the year	-	44.78	263.30	86.64	180.73	52.84	2,128.88	2,757.17
Disposals	-	(1.46)	-	(0.44)	(1.19)	-	-	(3.09)
Gross carrying value as March 31, 2020	**22.71**	**89.99**	**971.85**	**121.41**	**608.33**	**331.67**	**2,128.88**	**4,274.84**
Accumulated depreciation as at the beginning of the year	0.40	2.51	0.40	6.88	151.65	49.26	-	211.10
Depreciation for the year	0.38	6.67	323.41	18.59	160.95	40.15	368.39	918.54
Disposals	-	(0.18)	-	(0.11)	-	-	-	(0.29)
Accumulated depreciation as at March 31, 2020	**0.78**	**9.00**	**323.81**	**25.36**	**312.60**	**89.41**	**368.39**	**1,129.35**
Net carrying value as at March 31, 2020	**21.93**	**80.99**	**648.04**	**96.05**	**295.73**	**242.26**	**1,760.49**	**3,145.49**

** Immovable properties have been pledged against debt securities issued. Refer Note 15*

*** Refer Note 38 for recognition of right-of-use assets*

Notes to the Consolidated Financial Statements

11. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2019	
At cost at the beginning of the year	115.98
Additions during the year	464.59
Gross carrying value as March 31, 2019 (A)	**580.57**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	18.94
Amortisation for the year	119.03
Accumulated amortisation as at March 31, 2019 (B)	**137.97**
Net carrying value as at March 31, 2019 (A-B)	**442.60**
Year ended March 31, 2020	
At cost at the beginning of the year	580.57
Additions during the year	107.54
Gross carrying value as March 31, 2020 (A)	**688.11**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	137.97
Amortisation for the year	242.14
Accumulated amortisation as at March 31, 2020 (B)	**380.11**
Net carrying value as at March 31, 2020 (A-B)	**308.00**

12. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	254.71	148.80
Advances recoverable in kind	77.67	114.32
Advance to employee	-	0.14
Goods and Service Tax ('GST') receivable	837.64	547.94
TDS receivable	8.29	9.21
Total	**1,178.31**	**820.41**

13. Payables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues other than micro enterprises and small enterprises		
- Principal	-	12.33
- Interest due	-	-
Total	**-**	**12.33**

14. Other Payables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues other than micro enterprises and small enterprises		
- Principal	58.11	343.10
- Interest due	-	-
Total	**58.11**	**343.10**

Notes to the Consolidated Financial Statements

15. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortised cost	Amortised cost
Debentures	42,105.62	47,814.80
Total	**42,105.62**	**47,814.80**
Debts securities in India	42,105.62	47,814.80
Total	**42,105.62**	**47,814.80**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2020	As at March 31, 2019
750, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed between the Company and the Debenture Trustee and a pari passu charge with other debenture holders on the identified immovable property owned by the Issuer. The Hypothecated receivables shall at all times be equal to 1.1x to 1.15x the value of the outstanding amount of the Debentures.	Maturity date - June 26, 2019; Maturity price - Rs. 11,17,183 each	-	8,209.85
500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	6,068.98	5,524.47
1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 825 days from the date of allotment. Annual payment of coupon.	15,047.83	15,023.30
750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Annual payment of coupon.	8,208.86	8,176.38
450, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1096 days from the date of allotment. Annual payment of coupon.	-	4,900.45
550, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1091 days from the date of allotment. Annual payment of coupon.	-	5,980.35
158, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 15.8 Crores redeemable at premium at the end of 730 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,653.72	-
156, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 15.6 Crores redeemable at premium at the end of 451 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,621.98	-
192, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 19.22 Crores redeemable at premium at the end of 428 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,967.73	-
348, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 34.89 Crores redeemable at premium at the end of 732 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	3,553.81	-
396, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 39.60 Crores redeemable at premium at the end of 731 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	3,982.71	-
Total			**42,105.62**	**47,814.80**

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Notes to the Consolidated Financial Statements

16. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	50,699.91	45,901.80
(ii) from other parties	15,145.11	19,664.54
(b) Loans repayable on demand		
(i) from banks	4,476.26	9,923.97
(ii) from other parties	-	2,007.42
Total	**70,321.28**	**77,497.73**
Borrowings in India	70,321.28	77,497.73
Total	**70,321.28**	**77,497.73**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2020	As at March 31, 2019
Borrowings				
a) Banks	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables") and fixed deposits. The Hypothecated receivables shall be ranging from 1.1x to 1.33x the value of the outstanding principal amount of the borrowings.	The tenure of borrowings ranges from 12 months to 60 months. Principal and interest shall be repayable in instalments (either monthly or quarterly basis) Rate of Interest ("ROI") - 9.75% to 11.65%	50,699.91	45,901.80
b) Others	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables"). The Hypothecated receivables shall be ranging from 1.15x to 1.25x the value of the outstanding principal amount of the borrowings.	The tenure of borrowings ranges from 12 months to 36 months. Principal and interest shall be repayable in instalments (either monthly or quarterly basis). ROI - 10.35% to 12.45%	15,014.28	17,203.06
	Secured by way of charge on fixed deposits and receivable to the extent of 3.22x of the amount of pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings. ROI - 10.35% to 12.45%	130.83	2,461.48
Repayable on demand	First pari pasu charge by way of hypothecation of receivable to the extent of 1.10x of the amounts outstanding under the facility.	Repayable on demand. Interest is repayable on a monthly basis. ROI - 11.00%	1,514.01	4,533.96
Cash Credit facilities from Bank	First pari pasu charge by way of hypothecation of receivable to the extent of 1.1x to 1.25x the amounts outstanding under the facility	Repayable on demand. Interest is repayable on a monthly basis. ROI - 10.05% to 11.00%	2,962.25	7,397.43
Total			**70,321.28**	**77,497.73**

Notes to the Consolidated Financial Statements

17. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liability (Refer Note 38)	1,878.95	-
Advances from customers	1,432.21	705.05
Expense payable	18.97	191.07
Security deposits	10.57	7.37
Employee expenses payable	0.69	11.88
Others	3.96	2.77
Total	**3,345.35**	**918.14**

18. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	153.59	150.34
Expected credit loss provision on undrawn commitments	4.82	3.63
Total	**158.41**	**153.97**

19. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for expenses	1,402.69	1,481.29
Statutory dues payable	698.40	501.26
Total	**2,101.09**	**1,982.55**

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Notes to the Consolidated Financial Statements

20 (A). Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00
Preference Shares of Rs. 10/- each	8,00,00,000	8,000.00	-	-
Total	**2,08,00,00,000**	**2,08,000.00**	**2,00,00,00,000**	**2,00,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	30,76,36,727	30,763.67	30,76,29,303	30,762.93
Preference Shares of Rs. 10/- each fully paid	7,85,16,289	7,851.63	-	-
Total	**38,61,53,016**	**38,615.30**	**30,76,29,303**	**30,762.93**

Terms/rights attached to equity shares

The group has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The group declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the group, the holders of the 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.

Notes to the Consolidated Financial Statements
Terms/rights attached to preference shares

Each Cumulative Compulsory Convertible Preference Share ("CCCPS") shall be a 0.001% coupon preference share denominated in Indian Rupees and shall be fully and cumulatively compulsorily convertible within a period of 19 years from the date of their issue.

Each holder of CCCPS shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other applicable laws from time to time and as specified under the Articles of Association. Further to the aforesaid, for the purpose of voting, the holder of the CCCPS shall be deemed to have converted all its CCCPS into Equity Shares and shall have voting rights on every resolution placed before the group on the basis of its shareholding in the group on as "as converted" basis or Fully Diluted Basis, i.e., assuming the conversion of all the CCCPS held by it into Equity Shares.

Equity shares held by holding company
Out of the equity shares issued by the group, shares held by its holding group :

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	**23,03,73,125**	**23,037.31**	**23,03,73,125**	**23,037.31**

Details of shareholder(s) holding more than 5% of shares in the group :

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	59.66%	23,03,73,125	74.89%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	4,50,36,765	11.66%	-	0.00%
IDFC Private Equity Fund IV	2,87,82,735	7.45%	2,87,82,735	9.36%
Alpha Capital Advisors Private Limited A/C PMS	2,63,04,302	6.81%	-	0.00%
Total	**33,04,96,927**	**85.59%**	**25,91,55,860**	**84.24%**

Notes to the Consolidated Financial Statements

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding

During the current financial year the group has issued Nil equity shares for consideration other than cash (Previous year: 18,24,514 shares). Further, during the current year Optionally Convertible Debentures ("OCD") having face value of Rs. 10 per OCD were converted to Nil equity shares (Previous year: 3,77,77,340 share in 1:1 ratio).

Equity shares reconciliation

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	30,76,29,303	30,762.93	26,40,80,247	26,408.02
Add: Issued during the year				
Shares issued during the year	-		4,35,49,056 *	4,354.91
ESOP exercised during the year	7,424	0.74	-	-
Bought during the year	-	-	-	-
At the end of the year	**30,76,36,727**	**30,763.67**	**30,76,29,303**	**30,762.93**

***** *includes shares issued on conversion of optionally convertible debentures .*

Preference shares reconciliation

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	-	-	-	-
Add: Issued during the year				
Shares issued during the period	7,85,16,289	7,851.63	-	-
Bought during the period	-	-	-	-
At the end of the year	**7,85,16,289**	**7,851.63**	**-**	**-**

Notes to the Consolidated Financial Statements

20 (B). Other equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus						Equity instruments through OCI	Loss on change in proportion held by NCI	Non Controlling interest	Total
		Special reserve	Capital reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings				
Balance at April 1, 2018	**1,191.65**	**242.42**	**(6,722.25)**	**26,476.07**	**-**	**-**	**(365.46)**	**4.83**	**-**	**-**	**20,827.26**
Profit for the year	-	-	-	-	-	-	2,453.24	-	-	318.82	2,772.06
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	43.03	-	-	-	43.03
Other comprehensive income for the year	-	-	-	-	-	-	-	10.51	-	-	10.51
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**-**	**2,496.27**	**10.51**	**-**	**318.82**	**2,825.60**
Transfer / utilisations							-				
Additions during the year	370.35	-	5,793.86	-	65.70	-	-	**-**	**-**	36.70	6,266.61
Utilized during the year	**-**	-	-	(68.08)	-	-	-	-	-	-	(68.08)
Issue of equity shares	**-**	-	-	1,027.04	-	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	120.57	-	-	-	-	(120.57)	-	-	-	-
Employee stock option expense	**-**	-	-	-	-	136.09	-	-	-	-	136.09
Loss of control on Business combination	**-**	-	-	-	-	-	(3.57)	-	-	77.85	74.28
Transferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	633.61	-	-	-	0.00
Balance at March 31, 2019	**-**	**362.99**	**-**	**27,435.03**	**65.70**	**136.09**	**2,640.28**	**15.34**	**-**	**433.37**	**31,088.80**
Profit for the year	**-**	-	-	-	-	-	516.31	-	-	-	516.31
Remeasurement benefit of defined benefit plans	**-**	-	-	-	-	-	28.70	-	-	-	28.70
Other comprehensive income for the year	-	-	-	-	-	-	-	0.02	-	-	0.02
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**-**	**545.02**	**0.02**	**-**	**-**	**545.03**
Transfer / utilisations											
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.97)	-	-	-	-	-	-	(595.97)
Issue of equity shares	**-**	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	**-**	89.04	-	-	-	-	(89.04)	-	-	-	-
Employee stock option expense	**-**	-	-	-	(14.80)	598.69	-	-	-	-	583.89
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	(616.81)	(433.37)	(1,050.18)
Balance at March 31, 2020	**-**	**452.03**	**-**	**61,702.59**	**50.90**	**734.78**	**3,096.24**	**15.36**	**(616.81)**	**-**	**65,435.10**

Description of nature and purpose of each reserve

Equity component of optionally convertible debentures - This is the equity component of the optionally convertible debentures. The liability component is reflected in debt securities

Statutory reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934 and under Section 29C of the National Housing Bank Act (NHB Act), 1987.

Capital reserve - This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

Securities premium - The securities premium account is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Capital contribution from parent - The capital contribution from parent is the outcome of share based arrangement where Bee Finance Limited (Mauritius), Holding Co. has granted equity settled options to the employees of the Group.

Share based payment reserve - The employee stock option outstanding reserve is used to recognise the grant date fair value of options issued to employees of the Group under stock option schemes of the Group.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Group and are available for distribution to shareholders.

Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed

Loss on change in proportion held by NCI - This represents the difference between the non-controlling interest and the fair value of the consideration paid for additional acquisition in subsidiary**.**

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Notes to the Consolidated Financial Statements

21. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	On financial assets measured at amortised cost	On financial assets measured at amortised cost
Interest on loans	31,012.88	29,845.02
Interest income from investments	40.22	87.75
Interest on deposits with banks	38.26	7.69
Total	**31,091.36**	**29,940.46**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the year ended 31 March 2020 and 31 March 2019.

22. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other fees and charges	749.95	1,044.68
Service fees	56.00	-
Total	**805.95**	**1,044.68**

23. Net (loss)/ gain on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	465.01	(5.14)
Total	**465.01**	**(5.14)**
Fair value changes:		
- Realised	461.20	(5.14)
- Unrealised	3.81	-

24. Other operating income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Marketing fees	255.00	600.00
Total	**255.00**	**600.00**

25. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Service fee income	628.56	-
Recovery from written-off accounts	-	19.06
Premium on assignment	-	1,100.00
Interest income - others	-	11.99
Other income	20.78	5.37
Total	**649.34**	**1,136.42**

Notes to the Consolidated Financial Statements

26. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
(i) Interest on borrowings	7,463.01	8,061.50
(ii) Discount on Commercial Paper	93.85	1,367.32
(iii) Interest on Debentures	3,801.05	4,654.02
(iv) Interest on Inter Corporate Debts ("ICD")	66.18	-
(v) Liability towards operating lease (Refer Note 38)	151.78	-
(vi) Other finance cost	29.83	-
Total	**11,605.70**	**14,082.84**

27. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On Financial instruments measured at amortised cost		
- Loans	5,628.25	3,361.50
- Investments	(1.82)	0.02
- Other financial assets	8.07	300.67
Total	**5,634.50**	**3,662.19**

28. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	8,085.02	8,078.19
Contribution to provident and other funds	260.68	202.50
Share based payment to employees	583.88	201.79
Staff welfare expenses	203.86	101.96
Retirement Benefit expenses	32.28	42.87
Others	9.27	8.84
Total	**9,174.99**	**8,636.15**

Notes to the Consolidated Financial Statements

29. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent (Refer Note 38)	275.89	757.15
Communication cost	94.04	89.23
Travelling and conveyance	344.41	396.04
Legal, professional and consultancy charges	350.68	691.38
IT expenses	657.32	544.72
Repairs and maintenance	25.01	27.01
Rating fees	47.84	71.00
Printing and stationary	30.08	35.04
Bank charges	28.57	15.30
Bureau charges	290.44	345.52
Directors' sitting fees	14.55	7.78
Payment to auditors	80.12	88.33
Advertisement, publicity and sales promotion expenses	477.95	472.59
Operation Cost	458.25	277.48
Office Expense	315.23	262.19
Postage & courier charges	62.45	51.76
Interest on statutory dues	5.53	1.34
Recruitment fees	126.88	126.96
Stamp Duty & Filing fees	86.65	62.72
Legal & Technical charges	88.74	359.02
Corporate Social responsibility (Refer Note 43)	16.93	5.40
Provision for diminution in the value of investment	-	100.00
Cost of collection	553.48	311.77
Miscellaneous expenses	54.45	134.36
Total	**4,485.49**	**5,234.09**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Auditor's remuneration		
- Audit fees	71.95	77.20
In other capacity		
- Certification services	8.17	11.13
- Taxation	-	-
Out of pocket expenses	-	-
Total	**80.12**	**88.33**

Notes to the Consolidated Financial Statements

30. Exceptional Gain

The Group did not have any exceptional items in the financial year ended March 31, 2020. Appended below are the details of the exceptional items for the year ended March 31, 2019:

(i) Fair valuation gain on account of loss of control in a subsidiary

Booth Fintech Private Limited ("Booth") (subsidiary) invested Rs 391.39 lakhs in Class B Cumulative Convertible Preference Shares of mValu Technologies Private Limited ("mValu") on December 27, 2018 and accordingly gained control over mValu. On March 26, 2019, mValu issued additional shares to a third party which has resulted into dilution of Booth shareholding in mValu from 75.99% to 44.51% and thereby losing the control over mValu.
As per requirements of Ind AS 110, due to loss of control over a subsidiary, investment in mValu has been accounted for as an associate at fair value as on date of dilution in the consolidated financial statements. This has led to recognition of fair valuation gain of Rs 4,147.71 lakhs in the consolidated Profit and Loss statement. Consequently deferred tax liability amounting to Rs. 1,207.81 lakhs has been created at a consolidated level in respect of fair value gain of Booth's investment in mValu. The aforementioned gain has arisen due to compliance with applicable accounting standards pursuant to loss of control. This is not an operating income and is non-recurring in nature. There is no cash flow since the gain is recognised on deemed disposal.

(ii) Impairment of Goodwill

The Group had recognised goodwill of Rs 831.08 lakhs as at March 31, 2018 for the investment in its wholly owned subsidiary, Incred Housing Finance Private Limited ("HFC"). Based on impairment testing, an impairment of Rs. 831.08 has been recorded for the year ended March 31, 2019.

31. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense		
Current year	527.43	574.55
Deferred tax expense		
Origination and reversal of temporary differences	(329.99)	795.24

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	29.03	(6.62)	22.41	54.47	(11.44)	43.03
(b) Equity instruments through other comprehensive income	0.02	6.30	6.32	14.26	(3.75)	10.51
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	-	-	-	-	-	-
Total	**29.05**	**(0.32)**	**28.73**	**68.73**	**(15.19)**	**53.54**

(c) Amounts recognised directly in equity

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax benefit	Net of tax	Before tax	Tax (expense)	Net of tax
Temporary difference arising from optionally convertible debentures	-	-	-	1,191.65	370.35	1,562.00

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax as per Statement of profit and loss	713.75	4,141.85
Statutory tax rate	25.17%	29.12%
Tax using the Company's domestic tax rate	179.65	1,206.11
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	36.66	290.62
Income tax deductions	(104.73)	(21.35)
Impact of change in tax rate	(56.41)	-
Tax pertaining to prior year	2.15	12.40
Tax impact of unrecognised tax losses/ temporary differences	7.47	(117.58)
Impact of MAT reversal	132.65	-
Tax impact of lower tax rate for subsidiaries	-	(0.41)
Total income tax expense	**197.44**	**1,369.79**
Effective tax rate	**27.66%**	**33.07%**

(e) The Group has elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision for income tax for the year ended March 31, 2020 and has reversed the MAT credit recognised earlier and re-measured its deferred tax assets and liabilities basis the rate prescribed in the said section. The full impact of the above mentioned change is a charge of Rs. 76.24 lakhs and has been recognised in the consolidated statement of profit and loss for the year ended March 31, 2020.

Notes to the Consolidated Financial Statements

32. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to equity holders of the Company used in calculating basic earnings per share	**516.31**	**2,453.24**
Add: Interest savings on convertible bonds*	-	-
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	**516.31**	**2,453.24**

** The effect of conversion of OCD is anti-dilutive thus not considered for Diluted EPS*

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**38,03,66,142**	**30,51,86,859**
Add: Adjustments for calculation of diluted earnings per share	-*	7,31,391
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**38,03,66,142**	**30,59,18,250**
Basic earnings per share	**0.14**	**0.80**
Diluted earnings per share	**0.14**	**0.80**

** The ESOPs outstanding are anti-dilutive in nature*

Notes to the Consolidated Financial Statements

33. Fair value measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	3,843.63	-	-	6,773.51
Bank balance other than cash and cash equivalents	-	-	735.88	-	-	267.46
Receivables						
(I) Trade receivables	-	-	141.01	-	-	13.18
(II) Other receivables	-	-	4.75	-	-	55.50
Loans	-	-	2,04,849.17	-	-	1,73,800.39
Investments						
- Mutual funds	1,003.81	-	-	-	-	-
- Debt securities	-	-	-	-	-	585.93
- Strategic investment	-	-	-	-	121.63	-
Other financial assets	-	-	773.70	-	-	575.85
Total financial assets	**1,003.81**	**-**	**2,10,348.14**	**-**	**121.63**	**1,82,071.82**
Financial liabilities						
Payables						
- Trade payables	-	-	-	-	-	12.33
- Other payables	-	-	58.11	-	-	343.10
Debt securities	-	-	42,105.62	-	-	47,814.80
Borrowings (other than debt securities)	-	-	70,321.28	-	-	77,497.73
Other financial liabilities	-	-	3,345.35	-	-	918.14
Total financial liabilities	**-**	**-**	**1,15,830.36**	**-**	**-**	**1,26,586.10**

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below:

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Equity instruments (strategic investments)	-	-	-	-	-	-	121.63	121.63
Investment in mutual funds	1,003.81	-	-	1,003.81	-	-	-	-
Total	**1,003.81**	**-**	**-**	**1,003.81**	**-**	**-**	**121.63**	**121.63**

Notes to the Consolidated Financial Statements

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	3,843.63	-	-	3,843.63	6,773.51	-	-	6,773.51
Bank balance other than cash and cash equivalents	735.88	-	-	735.88	267.46	-	-	267.46
Receivables								-
(I) Trade receivables	-	-	141.01	141.01	-	-	13.18	13.18
(ii) Other receivables	-	-	4.75	4.75	-	-	55.50	55.50
Investments								
-Debt securities	-	-	-	-	-	-	585.93	585.93
Loans	-	-	2,06,237.47	2,06,237.47	-	-	1,76,248.42	1,76,248.42
Other financial assets	-	-	773.70	773.70	-	-	575.85	575.85
Total	**4,579.51**	**-**	**2,07,156.93**	**2,11,736.44**	**7,040.97**	**-**	**1,77,478.88**	**1,84,519.85**
Financial Liabilities								
Payables								
- Trade payables	-	-	-	-	-	-	12.33	12.33
- Other payables	-	-	58.11	58.11	-	-	343.10	343.10
Debt securities	-	-	42,112.57	42,112.57	-	-	47,814.80	47,814.80
Borrowings (other than debt securities)	-	-	70,306.94	70,306.94	-	-	77,497.73	77,497.73
Other financial liabilities	-	-	3,345.35	3,345.35	-	-	918.14	918.14
Total	**-**	**-**	**1,15,822.97**	**1,15,822.97**	**-**	**-**	**1,26,586.10**	**1,26,586.10**

Notes to the Consolidated Financial Statements

(Rs. in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	3,843.63	3,843.63	6,773.51	6,773.51
Bank balance other than cash and cash equivalents	735.88	735.88	267.46	267.46
Receivables				
(I) Trade receivables	141.01	141.01	13.18	13.18
(II) Other receivables	4.75	4.75	55.50	55.50
Loans	2,04,849.17	2,06,237.47	1,73,800.39	1,76,248.42
Investments				
- Mutual funds	1,003.81	1,003.81	-	-
- Debt securities	-	-	585.93	585.93
- Equity instruments (strategic investments)	-	-	121.63	121.63
Other financial assets	773.70	773.70	575.85	575.85
Total	**2,11,351.95**	**2,12,740.25**	**1,82,193.45**	**1,84,641.48**
Financial liabilities				
Payables				
- Trade payables	-	-	12.33	12.33
- Other payables	58.11	58.11	343.10	343.10
Debt securities	42,105.62	42,112.57	47,814.80	47,814.80
Borrowings (other than debt securities)	70,321.28	70,306.94	77,497.73	77,497.73
Other financial liabilities	3,345.35	3,345.35	918.14	918.14
Total	**1,15,830.35**	**1,15,822.97**	**1,26,586.10**	**1,26,586.10**

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Group considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Group's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

Financial instruments held at amortised cost

i. Cash and bank balance:

The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:

For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:

Other financial assets comprise primarily of advances to related parties and other advances. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Debt securities and borrowings:

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing market rates for debts with a similar credit risk and remaining maturity. For floating rate borrowings, the fair value approximates the carrying value. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2020 has been considered.

iv. Other financial liabilities:

Other financial liabilities comprise primarily of advances received from customers and other payables. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

Financial instruments held at fair value

i. Investment in mutual fund:

The investment in mutual funds are valued using the closing NAV in the market.

Gains or losses on transfers amongst categories

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Transfers between level 1 and 2

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 during the financial years ended March 31, 2020 and March 31, 2019.

Transfers between level 3 and 2

There are no transfers of financial assets and liabilities measured at fair value between Levels 2 and 3 during the financial years ended March 31, 2020 and March 31, 2019

D. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the year ended March 31, 2020 and March 31, 2019.

(Rs. in lakhs)

Particulars	Equity instruments
As at March 31, 2018	**107.37**
Gains recognised in other comprehensive income	14.26
As at March 31, 2019	**121.63**
Acquisitions/(Disposal)	(121.61)
Gains recognised in other comprehensive income	(0.02)
As at March 31, 2020	**-**

34. Financial risk management

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk & liquidity risk. The Group's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

34. Financial risk management (continued)

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations i.e. receivables from customers, investments in debt securities etc. Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

i) Credit risk management

The Group key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks . The Group considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:

- Income and cash flow analysis: The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- Credit history analysis: The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- Borrower's profile and intended use of the funds: The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- Security cover provided: The Group has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- Collectability and geo-location: The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or concerns about any of these factors, an adverse adjustment to the risk-profile is made.

The Group has separate data science/analytics team which monitors the vintage curve, bounce rates, collection efficiency, portfolio metrics and delinquencies further periodic re-audit of existing cases to unearth delinquency trends and credit learnings.

Measurement of Expected Credit Losses ('ECL')

The Group has segmented its outstanding portfolio based on the risk profiles i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Group has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

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 ECL 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 /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. Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90 + days	Stage 3	Life Time ECL	Life Time ECL

Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. 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 subjected to write-offs. As a practice the Group writes of unsecured loans outstanding for more than 360 days and 450 days incase of secured loans. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

34. Financial risk management (continued)

As at March 31, 2020

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses **(Stage 1)**	Investments at amortised cost			
	- Debt securities	-	-	-
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,99,017.36	1,345.71	1,97,671.65
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,880.07	4.82	9,875.25
	Other assets	1,358.80	1.76	1,357.04
Loss allowance measured at life-time expected credit losses, not credit impaired **(Stage 2)**	Loans at amortised cost			
	- Term Loans	4,355.24	317.58	4,037.66
Loss allowance measured at life-time expected credit losses, credit impaired **(Stage 3)***	Loans at amortised cost			
	- Term Loans	6,815.66	3,675.81	3,139.85

** Includes interest accrued on Stage 3 loans and provision made thereon*

As at March 31, 2019

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses **(Stage 1)**	Investments at amortised cost			
	- Debt securities	587.75	1.82	585.93
	Loans at amortised cost			
	- Term Loans	1,69,216.90	594.69	1,68,622.21
	Bank balance other than cash and cash equivalents	268.08	0.61	267.47
	Loan commitments	10,140.24	3.64	10,136.60
	Other assets	579.65	0.79	578.86
Loss allowance measured at life-time expected credit losses, not credit impaired **(Stage 2)**	Loans at amortised cost			
	- Term Loans	3,941.90	202.21	3,739.69
Loss allowance measured at life-time expected credit losses, credit impaired **(Stage 3)***	Loans at amortised cost			
	- Term Loans	3,586.95	2,148.45	1,438.50

** Includes interest accrued on Stage 3 loans and provision made thereon*

(ii) Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised financial instruments. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table. For financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount.

(Rs. in lakhs)

Particulars	Gross Exposure	
	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalent	3,843.63	6,773.51
Balances with Banks	738.84	267.46
Trade receivables	146.76	13.18
Other receivables	4.75	55.50
Loans	2,10,188.26	1,73,800.39
Investments	-	5,246.65
Other financial assets	775.44	575.85
Total credit risk exposure	**2,15,697.68**	**1,86,732.54**

34. Financial risk management (continued)

Collateral held

The Group periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Group varies on case to case basis and includes:

i) First/Subservient charge on the Land and/or Building of the project or other projects
ii) First/Subservient charge on the fixed and current assets of the borrower
iii) Hypothecation over receivables from funded project or other projects of the borrower
iv) First loss guarantee default (FLDG) in the form of cash collateral, lien on fixed deposits etc.

Value of security of Credit Impaired assets

The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Value of Security	3,050.38	380.35

The Group measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Group's internally developed statistical models and other historical data. In addition, the Group uses reasonable and supportable information on future economic conditions including macroeconomic factors such as services, GDP, recorded unemployment, growth rate, current account balance etc. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

iii) Reconciliation of loss allowance provision

For loans

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loss allowance on March 31, 2019	**595.58**	**202.21**	**2,148.45**
Remeasurement of loss allowance	47.94	(67.90)	2,055.25
Assets originated or purchased	739.48	116.72	407.66
Transferred to 12-month ECL	9.28	(39.97)	(21.89)
Transferred to Lifetime ECL not credit impaired	(17.97)	176.45	(2.21)
Transferred to Lifetime ECL credit impaired	(28.58)	(69.94)	2,627.76
Write – offs	-	-	(3,539.22)
Loss allowance on March 31, 2020	**1,345.73**	**317.57**	**3,675.80**

For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2019	**1.82**
Changes in risk parameters	(1.82)
Loss allowance on March 31, 2020	**-**

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2019	**3.63**
Changes in loss allowances due to Assets used or released	1.19
Loss allowance on March 31, 2020	**4.82**

Notes to the Consolidated Financial Statements

34. Financial risk management (continued)

Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below.

(Rs. in lakhs)

Particulars	Loans and advances to customers	
	As at March 31, 2020	As at March 31, 2019
Concentration by region		
North	30,112.17	34,440.26
South	1,00,098.22	80,391.06
East	9,254.90	5,409.10
West	70,722.97	56,504.76
Total	**2,10,188.26**	**1,76,745.18**

(Rs. in lakhs)

Particulars	Loan commitments and financial guarantees issued	
	As at March 31, 2020	As at March 31, 2019
Concentration by region		
North	1,215.32	2,174.25
South	4,456.40	3,316.98
East	574.71	451.91
West	3,633.64	4,197.10
Total	**9,880.07**	**10,140.24**

Offsetting financial assets and financial liabilities

There are no financial assets and Financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

(iv) Provision for impact of COVID-19

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Company have provided a moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if the said amounts were overdue on February 29, 2020. RBI vide its notification dated May 23, 2020 has further extended moratorium period upto August 31, 2020 due to further intensification of COVID-19 impact. For all such accounts, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy). The aforesaid relaxation has not been deemed to be triggering significant increase in credit risk.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Group has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. In addition to the above, the Group has also created a provision of Rs 300 lakhs against Ind AS staging benefit considered on account of moratorium. The Group's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Notes to the Consolidated Financial Statements

34. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Group has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Group has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Group has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2029
Expiring within one year	11,038.25	4,364.57
Expiring beyond one year	-	-
Total	**11,038.25**	**4,364.57**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Trade payables	13	-	-	-	-	-	-
Other payables	14	58.11	(58.11)	(58.11)	-	-	-
Debt securities	15	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings	16	70,321.28	(99,576.75)	(41,614.51)	(34,684.90)	(23,270.90)	-
Other financial liabilities	17	3,345.35	(3,345.34)	(26.77)	(3,318.57)	-	-
Loan commitments	39	9,880.07	(9,880.07)	(5,430.48)	(4,420.62)	(14.49)	(14.48)
Total		**1,25,710.43**	**(1,58,658.72)**	**(73,563.59)**	**(61,788.82)**	**(23,285.39)**	**(14.48)**

As at March 31, 2019

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Trade payables	13	12.33	(12.33)	(12.33)	-	-	-
Other payables	14	343.10	(343.10)	(343.10)	-	-	-
Debt securities	15	47,814.80	(52,543.33)	(21,787.65)	(30,755.68)	-	-
Borrowings	16	77,497.73	(85,544.03)	(52,338.74)	(31,227.18)	(1,978.11)	-
Other financial liabilities	17	918.14	(918.14)	(910.77)	(7.37)	-	-
Loan commitments	39	10,140.24	(10,140.24)	-	-	(5,070.12)	(5,070.12)
Total		**1,36,726.34**	**(1,49,501.17)**	**(75,392.59)**	**(61,990.23)**	**(7,048.23)**	**(5,070.12)**

Notes to the Consolidated Financial Statements

34. Financial risk management (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,843.63	3,843.63	3,843.63	-	-	-
Bank deposits	3	735.88	735.88	735.88	-	-	-
Trade receivables	4	141.01	141.01	141.01	-	-	-
Other receivables	5	4.75	4.75	4.75	-	-	-
Loans	6	2,04,849.17	2,92,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments	7	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	8	773.70	773.70	380.71	392.99	-	-
Total		**2,11,351.95**	**2,98,983.97**	**1,13,869.94**	**80,285.47**	**36,729.10**	**68,099.46**

As at March 31, 2019

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	6,773.51	6,773.51	6,773.51	-	-	-
Bank deposits	3	267.46	285.83	141.73	144.10	-	-
Trade receivables	4	13.18	13.18	13.18	-	-	-
Other receivables	5	55.50	55.50	55.50	-	-	-
Loans	6	1,73,800.39	2,47,553.75	90,417.60	62,514.73	33,012.84	61,608.58
Investments	7	707.55	779.81	779.81	-	-	-
Other financial assets	8	575.85	575.85	217.13	358.72	-	-
Total		**1,82,193.44**	**2,56,037.43**	**98,398.46**	**63,017.55**	**33,012.84**	**61,608.58**

34. Financial risk management (continued)

C. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely. The Group has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and loans. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2020	As at March 31, 2019
Loans		
Fixed rate loans	1,08,509.09	73,311.89
Variable rate loans	99,181.42	1,02,096.22
Bank balance other than cash and cash equivalents	723.06	265.60
Investment in debentures	-	500.00
Total	**2,08,413.57**	**1,76,173.71**
Borrowings		
Fixed rate borrowings	(47,092.03)	(47,449.67)
Variable rate borrowings	(64,278.82)	(75,026.89)
Total	**(1,11,370.85)**	**(1,22,476.56)**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Group's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2020 and March 31, 2019 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2020				
Variable-rate instruments	520.89	(520.89)	520.89	(520.89)
Cash flow sensitivity (net)	**520.89**	**(520.89)**	**520.89**	**(520.89)**
March 31, 2019				
Variable-rate instruments	270.69	(270.69)	270.69	(270.69)
Cash flow sensitivity (net)	**270.69**	**(270.69)**	**270.69**	**(270.69)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Price risk

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2020, profit or loss(pre-tax) for the year ended March 31, 2020 would increase/decrease by Rs. 10.03 lakhs (Previous Year: NIL) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2020.

The Group is currently not exposed to any equity price risks arising from equity investments classified in the Balance Sheet at fair value through Other Comprehensive Income since the amount outstanding as at March 31, 2020 is Nil (Previous year: Rs. 6.08 lakhs).

Notes to the Consolidated Financial Statements

35. Related party disclosures

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the Director	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and Chief Executive Officer (w.e.f. May 16, 2019)
Mr. Sunil Agarwal, Director	Whole-time director (w.e.f. April 01, 2018 upto June 11, 2018)
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer (w.e.f. June 12, 2018)

Enterprises where key management personnel exercises control

1. Incred Housing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited) (till March 20, 2018)
2. BSH Corporate Advisors and Consultants Private Limited (w.e.f. February 13, 2018)
3. Proud Securities and Credits Private Limited (w.e.f. July 12, 2018)

Holding Company:

Name of Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2020	As at March 31, 2019
Bee Finance Limited (Mauritius)	Mauritius	59.66%	74.89%

Associate Enterprise:

1. mValu Technology Services Private Limited (w.e.f. March 25, 2019)
2. Digilend Analytics and Technology Private Limited (on account of Board seat, till March 22, 2019)

B. Transactions with related parties

KMP compensation (Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expenses*	570.22	211.05

**As the liabilities for gratuity, leave encashment and employee stock option cost are provided on actuarial basis for the Group as a whole and hence the amounts pertaining to the key management personnel are not included in the above.*

35. Related party disclosures (continued)

B. Transactions with related parties

The aforementioned Note provides information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides total amount of transactions that have been entered into with related parties for the relevant financial year:

(Rs. in lakhs)

Sr. No	Nature of transactions	Holding Company	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or significantly controlled by KMP	Associate
1	**Purchase of equity shares of subsidiary company**				
	March 31, 2020	1,050.25	-	-	-
	March 31, 2019	-	-	-	-
2	**Security deposits received**				
	March 31, 2020	-	3.20	-	-
	March 31, 2019	-	-	-	-
3	**Issue of equity shares**				
	March 31, 2020	-	-	-	-
	March 31, 2019	-	454.90	-	-
4	**Securities Premium received on issue of equity shares**				
	March 31, 2020	-	-	-	-
	March 31, 2019	-	809.46	-	-
5	**License fees Income**				
	March 31, 2020	-	-	-	56.00
	March 31, 2019	-	-	-	12.73
6	**Fee and commission expense**				
	March 31, 2020	-	-	19.01	-
	March 31, 2019	-	-	-	40.73
7	**Income from reimbursement**				
	March 31, 2020	-	-	91.85	14.34
	March 31, 2019	-	-	-	-
8	**Advances given**				
	March 31, 2020	-	-	-	-
	March 31, 2019	-	440.99	70.17	10.00
9	**Advances repaid**				
	March 31, 2020	-	-	-	-
	March 31, 2019	-	465.31	70.17	10.00

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (*Refer Note 37 for further details).*

C. Summary of balance receivable from the above related are as follows:

(Rs. in lakhs)

Sr. No.	Nature of balances	Holding Company	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or significantly controlled by KMP	Associate
1	**Advances receivable**				
	March 31, 2020	-	-	99.19	17.11
	March 31, 2019	-	-	-	13.75
2	**Other payables**				
	March 31, 2020	-	-	19.01	-
	March 31, 2019	-	-	-	-
3	**Security deposits payable**				
	March 31, 2020	-	3.20	-	-
	March 31, 2019	-	-	-	-
4	**Number of options outstanding**				
	March 31, 2020	248	-	-	-
	March 31, 2019	549	-	-	-

Terms and conditions of transactions with related parties
The transactions with related parties are made at arm's length basis.

Notes to the Consolidated Financial Statements

36. Employee benefits

1. The Group has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	235.48	202.50

2. Gratuity

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	65.07	44.74
Interest cost	4.41	3.42
Current Service cost	48.46	60.20
Liability Transferred In/Acquisition	-	11.17
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	(38.03)	(32.76)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	2.11	(16.27)
Actuarial Losses on Obligations - Due to Experience	6.88	(5.43)
Liability at the end of the year	**88.90**	**65.07**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of benefit obligation at the end of the year	(88.90)	(65.08)
Fair value of plan assets at the end of the year	**-**	**-**
Funded Status (Deficit)	(88.90)	(65.08)
Net (Liability) Recognized in the Balance Sheet	**(88.90)**	**(65.08)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	48.45	60.20
Net Interest cost	4.41	3.42
Expenses recognised	**52.86**	**63.62**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial (Gains) on obligation for the year	(29.03)	(54.47)
Net (Income) for the year recognized in OCI	**(29.03)**	**(54.47)**

Notes to the Consolidated Financial Statements

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

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.21%	6.76% - 6.96%
Salary escalation rate	5% - 7%	7% - 9%
Expected Rate of return on Plan Assets	N.A.	N.A.
Rate of Employee Turnover	35%	20% - 25%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening net liability	65.07	44.74
Expenses recognized in Statement of Profit and Loss	52.86	63.63
Expenses recognized in OCI	(29.03)	(54.47)
Net (Asset) Transfer In	-	11.18
Net liability recognized in the Balance Sheet	**88.90**	**65.08**

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefits payable in future years from the date of reporting		
1st following year	0.55	0.32
2nd following year	0.41	0.28
3rd following year	20.52	0.24
4th following year	24.07	13.51
5th following year	20.49	17.14
Sum of years 6 To 10	38.84	46.94
Sum of years 11 and above	6.86	21.86

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefit obligation on current assumptions	88.89	65.07
Delta effect of +1% change in rate of discounting	(3.56)	(3.62)
Delta effect of -1% change in rate of discounting	3.79	3.94
Delta effect of +1% change in rate of salary increase	3.62	3.85
Delta effect of -1% change in rate of salary increase	(3.50)	(3.62)
Delta effect of +1% change in rate of employee turnover	(3.44)	(2.82)
Delta effect of -1% change in rate of employee turnover	3.55	2.91

Notes to the Consolidated Financial Statements
Qualitative disclosures

Gratuity is a defined benefit plan and group is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Group has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

3. Compensated absences

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Group is given below:

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Total actuarial liability		
Assumptions:		
Discount rate	5.21%	6.76% - 6.96%
Salary escalation rate	5% - 7%	7% - 9%
Rate of Employee Turnover	35.00%	20% - 25%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

Notes to the Consolidated Financial Statements

37. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The group has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

The group has established share option plans that entitle the employees of the group and its subsidiary companies to purchase the shares of the group. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the vesting of grants under these plans are continued employment with the group from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements
The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

The model inputs for options granted during the year ended March 31, 2020

Particulars / Grant date	April 1, 2019	May 31, 2019	July 1, 2019	October 1, 2019	January 1, 2020
Fair value as on grant date (weighted average)	28.99	28.94	28.85	27.81	27.91
Share price as on grant date	54.40	54.40	54.40	54.40	54.40
Exercise price	40.00	40.00	40.00	40.00	40.00
Expected volatility (weighted average volatility)	0.35	0.35	0.35	0.35	0.35
Expected life (expected weighted average life)	8.5 years	8.5 years	8.5 years	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	7.08%	7.03%	6.93%	6.49%	6.62%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.				

The model inputs for options granted during the year ended March 31, 2019

Particulars / Grant date	July 1, 2018	October 1, 2018	January 1, 2019
Fair value as on grant date (weighted average)	8.47	17.98	17.38
Share price as on grant date	27.79	40.46	40.46
Exercise price	40.00	40.00	40.00
Expected volatility (weighted average volatility)	0.35	0.35	0.35
Expected life (expected weighted average life)	9.5 years	9.5 years	9.5 years
Risk- free interest rate (based on government bonds)	8.17%	8.25%	7.40%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.		

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The Parent Company is not listed on any stock exchange due to which there is no available history of the day-to-day movements in share prices of the Parent Company. For the purpose of determining volatility, the Group has used a proxy for the volatility of the share price of the Parent Company. The Group has determined the proxy by benchmarking it to the weighted average volatility of other listed entities that carry out similar kind of business as compared to the Parent Company.

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2020	As at March 31, 2019
Opening balance	40.00	50,80,781	52,83,871
Add: Options granted during the year	40.00	85,86,300	-
Less: Options exercised during the year	40.00	(6,924)	-
Less: Options lapsed during the year	40.00	(11,54,573)	(2,03,090)
Options outstanding as at the year end	**40.00**	**1,25,05,584**	**50,80,781**
Weighted average remaining contractual life of options outstanding at end of period		8.1 years	

Notes to the Consolidated Financial Statements
II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Company of the Company has established share option plans that entitle the employees of the group to purchase the shares of the Holding Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the grants under these plans are continued employment with the group from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

a) Share options issued by Bee Finance Limited (Mauritius)

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2019

Particulars	Category A - C	Category D - F	Category G - H	Category I
Fair value as on grant date (weighted average)	64,021	64,021	64,021	64,021
Share price as on grant date	64,021	64,021	64,021	64,021
Exercise price	46,102	46,102	89,643	46,102
Expected volatility (weighted average volatility)	35%	35%	35%	35%
Expected life (expected weighted average life)	11.2 years	11.72 years	11.93 years	10.68 years
Risk- free interest rate (based on government bonds)	6%	8%	8%	8%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.			

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

	As at March 31, 2020		As at March 31, 2019	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**52,981.27**	**553.00**	**-**	**-**
Add: Options granted during the year	-	-	54,266.20	697.00
Less: Options lapsed during the year	55,363.75	(305.00)	52,451.99	(144.00)
Options outstanding as at the year end	**48,033.52**	**248.00**	**52,981.27**	**553.00**
Weighted average remaining contractual life of options outstanding at end of period			11.2 years	

C. Expenses arising from share-based payment transactions

Refer Note 28 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

38. Lease accounting

1 Lease disclosures under Ind-AS 116 for the current year ended 31 March 2020

A First time adoption of Ind AS 116

The Group has adopted the new standard, Ind AS 116 Leases with effect from 1st April, 2019 using the modified retrospective approach as per para C8 (b)(i) of Ind AS 116. The Group recorded the lease liability at the present value of the lease payments and the right of use asset at an amount equals to lease liability adjusted by an amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application, i.e., 1st April, 2019. The application of this method had no impact on retained earnings as on 1st April 2019. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.
On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 930.97 lakhs and lease liability of Rs. 930.97 lakhs.
In statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.
In the context of initial application, the Group has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

The following is the summary of practical expedients elected on initial application:
i. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment.
ii. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
iii. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

B The Group has entered into leasing arrangements for premises. ROU has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Balance as on April 1, 2019	**930.97**
Addition during the year	1,197.91
Depreciation for the year	-
Balance as on March 31, 2020	**2,128.88**

ii. The following is the movement in lease liabilities during the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Balance as on April 1, 2019	**930.97**
Addition during the year	**1,197.91**
Finance cost accrued during the year	151.78
Payment of Lease liabilities made during the year	(401.71)
Balance as on March 31, 2020	**1,878.95**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Less than one year	424.93
Between one and five years	1,456.00
More than five years	713.46
Total	**2,594.39**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2020
Depreciation expense on right-of-use assets (Refer Note 10)	368.39
Interest expense on lease liabilities (Refer Note 26)	151.78
Expense relating to short-term leases (Refer Note 29)	275.89
Expense relating to leases of low value assets	-

The group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at March 31, 2020
Total cash outflow for leases	401.71

vi. A reconciliation of the operating lease commitments at March 31, 2019, disclosed in the group's 2019 financial statements, to the lease liabilities recognized in the statement of financial position at April 1, 2019 is provided below:

Particulars	As at April 1, 2019
Operating lease commitments disclosed as at March 31, 2019	**1,609.64**
Discounted using the incremental borrowing rate at April 1, 2019	(585.98)
(Less): short-term leases recognized on a straight-line basis as expense	(92.69)
(Less): low-value leases recognized on a straight-line basis as expense	-
Total	**930.97**

2 Lease disclosures under Ind-AS 17 for the comparative year ended March 31, 2019:

A. Leases as lessee

The group leases a number of branch and office premises under operating leases. The leases typically run for a period ranging between 1 and 5 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals.

i. Future minimum lease payments

Particulars	March 31, 2019
Less than one year	501.88
Between one and five years	581.47
More than five years	526.29
Total	**1,609.64**

ii. Amounts recognised in profit or loss

Particulars	March 31, 2019
Lease expense (Refer Note 29)	757.15

Notes to the Consolidated Financial Statements

39. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments		
Commitments relating to loan sanctioned but undrawn	9,880.07	10,140.24
Total	**9,880.07**	**10,140.24**

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its Financial results.

The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

40. Securitisation

Transfer of financial assets

The Group has transferred financial assets, primarily unsecured loan receivables, that are not derecognised as the Group has continuing involvement.

Securitisation:
Transfer of financial assets that do not result in derecognition

The Group was party to securitisation transaction involving transfer of pool of unsecured loan receivables (monthly instalment loans with original maturity up to 3 years)

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.
The Group has agreed to provide servicing assistance pursuant to the terms of servicing agreement.

In this securitisation where the Group transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Group does not transfer substantially all of the risks and rewards of these assets.
Hence, the Group continues to recognise the securitised loan portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities:

(Rs. in lakhs)

As at March 31, 2020	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

(Rs. in lakhs)

As at March 31, 2019	Loan receivables	Credit enhancements
Carrying amount of assets	2,526.87	265.59
Carrying amount of associated liabilities	2,461.48	-

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Notes to the Consolidated Financial Statements

41. Current and Non-Current Maturity

(Rs. in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3,843.63	-	3,843.63	6,773.51	-	6,773.51
Bank Balance other than cash and cash equivalents	735.88	-	735.88	136.17	131.29	267.46
Receivables						
(I) Trade receivables	141.01	-	141.01	13.18	-	13.18
(II) Other receivables	4.75	-	4.75	55.50	-	55.50
Loans	84,580.33	1,20,268.84	2,04,849.17	72,484.29	1,01,316.10	1,73,800.39
Investments	1,003.80	4,047.55	5,051.35	121.65	5,125.00	5,246.65
Other Financial assets	380.71	392.99	773.70	318.70	257.14	575.85
Sub total	**90,690.11**	**1,24,709.38**	**2,15,399.49**	**79,903.00**	**1,06,829.53**	**1,86,732.53**
Non-financial assets						
Current Tax assets (Net)	426.64	855.87	1,282.51	912.50	49.82	962.32
Deferred Tax assets (Net)	-	1,118.43	1,118.43	-	924.60	924.60
Property, plant and equipment	-	3,145.49	3,145.49	-	1,309.66	1,309.66
Capital work-in-progress	-	125.06	125.06	-	-	-
Goodwill	-	652.65	652.65	-	652.65	652.65
Other intangible assets	-	308.00	308.00	-	442.60	442.60
Other non-financial assets	591.96	586.35	1,178.31	762.21	58.20	820.41
Sub total	**1,018.60**	**6,791.85**	**7,810.45**	**1,674.71**	**3,437.53**	**5,112.24**
Total assets	**91,708.71**	**1,31,501.23**	**2,23,209.94**	**81,577.71**	**1,10,267.06**	**1,91,844.77**
LIABILITIES						
Financial liabilities						
Payables	-	-	-			
(I) Trade payables	-	-	-			
(i) Total outstanding dues of creditors other than micro and small enterprises	-	-	-	12.33	-	12.33
(II) Other payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	58.11	-	58.11	343.10	-	343.10
Debt securities	24,700.66	17,404.96	42,105.62	19,818.03	27,996.77	47,814.80
Borrowings (Other than Debt Securities)	35,358.69	34,962.59	70,321.28	47,829.92	29,667.81	77,497.73
Other Financial liabilities	26.77	3,318.58	3,345.35	910.77	7.37	918.14
Sub total	**60,144.23**	**55,686.13**	**1,15,830.36**	**68,914.15**	**57,671.95**	**1,26,586.10**
Non-Financial liabilities						
Current tax liabilities (Net)	-	-	-	43.11	21.79	64.90
Provisions	25.72	132.69	158.41	54.58	99.39	153.97
Deferred tax liabilities (Net)	-	1,069.68	1,069.68	-	1,205.53	1,205.53
Other non-financial liabilities	2,101.09	-	2,101.09	1,958.17	24.38	1,982.55
Sub total	**2,126.81**	**1,202.37**	**3,329.18**	**2,055.86**	**1,351.09**	**3,406.95**
Total liabilities	**62,271.04**	**56,888.50**	**1,19,159.54**	**70,970.01**	**59,023.04**	**1,29,993.05**

Notes to the Consolidated Financial Statements

42. Foreign Currency Transactions

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Expenditure in foreign currency		
Business origination expenses	-	1.51
IT expenses	-	0.80
Legal, professional and consultancy charges	-	153.03
Recruitment fees	3.63	-
Legal & Technical charges	2.26	-
Total	**5.89**	**155.34**

43. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Amount required to be spent as per section 135 of the Companies Act, 2013	16.05	3.22
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash	14.93	5.40
Yet to be paid in cash*	2.00	
Total	**16.93**	**5.40**

** Paid in the month of April, 2020*

44. Micro, Small and Medium Enterprises Development

In accordance with the Micro, Small and Medium Enterprises Development Act 2006 ('MSMED Act') the Company is required to identify the micro, small and medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based on the on the information available with the management, there are no dues outstanding to micro and small enterprises covered under the MSMED Act.

45. Share issue expenses

In accordance with the provision of section 52 of the Companies Act, 2013 the following share issue expenses have been debited against securities premium account:

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Stamp duty	52.87	17.10
Legal and professional charges	543.10	50.98
Total	**595.97**	**68.08**

46. Capital

The Group maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

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.

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Common Equity Tier 1 (CET1) capital	1,01,648.11	59,335.33
Other Tier 2 capital	1,261.64	805.22
Total capital	**1,02,909.74**	**60,140.55**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS–based results and reserves. The other component of regulatory capital is other Tier 2 Capital, which also includes hybrid debt instruments.

47(i). The Board of Directors of the InCred Housing Finance Private Limited ('HFC'), at its meetings held on December 11, 2018 and December 17, 2018, had deliberated upon and approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. In pursuance to the Board approval, HFC has taken various steps to run down the business which includes successful transfer of significant portion of its loan book to another financial institution. The Board in its meeting held on November 22, 2019 had approved the proposal of merger with InCred Financial Services Limited (the 'Parent') and surrender the housing finance license. The revised scheme of merger was approved by the Board in its meeting held on February 18, 2020. The scheme is yet to be filed with NCLT and the regulator.

47(ii). InCred Management & Technology Services Private Limited ('IMTS'), a wholly owned subsidiary of Incred Financial Services Limited ('IFSL') has incurred a loss of Rs. 164.68 lakhs during the year ended March 31, 2020 and has a negative net worth of Rs. 36.98 lakhs as at March 31, 2020. Further as of that date, IMTS's current liabilities exceeded its current assets by 379.71 lakhs. Subsequent to March 31, 2020, IFSL has infused additional capital of Rs. 1,800 lakhs in IMTS. Further, subsequent to March 31, 2020, IMTS has acquired a digital lending platform i.e. Qbera for consideration of Rs. 409.50 lakhs. The management believes that this investment is likely to generate profit to the Group in future.

48. During the current year, the Parent company has reported frauds to RBI aggregating to Rs. 72.28 lakhs (previous year: Rs. 115.93 lakhs).

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Notes to the Consolidated Financial Statements

49. Segment information

1. The Company is primarily engaged in the business of financing. All the activities of the company revolve around the main business. Further, the company does not have any separate geographic segments other than India.
2. During the year ended March 31, 2020, the Company has been organised into two operating segments i.e. SME and Retail based on products and services.
3. Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis. Based on such allocation, segment disclosures relating to revenue, results, assets and liabilities have been prepared.
   Income, Expenditure, assets and liabilities which relates to the Company as a whole and not allocable to segments are disclosed under "unallocable segment".
   Segment results have not been adjusted for the exceptional items and have been included in "unallocable segment". The corresponding segment assets have been carried under the respective segments without adjusting the exceptional item.

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	12,878.64	19,349.20	389.48	**32,617.32**
Other Income	-	-	649.34	**649.34**
Total Segment Income	**12,878.64**	**19,349.20**	**1,038.82**	**33,266.66**
Segment results	**336.38**	**143.04**	**234.33**	**713.75**
Exceptional gain	-	-	-	**-**
Profit before tax	**336.38**	**143.04**	**234.33**	**713.75**
Tax expenses	-	-	197.44	**197.44**
Segment profit for the year	336.38	143.04	36.90	516.31
Segment Assets	**85,044.00**	**1,25,002.81**	**13,163.13**	**2,23,209.94**
Segment Liabilities	**52,470.07**	**64,771.57**	**1,917.88**	**1,19,159.53**
Depreciation and Amortisation	**262.89**	**897.79**	**-**	**1,160.68**

(Rs. in lakhs)

Particulars	Year ended March 31, 2019			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	12,602.96	18,274.00	703.04	**31,580.00**
Other Income	-	1,119.06	17.36	**1,136.42**
Total Segment Income	**12,602.96**	**19,393.06**	**720.40**	**32,716.42**
Segment results	**500.41**	**236.40**	**88.40**	**825.22**
Exceptional gain	-	-	3,316.63	**3,316.63**
Profit before tax	500.41	236.40	3,405.03	**4,141.85**
Tax expenses	-	-	1,369.79	**1,369.79**
Segment profit for the year	500.41	236.40	2,035.24	2,772.06
Segment Assets	**83,254.70**	**93,011.22**	**15,578.86**	**1,91,844.78**
Segment Liabilities	**69,619.41**	**58,314.25**	**2,059.39**	**1,29,993.05**
Depreciation and Amortisation	**50.58**	**225.35**	**-**	**275.93**

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Notes to the Consolidated Financial Statements
50. Additional Information to the consolidated Financial Statements

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2020

(Rs. in lakhs)

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,03,686.24	99.65%	1,391.42	269.49%	26.00	90.51%	1,417.42	260.06%
Subsidiaries								
Incred Housing Finance Private Limited	(1,020.87)	-0.98%	(229.74)	-44.50%	2.73	9.49%	(227.01)	-41.65%
Incred Management and Technology Services Private Limited	(299.35)	-0.29%	(309.98)	-60.04%	-	0.00%	(309.98)	-56.87%
Booth Fintech Private Limited	1,684.38	1.62%	(335.39)	-64.96%	-	0.00%	(335.39)	-61.53%
Total	**1,04,050.40**	**100.00%**	**516.31**	**100.00%**	**28.73**	**100.00%**	**545.04**	**100.00%**

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2019

(Rs. in lakhs)

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	58,547.51	94.66%	(676.49)	-24.40%	38.35	71.63%	(638.13)	-22.58%
Subsidiaries								
Incred Housing Finance Private Limited	719.58	1.16%	858.84	30.98%	15.19	28.37%	874.02	30.93%
Incred Management and Technology Services Private Limited	(385.80)	-0.62%	(266.21)	-9.60%	-	0.00%	(266.21)	-9.42%
Booth Fintech Private Limited	2,970.44	4.80%	2,855.92	103.03%	-	0.00%	2,855.92	101.07%
Total	**61,851.73**	**100.00%**	**2,772.06**	**100.00%**	**53.54**	**100.00%**	**2,825.60**	**100.00%**

InCred Financial Services Limited
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Notes to the Consolidated Financial Statements

51. Investments in associates

The Groups interests in associates are:

Name of associate	Principal place of busines	Method of accounting	Proportion of stake
mValu Technology Services Private Limited	India	Equity Method	40.96%

Summarised financial information in respect of Group's associates is set out below:

(Rs. in lakhs)

Particulars	As at March 31, 2020
A) Summarised Statement of net assets	
Financial assets	2,870.62
Non-Financial assets	266.16
Total assets (I)	**3,136.78**
Financial liabilities	133.63
Non-Financial liabilities	92.89
Total liabilities (II)	**226.52**
Net assets (I - II)	**2,910.26**
Group's share %	40.96%
Group's share in amount	1,192.04
Carrying amount of Investment	4,047.55

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020
B) Summarised Statement of Profit and Loss	
Revenue from operation	14.84
Other income	251.54
Total income (I)	**266.38**
Finance costs	9.95
Employee benefits expenses	1,129.09
Depreciation, amortization and impairment	46.30
Others expenses	271.88
Total expenses (II)	**1,457.22**
Loss before tax (III = I-II)	(1,190.84)
Tax expense	-
Loss after tax (V = III-IV)	(1,190.84)
Other Comprehensive income	-
Total Comprehensive income	(1,190.84)
Group's share %	40.96%
Group share in Amount in Profit and loss (A)	(487.77)
Group share in Amount in OtherComprehensive Income (B)	-
Total Group share in Amount (A+B)	(487.77)

52. Business Combination

(i) Booth Fintech Private Limited

On 12 June, 2019, the company acquired remaining 13.56 % of shares in Booth Fintech Private Limited for a consideration of Rs. 1,050.24 lakhs. As per Ind AS 110, the difference between the non-controlling interest and the fair value of the consideration paid have been recognised directly in equity and attribute it to the owners of the parent.

Below are the details of Business Combinations entered by the Group in the previous year ended March 31, 2019:

On 11 July, 2018, the company acquired 86.44 % of shares in Booth Fintech Private Limited.

(Rs. in lakhs)

Date of Acquisition	Proportion of voting equity interest acquired as on 31st March 2019	Consideration transferred
11-Jul-18	86.44%	367.11

(Rs. in lakhs)

(A)	Consideration Transferred	As at July 11, 2018
	Consideration other than cash	367.11
	Total Consideration	**367.11**

(Rs. in lakhs)

(B)	Identifiable assets and liabilities	As at July 11, 2018
	Property, plant and equipment	0.97
	Deferred tax assets	1.59
	Cash and cash equivalents	279.83
	Current tax assets (Net)	4.30
	Other assets	1.26
	Other financial liabilities	(16.53)
	Other current liabilities	(0.76)
	Non controlling interest	(36.70)
	Net Worth	**233.96**

(C) Goodwill arising on acquisition is determined as follows:

(Rs. in lakhs)

Particulars	As at July 11, 2018
Consideration transferred (A)	367.11
Fair Value of identifiable assets (B)	233.96
Goodwill (A - B)	**133.15**

(ii) InCred Hosing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited)

On 21 March, 2018, the company acquired 100 % of shares in InCred Hosing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited).

(Rs. in lakhs)

Date of Acquisition	Proportion of voting equity interest acquired as on 31st March 2019	Consideration transferred
21-Mar-18	100.00%	1,097.10

(Rs. in lakhs)

(A)	Consideration Transferred	As at March 21, 2018
	Cash	1,097.10
	Total Consideration	**1,097.10**

(Rs. in lakhs)

(B)	Identifiable assets and liabilities	As at March 21, 2018
	Property, plant and equipment	81.24
	Loans	17,923.84
	Cash and cash equivalents	27.79
	Current tax assets (Net)	71.45
	Other assets	78.31
	Trade payables	(533.46)
	Borrowings	(17,114.92)
	Other financial liabilities	(36.17)
	Other current liabilities	(232.06)
	Net Worth	**266.02**

(C) Goodwill arising on acquisition is determined as follows:

(Rs. in lakhs)

Particulars	As at March 21, 2018
Consideration transferred (A)	1,097.10
Fair Value of identifiable assets (B)	266.02
Goodwill (A - B)*	**831.08**

* The said goodwill has been restated on account of the change in net worth due to transition into Ind AS.

Note: Refer note no 30 for details relating to business combination and subsequent loss of control of Booth's investment in mValu.

Notes to the Consolidated Financial Statements

53. Non controlling interest ('NCI')

The Non controlling interest for the year ended March 31, 2020 is Rs. Nil. The following table summaries the information relating to the Group's subsidiaries that has material Non controlling interest for the year ended March 31, 2019:

NCI Percentage	13.56%

(Rs. In lakhs)

Particulars	For the year ended March 31, 2019
Non-Current Assets	2.56
Current Assets	285.39
Current Liabilities	(17.29)
Net Assets	270.66
Net Assets attributable to NCI	**36.70**

Total Income	4,149.91
Profit for the year	2,846.20
Total Comprehensive Income for the year	2,846.20
Total Comprehensive Income attributable to NCI	**318.85**

Loss on control of business combination	**77.82**

Net cash (used in) operating activities	(17.87)
Net cash (used in) investing activities	(391.39)
Net cash generated from financing activities	395.18
Net (decrease) in cash and cash equivalents	**(14.08)**

54. Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

The Group's financial statements were approved by the Parent's Board of Directors on August 31, 2020.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 31 August 2020

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
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Independent Auditor's Report

To the Members of InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

As described in Note 28(A) to the standalone financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Emphasis of matter *(Continued)*

As described in Note 28(A) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	**How the matter was addressed in our audit**
Impairment of loans and advances to customers **Charge: INR 5,527 Lakhs for the year ended 31 March 2020** **Provision: INR 5,257 Lakhs as at 31 March 2020** *Refer to the accounting policies in "Note 1 (D)(6) to the Standalone Financial Statements: Impairment of financial assets", "Note 1(B) (iv) to the Standalone Financial Statements: Significant Accounting Policies- use of estimates" and "Note 4 to the Standalone Financial Statements: Loans"*	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors - Complexity of disclosures There are many data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternative proxies have been applied to allow calculations to be performed.	Our audit procedures included: **Design / controls** • Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice. • Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package. • Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Testing of review controls over measurement of impairment allowances and disclosures in financial statements.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impact of COVID -19 On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans and advances on account of: - Short and long term macroeconomic effect on businesses in the country and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Company's customers and their ability to repay dues; and - application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk ('SICR') of its loan and advances with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macro-economic scenarios to factor in the potential impact of COVID-19 on expected credit loss provision.	**Substantive tests** • Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Involving our specialists to test the model methodology and reasonableness of assumptions used, including management overlays. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package. • Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Checked the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19. • Considered the appropriateness of disclosures relating to financial risk management including those relating to ECL provision on loans and advances.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology **IT systems and controls** The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting. We have identified 'Information Technology systems' as a key audit matter because of the high level of automation, large transaction volume, the increasing challenge to protect the Company's systems, controls over data integrity and the risks associated with remote access of key applications by a large population of employees at the year end. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: **General IT controls / user access management** • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, completeness and accuracy of the report generated from the system and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. • Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end.

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

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by Management and Board of Directors.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Auditor's Responsibilities for the Audit of the Standalone Financial Statements *(continued)*

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

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

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Report on Other Legal and Regulatory Requirements *(Continued)*

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

i. The Company does not have any pending litigations which would impact its financial position;

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Kapil Goenka
Partner
Membership No. 118189
UDIN:20118189AAAAAM4217

Mumbai
11 June 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

'Annexure A' to the Independent Auditor's Report of even date on the financial statements of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)*

The Annexure referred to in the Independent Auditor's Report to the members of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)* (the "Company") on the financial statements for the year ended 31 March 2020, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details fixed assets and situation of fixed assets, however we noted that no tagging is done giving details of situation of furniture and fixtures, leasehold equipment's and office equipment's.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in every three years, however no physical verification has been carried out for furniture and fixtures, leasehold equipment's and office equipment's in the last three years.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is a Non-Banking Finance Company (NBFC), engaged in the business of lending. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 of the Act and has complied with the provisions of section 186(1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply. Thus, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Thus, paragraph 3(vi) of the Order is not applicable.

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

'Annexure A' to the Independent Auditor's Report of even date on the financial statements of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)*

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of excise duty, wealth tax, sales tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, goods and services tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there have been no dues of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) According to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which those are raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us, managerial remuneration has been paid/ provided in accordance with the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of Section 42 of the Act in respect of private placement of Equity Shares and Compulsory Convertible Preference Shares (CCPS) during the year. According to the information and explanations given to us, the amount has been used for the purposes for which the funds were raised.

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

'Annexure A' to the Independent Auditor's Report of even date on the financial statements of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)*

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company has obtained registration under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained its Certificate of Registration dated 8 January 1991.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Kapil Goenka
Partner
Membership No: 118189
UDIN: 20118189AAAAAM4217

Mumbai
11 June 2020

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Annexure B to the Independent Auditor's report on the standalone financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* for the year ended 31 March 2020.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph (2(A)(f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)* ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Annexure B to the Independent Auditor's report on the standalone financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* for the year ended 31 March 2020. *(Continued)*

Auditor's Responsibility *(Continued)*

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Kapil Goenka
Partner
Membership No: 118189
UDIN: 20118189AAAAAM4217

Mumbai
11 June 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Standalone Financial Statements

Balance Sheet as at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	3,419.63	1,846.49
(b) Bank balance other than cash and cash equivalents	3	735.88	267.47
(c) Loans	4	204,172.53	173,310.29
(d) Investments	5	8,695.58	7,726.99
(e) Other financial assets	6	1,712.77	1,208.15
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		787.48	507.69
(b) Deferred tax assets (Net of deferred tax liabilities)	7	1,118.43	791.96
(c) Property, plant and equipment	8	2,928.71	1,039.95
(d) Capital work-in-progress		125.06	-
(e) Other intangible assets	9	295.49	396.96
(f) Other non-financial assets	10	1,006.35	654.15
Total assets		**224,997.91**	**187,750.10**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Debt securities	11	42,105.62	47,814.80
(b) Borrowings (other than debt securities)	12	74,615.66	77,497.73
(c) Other financial liabilities	13	3,339.41	864.68
(2) Non-financial liabilities			
(a) Provisions	14	153.90	148.14
(b) Other non-financial liabilities	15	2,052.09	1,857.90
EQUITY			
(a) Equity share capital	16 (A)	38,615.30	30,762.93
(b) Other equity	16 (B)	64,115.93	28,803.92
Total liabilities and equity		**224,997.91**	**187,750.10**

Significant accounting policies and key accounting estimates and judgments **1**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 11 June 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Standalone Financial Statements

Statement of Profit and Loss for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Revenue From operations			
(i) Interest income	17	30,997.60	28,331.82
(ii) Fees and commission income	18	805.82	729.97
(iii) Net gain/(loss) on fair value changes	19	365.98	(5.14)
(I) Total revenue from operations		**32,169.40**	**29,056.65**
(II) Other income	20	752.25	-
(III) Total income (I + II)		**32,921.65**	**29,056.65**
Expenses			
(i) Finance costs	21	11,861.40	13,783.97
(ii) Impairment on financial instruments	22	5,530.23	2,383.44
(iii) Employee benefits expenses	23	9,068.92	7,402.29
(iv) Depreciation, amortization and impairment	7 & 8	1,077.41	153.10
(v) Others expenses	24	4,151.14	4,772.80
(IV) Total expenses		**31,689.10**	**28,495.60**
(V) **Profit before tax and exceptional items (III - IV)**		1,232.55	561.05
(VI) Exceptional items	34	616.74	-
(VII) Profit before tax and after exceptional item (V - VI)		**615.81**	**561.05**
(VIII) Tax Expense:	25		
(1) Current Tax		508.89	444.48
(2) Deferred Tax		(326.79)	(260.89)
(IX) Profit for the period (VII-VIII)		**433.71**	**377.46**
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		26.31	39.28
(b) Equity instruments through other comprehensive income		0.02	14.26
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.32)	(15.19)
Subtotal (A)		26.01	38.35
(B) Items that will be reclassified to profit or loss		-	-
Other comprehensive income / (loss) (A + B)		**26.01**	**38.35**
(XI) Total comprehensive income for the period (IX + X)		**459.72**	**415.81**
(XII) Earnings per equity share	26		
Basic (Rs.)		0.11	0.12
Diluted (Rs.)		0.11	0.12

Significant accounting policies and key accounting estimates and judgments **1**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 11 June 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Standalone Financial Statements

Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	30,762.93	26,408.02
Changes in equity share capital during the year	0.74	4,354.91
Balance as at the end of the year	30,763.67	30,762.93

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	-	-
Changes in preference share capital during the year	7,851.63	-
Balance as at the end of the year	7,851.63	-

B. Other equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus							Equity instruments through OCI	Total
		Special reserve	Capital reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings		
Balance at March 31, 2018	**1,191.65**	**242.42**	**(6,722.25)**	**26,476.07**	**23.51**	**-**	**-**	**(155.80)**	**4.83**	**21,060.43**
Profit for the year	-	-	-	-	-	-	-	377.46	-	377.46
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	27.84	-	27.84
Other comprehensive income for the year	-	-	-	-	-	-	-	-	**10.51**	10.51
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	**405.30**	**10.51**	415.82
Transfer / utilisations										-
Additions during the period	370.35	-	5,793.86	-	(1.65)	65.05	-	-	-	5,857.25
Utilized during the year	-	-	-	(63.08)	-	-	-	-	-	(63.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	75.49	-	-	-	-	-	(75.49)	-	-
Employee stock option expense	-	-	-	-	-	-	136.09	-	-	136.09
Tranferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	-	633.61	-	1,562.00
Balance at March 31, 2019	**-**	**317.91**	**-**	**27,440.03**	**21.88**	**65.05**	**136.09**	**807.62**	**15.34**	**28,803.92**
Profit for the year	-	-	-	-	-	-	-	433.71	-	433.71
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	25.99	-	25.99
Other comprehensive income for the year	-	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	**459.70**	**0.02**	**459.72**
Transfer / utilisations										-
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.77)	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	-	86.74	-	-	-	-	-	(86.74)	-	-
Employee stock option expense	-	-	-	-	-	(14.15)	598.68	-	-	584.53
Balance at March 31, 2020	**-**	**404.65**	**-**	**61,707.79**	**21.88**	**50.90**	**734.77**	**1,180.58**	**15.36**	**64,115.93**

Significant accounting policies and key accounting estimates and judgments **1**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Place: Mumbai
Date: 11 June 2020

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Standalone Financial Statements
Cash Flow Statement for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	615.81	561.05
Adjustments ro reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	1,077.41	153.10
Net (gain)/loss on fair value changes	(365.98)	5.14
Interest income	(30,997.60)	(28,331.82)
Finance cost	11,709.61	13,783.97
Impairment loss	5,530.23	2,403.11
Provision for diminution in the value of investments	616.74	100.00
Share based expense	545.91	175.55
Advertisement expense	30.61	140.00
Fee and commission income	-	(12.72)
Retirement benefit expenses	31.42	62.78
Interest expense on lease liability	151.78	-
Reversal of rent expense	(401.71)	-
Operating profit before working capital changes	**(11,455.77)**	**(10,959.84)**
Working capital adjustments		
(Increase) in Loans	(5,005.07)	(40,138.47)
(Increase) / decrease in other financial assets	(30,867.42)	422.43
(Increase) in other non financial assets	(535.23)	(37.99)
Increase in other financial liabilities	2,724.65	232.60
Increase / (decrease) in provisions	0.65	(90.65)
Increase in other non financial liabilities	194.18	917.57
Cash generated from operations	**(44,944.01)**	**(49,654.35)**
Interest received on loans	30,058.12	28,251.15
Interest paid on borrowings	(13,443.32)	(11,179.08)
Income taxes paid (net)	(788.68)	(1,163.75)
Net cash (used in) operating activities	**(29,117.89)**	**(33,746.03)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,966.17)	(953.70)
Purchase of intangibles assets	101.47	(449.58)
Capital work-in-progress	(125.06)	-
Purchase of investments	(108,350.45)	(344,216.26)
Proceeds from sale of investments	107,211.79	344,173.62
Investment in term deposits earmarked with banks	(5,814.26)	(267.47)
Proceeds from maturity of term deposits earmarked with banks	5,371.11	-
Net cash (used in) / generated from investing activities	**(4,571.57)**	**(1,713.39)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	42,715.90	1,097.10
Security issue expenses	(595.77)	(63.08)
Proceeds from issue of debt securities	12,511.61	30,000.00
Proceeds from borrowings (other than debt securities)	55,339.32	52,500.00
Redemption of debt securities	(17,500.00)	(5,000.00)
Repayment of borrowings (other than debt securities)	(52,770.94)	(53,616.20)
Net cash generated from financing activities	**39,700.12**	**24,917.82**
Net increase / (decrease) in cash and cash equivalents	**6,010.66**	**(10,541.60)**
Cash and cash equivalents at the beginning of the year	(5,550.32)	4,991.28
Cash and cash equivalents at the end of the year	**460.34**	**(5,550.32)**

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow
(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

Particulars	As at March 31, March 2020	As at March 31, March 2019
Cash on hand	7.92	6.45
Balances with banks		
- Current Accounts	3,411.71	1,840.04
Deposit with bank with maturity less than 3 months	-	-
Cash and cash equivalents (Refer note 2)	3,419.63	1,846.49
Less: Bank overdraft and cash credit (Refer note 12)	(2,962.25)	(7,397.43)
Add: Impairment loss allowance on deposits with bank	2.96	0.62
Cash and cash equivalents in cash flow statement	**460.34**	**(5,550.32)**

Significant accounting policies and key accounting estimates and judgments **1**
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 11 June 2020

(1) Significant Accounting Policies

A. Corporate Information

Incred Financial Services Limited (the 'Company') was incorporated in India on 8 January 1991, under the provisions of the Companies Act, 1956.

The Company has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 30th August 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The company qualifies to be a NBFC - Systematically Important as per "Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016".

The registered office of the Company is 1502-A, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra, India, 400051 (erstwhile- 406, 4th Floor, Competent House , Middle Circle, F Block, Connaught Place, New Delhi -110001.)

The Board of Directors vide resolution dated 13 August 2019 and Shareholders of the Company at the Annual General Meeting dated September 25, 2019 accorded its approval to shift the Registered Office of the Company from National Capital Territory of Delhi to State of Maharashtra. The Regional Director, Ministry of Corporate Affairs, New Delhi on March 6, 2020 passed an Order to shift the registered office of the Company from National Capital Territory of Delhi to State of Maharashtra. The said Order was made effective by the Board of Directors vide resolution dated 9 April 2020 and the Company has received approval from Registrar of Companies, Mumbai, Maharashtra dated June 5, 2020.

B. Basis of preparation

i. Statement of compliance

The Standalone financial statement of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as applicable to NBFCs subject to RBI norms and regulations.

The Company's financial statements were authorized for issue by the Company's Board of Directors on June 11, 2020.

ii. Functional and presentation currency

The Standalone financial statement are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All the amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

iii. Basis of measurement

The Standalone financial statement have been prepared under the historical cost convention except for the following items:

a. Certain financial assets and liabilities that are measured at fair value
b. Net defined benefit asset / liability – plan assets are measured at fair value less present value of defined benefit obligation; and
c. Share-based payments - measured at fair value

iv. Use of estimates and judgements

The preparation of Standalone financial statement in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

Significant judgements

i. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. Further details are disclosed in Note 30.

ii. Recognition of deferred tax assets / liabilities

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forward and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry forward and unused tax credits could be utilised. Further details are disclosed in Note 7.

iii. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

iv. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial assets / liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

v. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes option pricing model used for valuation of options. Key assumptions and inputs for fair value

made with respect to expected volatility includes share price, expected dividends and discount rate, under the Black-Scholes option pricing model. These assumptions / inputs and models are disclosed in Note 31.

vi. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost 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.

vii. Leases

The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options. The determination of the incremental borrowing rate used to measure lease liabilities.

C. Presentation of financial statements

The Standalone financial statement of the Company are presented as per Schedule III ('Division III') of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Standalone Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and RBI regulations to the extent applicable.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair values of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition.

ii Classification and subsequent measurement of financial assets:

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. The Company classifies its financial assets in the following measurement categories:

Financial assets measured at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment), unless the asset is designated at FVTPL:

i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii. the Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair value through other comprehensive Income ('FVOCI')

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b. the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair Value through Profit and Loss ('FVTPL')

A financial asset which is not classified in above category is subsequently measured at FVTPL. Where assets are measured at fair value, gains and losses are recognized entirely in the Standalone Statement of Profit and Loss.

The assets classified in the aforementioned categories are subsequently measured as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Standalone Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Standalone Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in Standalone Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Standalone Statement of Profit and Loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Standalone Statement of Profit and Loss.

iii. Classification and subsequent measurement of financial liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as on initial recognition.

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit and loss.

The Company's financial liabilities include trade payables and other financial liabilities.

iv. Derecognition

Financial assets

The Company derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

v. Offsetting of financial instruments

A financial asset and a financial liability is 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. Compound financial instruments

Compound financial instruments issued by the company comprise convertible debentures in INR that can be converted to equity shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with the changes in the fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

Interest related to financial liability is recognised in Standalone Statement of Profit and Loss. In case of conversion at maturity, financial liability is reclassified to equity and no gain or loss is recognised.

4. Share capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

5. Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment if any in the standalone financial statement.

6. Impairment of financial assets

Overview of the Expected Credit Losses ('ECL') principles

- The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. 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 ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of

Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1
All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances and advances upto 30 days default under this category.

Stage 2
All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3
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. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

Credit-impaired financial assets:

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

- Evidence that a financial asset is credit-impaired includes the following observable data:

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

The mechanics of ECL:
The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

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

Probability of Default - 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 28.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 28.

Loss Given Default - 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 lender 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 28.

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

Write-offs
The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

7. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

8. Share-based payment arrangements

a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Standalone Standalone Statement of Profit and Loss.

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

9. Lease Accounting

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease

At the date of commencement of the lease, the Company recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

10. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income ('OCI').

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends to realise the asset or settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

iii Temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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 as on the reporting date. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

11. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

(i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,

(ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Standalone Statement of Profit and Loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Standalone Statement of Profit and Loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is provided on written down value basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Standalone Statement of Profit and Loss.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date which the asset is ready for use (disposed of).

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years

Assets costing less than INR 5,000 are fully depreciated in the year in which they are purchased.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimated useful life as given above best represent the period over which management expects to use the these assets.

12. Intangible assets

i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Standalone Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

13. Impairment of non-financial assets

The carrying values of assets at each balance sheet date are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Standalone Statement of Profit and Loss for such excess amount.

In respect of assets (except goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such reversal of impairment loss is recognised in the Standalone Statement of Profit and Loss, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

14. Revenue from operations

Recognition of interest and fee income or expense

Dividend income is recognised on the date on which the Company's right to receive the payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:
Under Ind AS, corporate guarantee issued on behalf of subsidiaries without any commission has been measured at fair value with corresponding impact adjusted with investment in the respective subsidiary. Consequently, guarantee commission for the respective period has been recognised through income statement. Other loan related

charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

15. Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

16. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Contribution to provident fund and ESIC

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

iii. Gratuity

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

iv. Compensated absence

The Company does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. The Company's liability towards compensated absence is based on an independent external actuarial valuation as at the balance sheet date using the projected unit credit method.

17. Foreign currency

Transaction and balances

Transactions in foreign currencies are translated in to the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each closing date, foreign currency monetary items are reported using the closing exchange rate.

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the Standalone Statement of Profit and Loss.

18. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

19. Statement of Cash flows

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

20. Segment Reporting

The Company is considered to have two operating segments 'Consumer Retail' and 'SME.' As per Ind AS-108 'Operating segments', if a financial report contains both the consolidated financial statements of a parent as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 'Operating segments' has been given in the Consolidated Financial Information.

21. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a 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.

The expenses relating to a provision is presented in the Standalone Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

c. Contingent liabilities

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

d. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

22. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

23. Standards issued but not yet effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 01 April 2020.

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Cash on hand	7.92	6.45
Balances with banks (of the nature of cash and cash equivalent)	3,411.71	1,840.04
Total	**3,419.63**	**1,846.49**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Earmarked balances with banks *	738.84	268.08
Expected credit Loss	(2.96)	(0.61)
Total	**735.88**	**267.47**

** Earmarked for securitised transaction, borrowings, etc.*

4. Loans

(Rs. in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
	Amortised cost	**Amortised cost**
(A)(i) Term loans	197,577.57	157,841.25
(ii) Loans repayable on demand	11,852.46	18,407.24
Total - Gross (A)	**209,430.03**	**176,248.49**
Less: Impairment loss allowance	(5,257.50)	(2,938.20)
Total - Net of impairment loss allowance (A)	**204,172.53**	**173,310.29**
(B)(i) Secured by tangible assets	99,804.50	84,776.40
(ii) Unsecured	109,625.53	91,472.09
Total - Gross (B)	**209,430.03**	**176,248.49**
Less: Impairment loss allowance	(5,257.50)	(2,938.20)
Total - Net of impairment loss allowance (B)	**204,172.53**	**173,310.29**
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	209,430.03	176,248.49
Total - Gross (C)	209,430.03	176,248.49
Less: Impairment loss allowance	(5,257.50)	(2,938.20)
Total - Net of impairment loss allowance (C)	**204,172.53**	**173,310.29**

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

5. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2020					As at March 31, 2019				
	Amortised cost	At Fair Value		Others*	Total	Amortised cost	At Fair Value		Others*	Total
		Through other comprehensive income	Through profit or loss				Through other comprehensive income	Through profit or loss		
Mutual funds	-	-	1,003.81	-	1,003.81	-	-	-	-	-
Debt securities	-	-	-	-	-	587.75	-	-	-	587.75
Equity instruments										
-Subsidiaries**	-	-	-	8,308.51	8,308.51	-	-	-	7,019.44	7,019.44
-Associates**	-	-	-	-	-	-	-	-	100.00	100.00
- Strategic Investment	-	-	-	-	-	-	121.62	-	-	121.62
Total - Gross (A)	**-**	**-**	**1,003.81**	**8,308.51**	**9,312.32**	**587.75**	**121.62**	**-**	**7,119.44**	**7,828.81**
Investments in India (B)	-	-	1,003.81	8,308.51	9,312.32	587.75	121.62	-	7,119.44	7,828.81
Total - Gross (B)	**-**	**-**	**1,003.81**	**8,308.51**	**9,312.32**	**587.75**	**121.62**	**-**	**7,119.44**	**7,828.81**
Less: Allowance for impairment loss **(C)**	-	-	-	(616.74)	- (616.74)	(1.82)	-	-	-	(1.82)
Less: Write off of investment **(D)**	-	-	-	-	-	-	-	-	(100.00)	(100.00)
Total - Net E = (A - C - D)	**-**	**-**	**1,003.81**	**7,691.77**	**8,695.58**	**585.93**	**121.62**	**-**	**7,019.44**	**7,726.99**

** Others are measured at cost.*

*** For details of investment in subsidiaries and associates, refer Note 29*

6. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other receivables	277.02	25.87
Loan to employees	43.51	114.41
Security Deposits (Unsecured, considered good)	273.74	138.53
Advances to related parties	1,073.23	870.07
Advances recoverable in cash	50.71	61.55
Less: Allowance for impairment loss	(5.44)	(2.28)
Total	**1,712.77**	**1,208.15**

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

7. Deferred tax

The major components of deferred tax assets arising on account of timing differences are as follows:

(Rs. in lakhs)

Particulars	Net balance April 01, 2019	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2020
Deferred tax assets				
Impairment loss on financial assets	772.25	421.66	-	1,193.91
Impairment on investments	29.12	151.28	-	180.40
Retirement benefit plans	42.11	(4.43)	-	37.68
Lease expense	-	29.82	-	29.82
Difference between written down value of fixed assets as per the books of accounts and income tax	(33.63)	64.12	-	30.49
(A)	**809.85**	**662.45**	**-**	**1,472.30**
Deferred tax liabilities				
Net fair value gain on investment designated through FVOCI	(6.30)	-	6.30	-
EIR impact on financial instruments	(11.83)	(340.80)	-	(352.63)
Remeasurement of defined benefit plan	-	6.62	(6.62)	-
Others	0.24	(1.48)	-	(1.24)
(B)	**(17.89)**	**(335.66)**	**(0.32)**	**(353.87)**
Deferred tax asset (net) (A+B)	**791.96**	**326.79**	**(0.32)**	**1,118.43**

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

8. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computer & Printer	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2019								
At carrying cost at the beginning of the year	22.71	0.91	-	3.00	174.03	-	-	200.64
Additions	-	35.66	708.55	17.99	191.50	-	-	953.70
Disposals	-	-	-	-	-	-	-	-
Gross carrying value as March 31, 2019	**22.71**	**36.57**	**708.55**	**20.99**	**365.53**	**-**	**-**	**1,154.34**
Accumulated depreciation as at the beginning of the year	0.02	0.00	-	0.07	14.39	-	-	14.49
Depreciation for the year	0.38	1.01	0.40	1.93	96.18	-	-	99.90
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	**0.40**	**1.01**	**0.40**	**2.00**	**110.57**	**-**	**-**	**114.39**
Net carrying value as at March 31, 2019	**22.31**	**35.56**	**708.15**	**18.99**	**254.96**	**-**	**-**	**1,039.95**
Year ended March 31, 2020								
At carrying cost at the beginning of the year	22.71	36.57	708.55	20.99	365.53	-	-	1,154.34
Additions during the year	-	44.78	263.30	86.64	180.71	52.84	2,128.88	2,757.15
Disposals	-	-	(250.30)	-	-	-	-	(250.30)
Gross carrying value as March 31, 2020	**22.71**	**81.35**	**721.55**	**107.63**	**546.24**	**52.84**	**2,128.88**	**3,661.19**
Accumulated depreciation as at the beginning of the year	0.40	1.01	0.40	2.00	110.57	-	-	114.38
Depreciation for the year	0.38	5.72	323.41	15.69	148.28	6.53	368.39	868.40
Disposals	-	-	(250.30)	-	-	-	-	(250.30)
Accumulated depreciation as at March 31, 2020	**0.78**	**6.73**	**73.51**	**17.69**	**258.85**	**6.53**	**368.39**	**732.48**
Net carrying value as at March 31, 2020	**21.92**	**74.62**	**648.04**	**89.94**	**287.39**	**46.31**	**1,760.49**	**2,928.71**

** Immovable properties have been pledged against debt securities issued. Refer Note 11*

*** Refer Note 32 for recognisition of right-of-use assets*

Notes to the Standalone Financial Statements

9. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2019	
At cost at the beginning of the year	0.57
Additions during the year	449.59
Gross carrying value as March 31, 2019	**450.16**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	0.00
Amortisation for the year	53.20
Accumulated amortisation as at March 31, 20219	**53.20**
Net carrying value as at March 31, 2019	**396.96**
Year ended March 31, 2020	
At cost at the beginning of the year	450.16
Additions during the year	107.54
Gross carrying value as March 31, 2020	**557.69**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	53.20
Amortisation for the year	209.01
Accumulated amortisation as at March 31, 2020	**262.21**
Net carrying value as at March 31, 2020	**295.49**

10. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	252.39	141.31
Advances recoverable in kind (Unsecured, considered good)	70.57	114.06
GST receivable	683.39	398.78
Total	**1,006.35**	**654.15**

Notes to the Standalone Financial Statements

11. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortised cost	Amortised cost
Debentures	42,105.62	47,814.80
Total	**42,105.62**	**47,814.80**
Debts securities in India	42,105.62	47,814.80
Total	**42,105.62**	**47,814.80**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2020	As at March 31, 2019
750, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed between the Company and the Debenture Trustee and a pari passu charge with other debenture holders on the identified immovable property owned by the Issuer. The Hypothecated receivables shall at all times be equal to 1.1x to 1.15x the value of the outstanding amount of the Debentures.	Maturity date - June 26, 2019; Maturity price - Rs. 11,17,183 each	-	8,209.85
500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	6,068.98	5,524.47
1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 825 days from the date of allotment. Annual payment of coupon.	15,047.83	15,023.30
750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Annual payment of coupon.	8,208.86	8,176.38
450, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1096 days from the date of allotment. Annual payment of coupon.	-	4,900.45
550, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1091 days from the date of allotment. Annual payment of coupon.	-	5,980.35
158, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 15.8 Crores redeemable at premium at the end of 730 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,653.72	-
156, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 15.6 Crores redeemable at premium at the end of 451 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,621.98	-
192, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 19.22 Crores redeemable at premium at the end of 428 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,967.73	-
348, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 34.89 Crores redeemable at premium at the end of 732 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	3,553.81	-
396, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 39.60 Crores redeemable at premium at the end of 731 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	3,982.71	-
Total			**42,105.62**	**47,814.80**

12. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	50,699.91	45,901.80
(ii) from other parties	15,145.11	19,664.54
(b) Loan from related parties	4,294.38	-
(c) Loans repayable on demand		
(i) from banks	4,476.26	9,923.97
(ii) from other parties	-	2,007.42
Total	**74,615.66**	**77,497.73**
Borrowings in India	74,615.66	77,497.73
Total	**74,615.66**	**77,497.73**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2020	As at March 31, 2019
Borrowings				
a) Banks	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables") and fixed deposits. The Hypothecated receivables shall be ranging from 1.1x to 1.33x the value of the outstanding principal amount of the borrowings.	The tenure of borrowings ranges from 12 months to 60 months. Principal and interest shall be repayable in instalments (either monthly or quarterly basis) Rate of Interest ("ROI") - 9.75% to 11.65%	50,699.91	45,901.80
b) Others	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables"). The Hypothecated receivables shall be ranging from 1.15x to 1.25x the value of the outstanding principal amount of the borrowings.	The tenure of borrowings ranges from 12 months to 36 months. Principal and interest shall be repayable in instalments (either monthly or quarterly basis). ROI - 10.35% to 12.45%	15,014.28	17,203.06
	Secured by way of charge on fixed deposits and receivable to the extent of 3.22x of the amount of pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings. ROI - 10.35% to 12.45%	130.83	2,461.48
Loan from related parties (Refer Note 29)	Unsecured loan	Repayable on demand. Interest is repayable on a yearly basis. ROI - 10.50%	4,294.38	-
Repayable on demand	First pari pasu charge by way of hypothecation of receivable to the extent of 1.10x of the amounts outstanding under the facility.	Repayable on demand. Interest is repayable on a monthly basis. ROI - 11.00%	1,514.01	4,533.96
Cash Credit facilities from Bank	First pari pasu charge by way of hypothecation of receivable to the extent of 1.1x to 1.25x the amounts outstanding under the facility	Repayable on demand. Interest is repayable on a monthly basis. ROI - 10.05% to 11.00%	2,962.25	7,397.43
Total			**74,615.66**	**77,497.73**

Notes to the Standalone Financial Statements

13. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liability (Refer Note 32)	1,878.95	-
Advances from customers	1,429.05	659.71
Expense payable	16.19	182.95
Security deposits	10.57	7.37
Employee expenses payable	0.69	11.88
Others	3.96	2.77
Total	**3,339.41**	**864.68**

14. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 30)	149.71	144.60
Expected credit loss provision on undrawn commitments	4.19	3.54
Total	**153.90**	**148.14**

15. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	649.40	376.61
Provision for expenses	1,402.69	1,481.29
Total	**2,052.09**	**1,857.90**

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

16 (A). Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,000,000,000	200,000.00	2,000,000,000	200,000.00
Preference Shares of Rs. 10/- each	80,000,000	8,000.00	-	-
Total	**2,080,000,000**	**208,000.00**	**2,000,000,000**	**200,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	307,636,727	30,763.67	307,629,303	30,762.93
Preference Shares of Rs. 10/- each fully paid	78,516,289	7,851.63	-	-
Total	**386,153,016**	**38,615.30**	**307,629,303**	**30,762.93**

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the Standalone Financial Statements

Terms/rights attached to preference shares

Each Cumulative Compulsory Convertible Preference Share ("CCCPS") shall be a 0.001% coupon preference share denominated in Indian Rupees and shall be fully and cumulatively compulsorily convertible within a period of 19 years from the date of their issue.

Each holder of CCCPS shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other applicable laws from time to time and as specified under the Articles of Association. Further to the aforesaid, for the purpose of voting, the holder of the CCCPS shall be deemed to have converted all its CCCPS into Equity Shares and shall have voting rights on every resolution placed before the Company on the basis of its shareholding in the Company on as “as converted” basis or Fully Diluted Basis, i.e., assuming the conversion of all the CCCPS held by it into Equity Shares.

Equity shares held by holding company

Out of the equity shares issued by the company, shares held by its holding company :

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	230,373,125	23,037.31	230,373,125	23,037.31
Total	**230,373,125**	**23,037.31**	**230,373,125**	**23,037.31**

Details of shareholder(s) holding more than 5% of shares in the company :

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	230,373,125	59.66%	230,373,125	74.89%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	45,036,765	11.66%	-	0.00%
IDFC Private Equity Fund IV	28,782,735	7.45%	28,782,735	9.36%
Alpha Capital Advisors Private Limited A/C PMS	26,304,302	6.81%	-	0.00%
Total	**330,496,927**	**85.59%**	**259,155,860**	**84.24%**

Notes to the Standalone Financial Statements

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding

During the current financial year the Company has issued Nil equity shares for consideration other than cash (Previous year: 18,24,514 shares). Further, during the current year Optionally Convertible Debentures ("OCD") having face value of Rs. 10 per OCD were converted to Nil equity shares (Previous year: 3,77,77,340 share in 1:1 ratio).

Equity shares reconciliation

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	307,629,303	30,762.93	264,080,247	26,408.02
Add: Issued during the year				
Shares issued during the year	-		4,35,49,056 *	4,354.91
ESOP exercised during the year	7,424	0.74	-	-
Bought during the year	-	-	-	-
At the end of the year	**307,636,727**	**30,763.67**	**307,629,303**	**30,762.93**

***** *includes shares issued on conversion of optionally convertible debentures* **.**

Preference shares reconciliation

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	-	-	-	-
Add: Issued during the year				
Shares issued during the period	78,516,289	7,851.63	-	-
Bought during the period	-	-	-	-
At the end of the year	**78,516,289**	**7,851.63**	**-**	**-**

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Notes to the Standalone Financial Statements

16 (B). Other Equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus							Equity instruments through OCI	Total
		Special reserve	Capital reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings		
Balance at March 31, 2018	**1,191.65**	**242.42**	**(6,722.25)**	**26,476.07**	**23.51**	**-**	**-**	**(155.80)**	**4.83**	**21,060.43**
Profit for the year	-	-	-	-	-	-	-	377.46	-	377.46
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	27.84	-	27.84
Other comprehensive income for the year	-	-	-	-	-	-	-	-	10.51	10.51
Total comprehensive income for the year (net of tax)	**-**	-	-	-	-	-	-	**405.30**	**10.51**	**415.81**
Transfer / utilisations	**-**	-	-	-	-	-	-	-	-	-
Additions during the period	370.35	-	**5,793.86**	-	**(1.65)**	**65.05**	-	-	-	6,227.63
Utilized during the year	-	-	-	(63.08)	-	-	-	-	-	(63.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	75.49	-	-	-	-	-	(75.49)	-	-
Employee stock option expense	-	-	-	-	-	-	136.09	-	-	136.09
Tranferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	**928.39**	-	-	-	-	633.61	-	(0.00)
Balance at March 31, 2019	**-**	**317.91**	**-**	**27,440.03**	**21.88**	**65.05**	**136.09**	**807.62**	**15.34**	**28,803.92**
Profit for the year	-	-	-	-	-	-	-	433.71	-	433.71
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	25.99	-	25.99
Other comprehensive income for the year	-	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	**-**	-	-	-	-	-	-	**459.70**	**0.02**	**459.72**
Transfer / utilisations										
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.77)	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	-	86.74	-	-	-			(86.74)	-	-
Employee stock option expense	-	-	-	-	-	(14.15)	598.68	-	-	584.53
Balance at March 31, 2020	**-**	**404.65**	**-**	**61,707.79**	**21.88**	**50.90**	**734.77**	**1,180.58**	**15.36**	**64,115.93**

Nature and purpose of each reserves

Equity component of optionally convertible debentures - This is the equity component of the optionally convertible debentures. The liability component is reflected in debt securities (Refer Note 12)

Special reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934.

Capital reserve - This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

Securities premium - The securities premium account is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Deemed equity - This reserves is outcome of security deposits placed by Incred Management and Technology Services Private Limited (wholly owned subsidiary) on behalf of the Company.

Capital contribution from parent - The capital contribution from parent is the outcome of share based arrangement where Bee Finance Limited (Mauritius), Holding Co. has granted equity settled options to the employees of the Company.

Share based payment reserve - The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the company and its subsidiaries under stock option schemes of the Company.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.

Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option.

17. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	On financial assets measured at amortised cost	On financial assets measured at amortised cost
Interest on loans	30,932.12	28,236.38
Interest income from investments	40.22	87.75
Interest on deposits with banks	25.26	7.69
Total	**30,997.60**	**28,331.82**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2020 and 31 March 2019.

18. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other fees and charges	749.82	729.97
Service fees	56.00	-
Total	**805.82**	**729.97**

19. Net gain/ (loss) on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
-Investments	365.98	(5.14)
Total	**365.98**	**(5.14)**
Fair value changes:		
-Realised	362.17	(5.14)
-Unrealised	3.81	-

20. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Marketing income	135.00	-
Service fee income	606.19	-
Other income	11.06	-
Total	**752.25**	**-**

Notes to the Standalone Financial Statements

21. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
(i) Interest on borrowings	7,463.01	7,762.63
(ii) Discount on Commercial Paper	93.85	1,367.32
(iii) Interest on Debentures	3,801.05	4,654.02
(iv) Interest on Inter Corporate Debts ("ICD") (Refer Note 29)	321.88	-
(v) Liability towards operating lease (Refer Note 32)	151.78	-
(vi) Other finance cost	29.83	-
Total	**11,861.40**	**13,783.97**

22. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On Financial instruments measured at amortised cost		
(i) Loans	5,526.87	2,380.82
(ii) Investments	(1.82)	0.02
(iii) Others	5.18	2.60
Total	**5,530.23**	**2,383.44**

23. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	8,020.45	6,934.28
Contribution to provident and other funds	262.35	154.00
Share based payment to employees	545.91	175.55
Staff welfare expenses	199.52	66.84
Retirement Benefit expenses	31.42	62.78
Others	9.27	8.84
Total	**9,068.92**	**7,402.29**

Notes to the Standalone Financial Statements

24. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent (Refer Note 32)	196.85	637.84
Communication cost	96.11	82.86
Provision for diminution in the value of investments	-	100.00
Travelling and conveyance	344.29	406.98
Legal, professional and consultancy charges	296.72	669.60
Membership and Subscription	4.27	10.91
IT expenses	628.79	513.26
Repairs and maintenance	14.53	23.23
Rating fees	47.84	67.49
Printing and stationary	29.64	35.95
Bank charges	28.15	14.21
Bureau charges	290.19	334.14
Directors' sitting fees	10.63	4.27
Payment to auditors	66.11	59.95
Advertisement, publicity and sales promotion expenses	385.90	466.85
Operation Cost	425.13	268.82
Office Expense	316.06	254.66
Postage & courier charges	62.20	50.02
Interest on statutory dues	0.09	0.33
Recruitment fees	126.88	126.49
Stamp Duty & Filing fees	62.22	54.62
Legal & Technical charges	88.76	224.61
Corporate Social responsibility (Refer Note 38)	16.93	8.02
Cost of Collection	542.04	314.20
Miscellaneous expenses	70.82	43.49
Total	**4,151.15**	**4,772.80**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Auditor's remuneration		
- Audit fees	59.95	54.50
In other capacity		
- Certification services	6.16	5.45
- Taxation	-	-
Other of pocket expenses	-	-
Total	**66.11**	**59.95**

Notes to the Standalone Financial Statements

25. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	INR	INR
Current tax expense		
Current year	508.89	444.48
	508.89	**444.48**
Deferred tax expense		
Origination and reversal of temporary differences	(326.79)	(260.89)
Deferred tax expense	**(326.79)**	**(260.89)**
Tax expense for the year	**182.10**	**183.59**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	INR	INR	INR	INR	INR	INR
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	26.31	(6.62)	19.68	39.28	(11.44)	27.84
(b) Equity instruments through other comprehensive income	0.02	6.30	6.33	14.26	(3.75)	10.51
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	-	-	-	-	-	-
	26.33	**(0.32)**	**26.01**	**53.54**	**(15.19)**	**38.35**

(c) Amounts recognised directly in equity

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	INR	INR	INR	INR	INR	INR
Temporary difference arising from optionally convertible debentures	-	-	-	1,191.65	370.36	1,562.00
	-	**-**	**-**	**1,191.65**	**370.36**	**1,562.00**

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	INR	INR
Profit before tax as per Statement of profit and loss (A)	615.81	561.05
Statutory tax rate	25.17%	29.12%
Tax using the Company's domestic tax rate (B)	155.00	163.38
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	7.34	24.30
Effect of income exempt from income tax	(97.74)	(19.97)
Tax pertaining to prior year	1.52	16.29
Other adjustments	8.55	(0.41)
Impact for change in tax rate	107.43	-
Effective tax amount	**182.10**	**183.59**
Effective tax rate	29.57%	32.72%

(e) The Company has elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section. The full impact of the above mentioned change of Rs. 107.43 lakhs has been recognised in the standalone statement of profit and loss for the year ended March 31, 2020.

Notes to the Standalone Financial Statements

26. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to equity holders of the Company used in calculating basic earnings per share	433.71	377.46
Add: Interest savings on convertible bonds		-
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	**433.71**	**377.46**

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	380,366,142	305,186,859
Adjustments for calculation of diluted earnings per share:	-*	731,391
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**380,366,142**	**305,918,250**
Basic earnings per share	**0.11**	**0.12**
Diluted earnings per share	**0.11**	**0.12**

** The ESOPs outstanding are anti-dilutive in nature*

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Notes to the Standalone Financial Statements

27. Fair Value Measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Others	FVTPL	FVOCI	Amortised Cost	Others
Financial assets								
Cash and cash equivalents	-	-	3,419.63	-	-	-	1,846.49	-
Bank balance other than cash and cash equivalents	-	-	735.88	-	-	-	267.47	-
Loans	-	-	204,172.53	-	-	-	173,310.29	-
Investments								
-Mutual funds	1,003.81	-	-	-	-	-	-	-
-Debt securities	-	-	-	-	-	-	585.93	-
-Equity instruments (Strategic instruments)	-	-	-	-	-	121.62	-	-
Other financial assets	-	-	1,712.77	-	-	-	1,208.15	-
		-						
Total financial assets	**1,003.81**	**-**	**210,040.81**	**-**	**-**	**121.62**	**177,218.33**	**-**
Financial liabilities								
Debt securities	-	-	42,105.62	-	-	-	47,814.80	-
Borrowings (other than debt securities)	-	-	74,615.66	-	-	-	77,497.73	-
Other financial liabilities	-	-	3,339.41	-	-	-	864.68	-
Total financial liabilities	**-**	**-**	**120,060.69**	**-**	**-**	**-**	**126,177.21**	**-**

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Strategic investments	-	-	-	-	-	-	121.62	121.62
Investment in mutual funds	1,003.81	-	-	1,003.81	-	-	-	-
Investment in debt securities	-	-	-	-	-	-	-	-
Total	**1,003.81**	**-**	**-**	**1,003.81**	**-**	**-**	**121.62**	**121.62**

Notes to the Standalone Financial Statements

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	3,419.63	-	-	3,419.63	1,846.49	-	-	1,846.49
Bank balance other than cash and cash equivalents	735.88	-	-	735.88	267.47	-	-	267.47
Investments	-	-	-	-	-	-	-	
- Optionally Convertible Debentures	-	-	-	-	-	-	587.75	587.75
Loans	-	-	205,560.83	205,560.83	-	-	175,354.54	175,354.54
Other financial assets	-	-	1,712.77	1,712.77	-	-	1,208.15	1,208.15
Total	**4,155.51**	**-**	**207,273.60**	**211,429.11**	**2,113.96**	**-**	**177,150.44**	**179,264.40**
Financial Liabilities								
Debt securities	-	-	42,112.57	42,112.57	-	-	47,814.80	47,814.80
Borrowings (other than debt securities)	-	-	74,601.32	74,601.32	-	-	77,497.73	77,497.73
Other financial liabilities	-	-	3,339.41	3,339.41	-	-	864.68	864.68
Total	**-**	**-**	**120,053.30**	**120,053.30**	**-**	**-**	**126,177.21**	**126,177.21**

(Rs. in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	3,419.63	3,419.63	1,846.49	1,846.49
Bank balance other than cash and cash equivalents	735.88	735.88	267.47	267.47
Loans	204,172.53	205,560.83	173,310.29	175,354.54
Investments				
-Mutual funds	1,003.81	1,003.81	-	-
-Debt securities	-	-	585.93	585.93
-Strategic instruments	-	-	121.62	121.62
Other financial assets	1,712.77	1,712.77	1,208.15	1,208.15
Total	**211,044.62**	**212,432.92**	**177,339.96**	**179,384.20**
Financial liabilities				
Debt securities	42,105.62	42,112.57	47,814.80	47,814.80
Borrowings (other than debt securities)	74,615.66	74,601.32	77,497.73	77,497.73
Other financial liabilities	3,339.41	3,339.41	864.68	864.68
Total	**120,060.69**	**120,053.30**	**126,177.21**	**126,177.21**

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Company considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Company's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

Financial instruments held at amortised cost

i. Cash and bank balance:
The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:
For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:
Other financial assets comprise primarily of advances to related parties and other advances. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

iv. Debt securities and borrowings:
The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing market rates for debts with a similar credit risk and remaining maturity. For floating rate borrowings, the fair value approximates the carrying value. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2020 has been considered.

v. Other financial liabilities:
Other financial liabilities comprise primarily of advances received from customers and other payables. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

Financial instruments held at fair value

i. Investment in mutual fund:

The investment in mutual funds are valued using the closing NAV in the market.

ii. Investment in equity shares:

The fair value of equity instruments has been computed based on the discounted cash flow method provided by independent valuer or /and in accordance with the sale agreement. The said equity shares are sold in the month of April 2019.

Gains or losses on transfers amongst categories

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Transfers between level 1 and 2

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 during the financial years ended March 31, 2020 and March 31, 2019.

Transfers between level 3 and 2

There are no transfers of financial assets and liabilities measured at fair value between Levels 2 and 3 during the financial years ended March 31, 2020 and March 31, 2019

D. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the year ended March 31, 2020.

(Rs. in lakhs)

Particulars	Equity
As at March 31, 2018	**107.37**
Gains recognised in other comprehensive income	14.26
As at March 31, 2019	**121.63**
Acquisitions/(Disposal)	(121.61)
Gains recognised in other comprehensive income	(0.02)
As at March 31, 2020	**(0.00)**

28. Financial risk management

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.
The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

28. Financial risk management (continued)

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations i.e. receivables from customers, investments in debt securities etc. Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

i) Credit risk management

The Company key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks . The Company considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:

- **Income and cash flow analysis:** The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- **Credit history analysis:** The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- **Borrower's profile and intended use of the funds:** The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- **Security cover provided:** The Company has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- **Collectability and geo-location:** . The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or

Measurement of Expected Credit Losses ('ECL')

The Company has segmented its outstanding portfolio based on the risk profiles i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Company has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

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 ECL 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 /collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3. Considering the current macro economic scenario, due to Covid, the probability of defaults have been increased over and above the historical trends across product verticals.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90 + days	Stage 3	Life Time ECL	Life Time ECL

Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. As a practice the company writes of unsecured loans outstanding for more than 450 days and 540 days incase of secured loans. However, in case of Small, Medium Enterprises (SME) Loans are written off on a case-to-case basis, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements
As at March 31, 2020

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost - Debt securities			
	Loans at amortised cost - Term Loans and Loans repayable on demand	198,488.76	1,339.76	197,149.00
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,851.10	4.19	9,846.91
	Other financial assets	1,358.80	5.44	1,353.36
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Loans - Term Loans and Loans repayable on demand	4,229.38	294.80	3,934.58
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans - Term Loans and Loans repayable on demand	6,711.89	3,622.94	3,088.95

As at March 31, 2019

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost - Debt securities	587.75	1.82	585.93
	Loans at amortised cost	168,739.64	592.54	168,147.10
	Bank balance other than cash and cash equivalents	268.08	0.61	267.47
	Loan commitments	10,100.85	3.54	10,097.31
	Other assets	1,210.43	2.28	1,208.15
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Loans - Term Loans	3,921.90	197.21	3,724.69
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans - Term Loans	3,586.95	2,148.45	1,438.50

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised financial instruments. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table. For financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount.

(Rs. in lakhs)

Particulars	Gross Exposure as at March 31, 2020	Gross Exposure as at March 31, 2019
Cash and cash equivalent	3,419.63	1,846.49
Balances with Banks	738.84	268.08
Loans	209,430.03	176,248.49
Investment securities	-	587.75
Other financial assets	1,718.20	1,210.43
Total credit risk exposure	**215,306.70**	**180,161.24**

Collateral held

The Company periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Company varies on case to case basis and includes:

i) First/Subservient charge on the Land and/or Building of the project or other projects
ii) First/Subservient charge on the fixed and current assets of the borrower
iii) Hypothecation over receivables from funded project or other projects of the borrower
iv) First loss guarantee default (FLDG) in the form of cash collateral, lien on fixed deposits etc.

Value of security of Credit Impaired assets

The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Value of Security	2,888.50

Notes to the Standalone Financial Statements

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as services, GDP, recorded unemployment, growth rate, current account balance etc. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

iii) Reconciliation of loss allowance provision

For loans

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loss allowance on March 31, 2019	**592.54**	**197.21**	**2,148.45**
Remeasurement of loss allowance	42.83	(65.91)	2,055.47
Assets originated or purchased	739.48	116.72	407.66
Transferred to 12-month ECL	9.28	(39.97)	(21.89)
Transferred to Lifetime ECL not credit impaired	(16.62)	153.11	(2.21)
Transferred to Lifetime ECL credit impaired	(27.74)	(66.36)	2,574.67
Write – offs	-	-	(3,539.22)
Loss allowance on March 31, 2020	**1,339.77**	**294.80**	**3,622.93**

For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2019	**1.82**
Changes in loss allowances due to Assets used or released	(1.82)
Loss allowance on March 31, 2020	**-**

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on 31 March 2019	**3.54**
Changes in loss allowances due to Assets used or released	0.65
Loss allowance on 31 March 2020	**4.19**

Concentration of credit risk

The Company monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below.

(Rs. in lakhs)

Particulars	Loans and advances to customers	
	As at March 31, 2020	As at March 31, 2019
Concentration by region		
North	30,112.17	34,440.26
South	99,329.26	79,489.13
East	9,254.90	5,409.10
West	70,733.70	56,910.00
Total	**209,430.03**	**176,248.49**

(Rs. in lakhs)

Particulars	Loan commitments and financial guarantees issued	
	As at March 31, 2020	As at March 31, 2019
Concentration by region		
North	1,215.32	2,174.25
South	4,427.41	3,277.59
East	574.73	451.91
West	3,633.64	4,197.10
Total	**9,851.10**	**10,100.85**

Offsetting financial assets and financial liabilities

There are no financial assets and Financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

Notes to the Standalone Financial Statements

Provision for impact of COVID-19

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Company have provided a moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if the said amounts were overdue on February 29, 2020. RBI vide its notification dated May 23, 2020 has further extended moratorium period upto August 31, 2020 due to further intensification of COVID-19 impact. For all such accounts, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy). The aforesaid relaxation has not been deemed to be triggering significant increase in credit risk.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. In addition to the above, the Company has also created a provision of Rs 300 lakhs against Ind AS staging benefit considered on account of moratorium. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Notes to the Standalone Financial Statements

28. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Company has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Company has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at March 31, 2020
- Expiring within one year	11,038.25
- Expiring beyond one year	-
Total	**11,038.25**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at March 31, 2020 (Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings (other than debt securities)	12	74,615.66	(105,358.58)	(42,061.81)	(35,579.50)	(27,717.27)	-
Other financial liabilities	13	3,339.40	(3,339.40)	(20.83)	(3,318.57)	-	-
Loan commitments	33	9,851.10	(9,851.10)	(5,430.48)	(4,420.62)	-	-
Total		**129,911.78**	**(164,347.53)**	**(73,946.84)**	**(62,683.42)**	**(27,717.27)**	**-**

Notes to the Standalone Financial Statements

As at March 31, 2019 (Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	47,814.80	(52,543.33)	(21,787.65)	(30,755.68)	-	-
Borrowings (other than debt securities)	12	77,497.73	(85,544.03)	(52,338.74)	(31,227.18)	(1,978.11)	-
Other financial liabilities	13	864.68	(864.68)	(857.31)	(7.37)	-	-
Loan commitments	33	10,100.85	(10,100.85)	-	-	(5,050.42)	(5,050.42)
Total		**136,278.06**	**(149,052.89)**	**(74,983.70)**	**(61,990.23)**	**(7,028.53)**	**(5,050.42)**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on nonderivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2020 (Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,419.63	3,419.63	3,419.63	-	-	-
Bank deposits	3	735.88	766.12	766.12	-	-	-
Loans	4	204,172.53	290,761.79	107,619.28	79,625.49	36,443.38	67,073.64
Investments	5	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	6	1,712.77	1,712.77	1,432.81	279.96	-	-
Total		**211,044.62**	**297,664.12**	**114,241.65**	**79,905.45**	**36,443.38**	**67,073.64**

As at March 31, 2019 (Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,846.49	1,846.49	1,846.49	-	-	-
Bank deposits	3	267.47	285.83	141.73	144.10	-	-
Loans	4	173,310.29	245,869.61	90,664.78	62,201.54	32,699.65	60,303.63
Investments	5	707.55	779.81	779.81	-	-	-
Other financial assets	6	1,208.15	1,208.15	1,167.69	40.46	-	-
Total		**177,339.95**	**249,989.89**	**94,600.50**	**62,386.10**	**32,699.65**	**60,303.63**

Notes to the Standalone Financial Statements

28. Financial risk management (continued)

C. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely. The Company has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Company's interest rate risk arises majorly from borrowings and loans. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2020	As at March 31, 2019
Loans		
Fixed rate loans	108,509.09	73,311.89
Variable rate loans	98,427.11	101,186.24
Bank balance other than cash and cash equivalents	723.06	265.60
Investment in debentures	-	500.00
Total	**207,659.26**	**175,263.73**
Borrowings		
Fixed rate borrowings	(51,352.03)	(47,449.67)
Variable rate borrowings	(64,278.82)	(75,026.89)
Total	**(115,630.85)**	**(122,476.56)**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Company's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2020 and March 31, 2019 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2020				
Variable-rate instruments	341.48	(341.48)	341.48	(341.48)
Cash flow sensitivity (net)	**341.48**	**(341.48)**	**341.48**	**(341.48)**
March 31, 2019				
Variable-rate instruments	261.59	(261.59)	261.59	(261.59)
Cash flow sensitivity (net)	**261.59**	**(261.59)**	**261.59**	**(261.59)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Price risk

The Company is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/ lower by 1% from market price existing as at March 31, 2020, profit or loss(pre-tax) for the year ended March 31, 2020 would increase/ decrease by Rs. 10.03 lakhs (Previous Year: NIL) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2020.

The Company is currently not exposed to any equity price risks arising from equity investments classified in the Balance Sheet at fair value through Other Comprehensive Income since the amount outstanding as at March 31, 2020 is Nil (Previous year: Rs. 6.08 lakhs).

Notes to the Standalone Financial Statements

29. Related party disclosures

Key managerial personnel

Name of the Director	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and Chief Executive Officer (w.e.f. May 16, 2019)
Mr. Sunil Agarwal, Director	Whole-time director (w.e.f. April 01, 2018 upto June 11, 2018)
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer (w.e.f. June 12, 2018)

Enterprises where key management personnel exercises control

1. BSH Corporate Advisors and Consultants Private Limited (w.e.f. February 13, 2018 upto April 18, 2019)
2. InCred Capital Inclusion Advisory Private Limited (w.e.f May 20, 2019)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2020	As at March 31, 2019
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.66%	74.89%

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2020	As at March 31, 2019
Incred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%
Incred Housing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited) (w.e.f. March 21, 2018)	India	Mumbai	100.00%	100.00%
Booth Fintech Private Limited (w.e.f. July 09, 2018)	India	Mumbai	100.00%	86.44%

Indirect subsidiary (subsidiary of Booth Fintech Private Limited)

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2020	As at March 31, 2019
mValu Technology Services Private Limited (w.e.f. December 27, 2018 till March 24, 2019) (Holding 65.69%)	India	Mumbai	0.00%	38.47%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2020	As at March 31, 2019
mValu Technology Services Private Limited (w.e.f. March 25, 2019 to)	India	Mumbai	40.96%	38.47%

Associate Enterprise

1. mValu Technology Private Limited (w.e.f March 25, 2019)
2. Digilend Analytics and Technology Private Limited (on account of Board seat, till March 22, 2019)

Transactions with key management personnel

i. Key management personnel compensation (Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expenses	570.22	211.05

As the liabilities for gratuity, leave encashment and share based payments are provided on actuarial basis for the Company as a whole and hence the amounts pertaining to the key management personnel are not included in the above.

Notes to the Standalone Financial Statements

29. Related party disclosures (continued)

Related party relationships, transactions and balances

Note 29 above provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Transactions with related parties

(Rs. in lakhs)

Sr. No	Nature of transactions	Holding Company	Subsidiaries	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or controlled by Key Managerial Personnel	Associate	Associate of subsidiary
1	**Purchase of equity shares of subsidiary company**						
	March 31, 2020	1,050.25	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
2	**Investment in equity shares**						
	March 31, 2020	-	200.20	-	-	-	-
	March 31, 2019	-	367.11	-	-	-	-
3	**Security Deposit received**						
	March 31, 2020	-	-	3.20	-		-
	March 31, 2019	-	-	-	-		-
4	**Issue of equity shares**						
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	454.90	-	-	-
5	**Securities Premium received on issue of equity shares**						
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	809.46	-	-	-
6	**ICD given**						
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	13,758.04	-	-	-	-
7	**ICD taken**						
	March 31, 2020	-	4,400.00	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
8	**Repayment of ICD given (including interest net of TDS)**						
	March 31, 2020	-	395.75	-	-	-	-
	March 31, 2019	-	27,982.17	-	-	-	-
9	**Repayment of ICD taken (including interest net of TDS)**						
	March 31, 2020	-	335.75	-	-	-	-
	March 31, 2019	-	-	-	-	-	-

Sr. No	Nature of transactions	Holding Company	Subsidiaries	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or controlled by Key Managerial Personnel	Associate	Associate of subsidiary
10	**License fees expense**						
	March 31, 2020	-	5.45	-	-	-	-
	March 31, 2019	-	1.24	-	-	-	-
11	**License fees Income**						
	March 31, 2020	-	-	-	-	-	56.00
	March 31, 2019	-	-	-	-	-	12.73
12	**Interest Income on ICD**						
	March 31, 2020	-	11.95	-	-	-	-
	March 31, 2019	-	1,416.24	-	-	-	-
13	**Interest Expense on ICD**						
	March 31, 2020	-	255.70	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
14	**Expenses on account Reimbursement**						
	March 31, 2020	-	244.83	-	-	-	-
	March 31, 2019	-	463.60	-	-	-	-
15	**Income from reimbursement**						
	March 31, 2020	-	-	-	91.85	-	14.34
	March 31, 2019	-	-	-	-	-	-
16	**Fee and commission expense**						
	March 31, 2020	-	-	-	19.01	-	-
	March 31, 2019	-	-	-	-	40.73	-
17	**Advances given**						
	March 31, 2020	-	464.13	-	-	-	-
	March 31, 2019	-	1,637.00	-	70.17	-	-
18	**Advances repaid**						
	March 31, 2020	-	20.25	-	-	-	-
	March 31, 2019	-	1,674.00	-	-	-	-
19	**Purchase of Loan Portfolio**						
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	726.15	-	-	-	-

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (*Refer Note 31 for further details).*

Notes to the Standalone Financial Statements

29. Related party disclosures (continued)

Summary of balance receivable from / (payable to) the above related are as follows:

(Rs. in lakhs)

Sr. No.	Nature of transactions	Holding Company	Subsidiaries	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or controlled by Key Managerial Personnel	Associate of subsidiary
1	**Advances/Receivables**					
	March 31, 2020	-	1,068.37	-	99.19	17.11
	March 31, 2019	-	856.31	-	-	13.75
2	**Investments (at cost)**					
	March 31, 2020	-	8,206.80	-	-	-
	March 31, 2019	-	7,019.44	-	-	-
3	**Loans**					
	March 31, 2020	-	-	-	-	-
	March 31, 2019	-	392.81	-	-	-
4	**ICD Payable**					
	March 31, 2020	-	4,294.38	-	-	-
	March 31, 2019	-	-	-	-	-
5	**Other Payables**					
	March 31, 2020	-	-	-	19.01	-
	March 31, 2019	-	-	-	-	-
4	**Capital Contribution**					
	March 31, 2020	-	-	3.20	-	-
	March 31, 2019	-	-	-	-	-
4	**Number of options outstanding**					
	March 31, 2020	248	1,400,000	-	-	-
	March 31, 2019	549	1,000,000	-	-	-

Terms and conditions of transactions with related parties

The transactions with related parties are made on arm's length basis. Outstanding balances at the year-end are unsecured, interest is charged at the rate of 10.50% and is repayable on demand.

Notes to the Standalone Financial Statements

30. Employee benefits

1. The Company has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	237.16	154.00

2. Gratuity
Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	61.59	38.09
Interest cost	4.16	2.91
Current Service cost	46.68	48.70
Liability Transferred In/Acquisition	-	11.17
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	(36.42)	(31.96)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	2.23	(16.21)
Actuarial Losses on Obligations - Due to Experience	7.88	8.89
Liability at the end of the year	**86.12**	**61.59**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of benefit obligation at the end of the year	(86.12)	(61.59)
Fair value of plan assets at the end of the year		-
Funded Status (Deficit)	(86.12)	(61.59)
Net (Liability)/Asset Recognized in the Balance Sheet	**(86.12)**	**(61.59)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	46.68	48.70
Net Interest cost	4.16	2.91
Expenses recognised	**50.84**	**51.61**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial (Gains) on obligation for the year	(26.31)	(39.28)
Net (Income) for the year recognized in OCI	**(26.31)**	**(39.28)**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.21%	6.76%
Salary escalation rate	7.00%	7.00%
Expected Rate of return on Plan Assets	N.A.	N.A.
Rate of Employee Turnover	35%	25%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

Notes to the Standalone Financial Statements

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation (Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening net liability	**61.59**	38.09
Expenses recognized in Statement of Profit and Loss	50.84	51.61
Expenses recognized in OCI	(26.31)	(39.28)
Net (Asset) Transfer In	-	11.17
Net liability recognized in the Balance Sheet	**86.12**	**61.59**

Cash Flow Projection
Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefits payable in future years from the date of reporting		
1st following year	0.52	0.30
2nd following year	0.38	0.26
3rd following year	19.48	0.22
4th following year	23.36	12.73
5th following year	19.99	16.44
Sum of years 6 To 10	37.92	44.61
Sum of years 11 and above	6.71	20.15

Sensitivity analysis (Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefit obligation on current assumptions	86.12	61.59
Delta effect of +1% change in rate of discounting	(3.46)	(3.41)
Delta effect of -1% change in rate of discounting	3.69	3.71
Delta effect of +1% change in rate of salary increase	3.52	3.63
Delta effect of -1% change in rate of salary increase	(3.40)	(3.42)
Delta effect of +1% change in rate of employee turnover	(3.36)	(2.68)
Delta effect of -1% change in rate of employee turnover	3.46	2.77

Qualitative disclosures

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

3. Compensated absences
The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Company is given below:

Particulars	As at March 31, 2020	As at March 31, 2019
Assumptions:		
Discount rate	5.21%	6.76%
Salary escalation rate	7.00%	7.00%
Rate of Employee Turnover	35.00%	25.00%

31. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Company has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

The Company has established share option plans that entitle the employees of the Company and its subsidiary companies to purchase the shares of the Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the vesting of grants under these plans are continued employment with the company from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

The model inputs for options granted during the year ended March 31, 2020

Particulars / Grant date	April 1, 2019	May 31, 2019	July 1, 2019	October 1, 2019	January 1, 2020
Fair value as on grant date (weighted average)	28.99	28.94	28.85	27.81	27.91
Share price as on grant date	54.40	54.40	54.40	54.40	54.40
Exercise price	40.00	40.00	40.00	40.00	40.00
Expected volatility (weighted average volatility)	0.35	0.35	0.35	0.35	0.35
Expected life (expected weighted average life)	8.5 years	8.5 years	8.5 years	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	7.08%	7.03%	6.93%	6.49%	6.62%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.				

The model inputs for options granted during the year ended March 31, 2019

Particulars / Grant date	July 1, 2018	October 1, 2018	January 1, 2019
Fair value as on grant date (weighted average)	8.47	17.98	17.38
Share price as on grant date	27.79	40.46	40.46
Exercise price	40.00	40.00	40.00
Expected volatility (weighted average volatility)	0.35	0.35	0.35
Expected life (expected weighted average life)	7.5 years	7.5 years	7.5 years
Risk- free interest rate (based on government bonds)	8.17%	8.25%	7.40%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.		

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2020	As at March 31, 2019
Opening balance	40.00	5,080,781	5,283,871
Add: Options granted during the year	40.00	8,586,300	-
Less: Options exercised during the year	40.00	(6,924)	-
Less: Options lapsed during the year	40.00	(1,154,573)	(203,090)
Options outstanding as at the year end	**40.00**	**12,505,584**	**5,080,781**
Weighted average remaining contractual life of options outstanding at end of period			8.1 years

Notes to the Standalone Financial Statements
II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the Holding Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the grants under these plans are continued employment with the company from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

a) Share options issued by Bee Finance Limited (Mauritius)

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2019

Particulars	Category A - C	Category D - F	Category G - H	Category I
Fair value as on grant date (weighted average)	64,021	64,021	64,021	64,021
Share price as on grant date	64,021	64,021	64,021	64,021
Exercise price	46,102	46,102	89,643	46,102
Expected volatility (weighted average volatility)	35%	35%	35%	35%
Expected life (expected weighted average life)	11.2 years	11.72 years	11.93 years	10.68 years
Risk- free interest rate (based on government bonds)	6%	8%	8%	8%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.			

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

	As at March 31, 2020		As at March 31, 2019	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**53,031.00**	**549.00**	**-**	**-**
Add: Options granted during the year	-	-	53,973.00	610.00
Less: Options lapsed during the year	55,363.75	(301.00)	46,102.00	(61.00)
Options outstanding as at the year end	**48,033.52**	**248.00**	**53,031.00**	**549.00**
Weighted average remaining contractual life of options outstanding at end of period			11.2 years	

C. Expenses arising from share-based payment transactions

Refer Note 23 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

32. Lease accounting

1 Lease disclosures under Ind-AS 116 for the current year ended 31 March 2020

A First time adoption of Ind AS 116

The Company has adopted the new standard, Ind AS 116 Leases with effect from 1st April, 2019 using the modified retrospective approach as per para C8 (b)(i) of Ind AS 116. The Company recorded the lease liability at the present value of the lease payments and the right of use asset at an amount equals to lease liability adjusted by an amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application, i.e., 1st April, 2019. The application of this method had no impact on retained earnings as on 1st April 2019. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 930.97 lakhs and lease liability of Rs. 930.97 lakhs.

In statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

The following is the summary of practical expedients elected on initial application:

i. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment.

ii. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

iii. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

B The Company has entered into leasing arrangements for premises. ROU has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Balance as on April 1, 2019	**930.97**
Addition during the year	1,197.91
Depreciation for the year	(368.39)
Balance as on March 31, 2020	**1,760.49**

ii. The following is the movement in lease liabilities during the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Balance as on April 1, 2019	**930.97**
Addition during the year	**1,197.91**
Finance cost accrued during the year	151.78
Payment of Lease liabilities made during the year	(401.71)
Balance as on March 31, 2020	**1,878.95**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Less than one year	424.93
Between one and five years	1,456.00
More than five years	713.46
Total	**2,594.39**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2020
Depreciation expense on right-of-use assets (Refer Note 8)	368.39
Interest expense on lease liabilities (Refer Note 21)	151.78
Expense relating to short-term leases (Refer Note 24)	196.85
Expense relating to leases of low value assets	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at March 31, 2020
Total cash outflow for leases	401.71

vi. A reconciliation of the operating lease commitments at March 31, 2019, disclosed in the Company's 2019 financial statements, to the lease liabilities recognized in the statement of financial position at April 1, 2019 is provided below:

Particulars	As at April 1, 2019
Operating lease commitments disclosed as at March 31, 2019	**1,609.64**
Discounted using the incremental borrowing rate at April 1, 2019	(585.98)
(Less): short-term leases recognized on a straight-line basis as expense	(92.69)
(Less): low-value leases recognized on a straight-line basis as expense	-
Total	**930.97**

2 Lease disclosures under Ind-AS 17 for the comparative year ended March 31, 2019:

A. Leases as lessee

The Company leases a number of branch and office premises under operating leases. The leases typically run for a period ranging between 1 and 5 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals.

i. Future minimum lease payments

Particulars	March 31, 2019
Less than one year	501.88
Between one and five years	581.47
More than five years	526.29
Total	**1,609.64**

ii. Amounts recognised in profit or loss

Particulars	March 31, 2019
Lease expense (Refer Note 24)	637.84

33. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments		
Commitments relating to loan sanction but undrawn	9,851.10	10,100.85
Total	**9,851.10**	**10,100.85**

34. Exceptional Item

The Board of Directors of InCred Housing Finance Private Limited ('HFC'), subsidiary of the Company, had approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. Considering the aforementioned strategic decision, the Company has tested the investment for impairment and recognised an impairment loss of Rs. 616.74 lakhs as an exceptional item for the year ended March 31, 2020.

35 .Securitisation

Transfer of financial assets

The Company, in the previous financial year, had transferred financial assets, primarily unsecured loan receivables, that are not derecognised as the Company had continuing

Securitisation:

Transfer of financial assets that do not result in derecognition

The Company was party to securitisation transaction involving transfer of pool of unsecured loan receivables (monthly instalment loans with original maturity upto 3 years)

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.

The Company agreed to provide servicing assistance pursuant to the terms of servicing agreement.

In this securitisation where the Company transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Company does not transfer substantially all of the risks and rewards of these assets.

Hence, the company continues to recognise the securitised loan portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities :

(Rs. in lakhs)

As at March 31, 2020	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

(Rs. in lakhs)

As at March 31, 2019	Loan receivables	Credit enhancements
Carrying amount of assets	2,526.87	265.59
Carrying amount of associated liabilities	2,461.48	-

Notes to the Standalone Financial Statements

36. Current and Non-current maturity

(Rs. in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3,419.63	-	3,419.63	1,846.49	-	1,846.49
Bank Balance other than cash and cash equivalents	735.88	-	735.88	136.18	131.29	267.47
Loans	84,511.67	119,660.86	204,172.53	72,445.48	100,864.81	173,310.29
Investments	1,003.81	7,691.77	8,695.58	121.63	7,605.36	7,726.99
Other Financial assets	1,432.81	279.96	1,712.77	1,167.69	40.46	1,208.15
Sub total	**91,103.80**	**127,632.59**	**218,736.39**	**75,717.47**	**108,641.92**	**184,359.39**
Non-financial assets						
Current Tax assets (Net of provision for tax)	-	787.48	787.48	507.69	-	507.69
Deferred Tax assets (Net of deferred tax liabilities)	-	1,118.43	1,118.43	-	791.96	791.96
Property, plant and equipment	-	2,928.71	2,928.71	-	1,039.95	1,039.95
Capital Work-in-progress	-	125.06	125.06	-	-	-
Other intangible assets	-	295.49	295.49	-	396.96	396.96
Other non-financial assets	420.00	586.35	1,006.35	595.95	58.20	654.15
Sub total	**420.00**	**5,841.52**	**6,261.52**	**1,103.64**	**2,287.07**	**3,390.71**
Total assets	**91,523.80**	**133,474.11**	**224,997.91**	**76,821.11**	**110,928.99**	**187,750.10**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Debt securities	24,700.66	17,404.96	42,105.62	19,818.03	27,996.77	47,814.80
Borrowings (Other than Debt Securities)	35,358.69	39,256.97	74,615.66	47,434.74	30,062.99	77,497.73
Other Financial liabilities	20.83	3,318.58	3,339.41	857.31	7.37	864.68
Sub total	**60,080.18**	**59,980.51**	**120,060.69**	**68,110.08**	**58,067.13**	**126,177.21**
Non-Financial liabilities						
Provisions	25.72	128.18	153.90	54.58	93.56	148.14
Other non-financial liabilities	2,052.09	-	2,052.09	1,857.90	-	1,857.90
Sub total	**2,077.81**	**128.18**	**2,205.99**	**1,912.48**	**93.56**	**2,006.04**
Total liabilities and equity	**62,157.99**	**60,108.69**	**122,266.68**	**70,022.56**	**58,160.69**	**128,183.25**

Notes to the Standalone Financial Statements

37. Foreign currency transactions

(Rs. in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Expenditure in foreign currency		
Business origination expenses	-	1.51
IT expenses	-	0.80
Legal, professional and consultancy charges	-	153.03
Recruitment fees	3.63	-
Legal & Technical charges	2.26	-
Total	**5.89**	**155.34**

38. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Amount required to be spent as per section 135 of the Companies Act, 2013:	16.05	3.22
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash	14.93	5.40
Yet to be paid in cash*	2.00	-
Total	**16.93**	**5.40**

** Paid in the month of April, 2020*

39. Micro, Small and Medium Enterprises Development

In accordance with the Micro, Small and Medium Enterprises Development Act 2006 ('MSMED Act') the Company is required to identify the micro, small and medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based on the on the information available with the management, there are no dues outstanding to micro and small enterprises covered under the MSMED Act. The Auditors have placed reliance on such information.

40. Share issue expenses

In accordance with the provision of section 52 of the Companies Act, 2013 the following share issue expenses have been debited against securities premium account:

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Stamp duty	52.67	12.10
Legal and professional charges	543.10	50.98
Total	595.77	63.08

Notes to the Standalone Financial Statements

41. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of the Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

Capital Management

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

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Common Equity Tier1 (CET1) capital	100,996.44	55,811.79
Other Tier 2 capital	1,007.03	798.07
Total capital	**102,003.47**	**56,609.86**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS–based results and reserves.

Refer Note 43 (2) for further details.

42. Previous year's figures are regrouped/reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

Notes to the Standalone Financial Statements

43. Additional disclosures required by Reserve Bank of India ('RBI')

RBI disclosures have been prepared based on IndAS financials. Previous year numbers have been restated/reclassified accordingly wherever required.

1 Fraud reported during the year

The Company has reported frauds aggregating Rs. 72.28 lakhs (previous year: Rs. 115.93 lakhs) based on management reporting to risk committee and to the RBI through prescribed returns FMR-1.

(Rs. In lakhs)

No of cases	Amount involved	Amount recovered	Amount written off
28	72.28	3.58	72.28

2 Capital to Risk Assets Ratio (CRAR)

The ratios calculated in accordance with the guidelines of Reserve Bank of India, are as under:

Particulars		As at March 31, 2020	As at March 31, 2019
i)	CRAR (%)	45.94%	29.56%
ii)	CRAR - Tier I Capital (%)	45.37%	29.15%
iii)	CRAR - Tier II Capital (%)	0.56%	0.42%
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-
vi)	Risk weighted asset	222,585.09	191,474.22

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

3 Investments

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(1) Value of investments		
(i) Gross value of investments		
(a) In India	9,312.32	7,828.81
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	616.74	101.82
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	8,695.58	7,726.99
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	1.82	1.80
(ii) Add : Provisions made during the year	616.74	100.02
(iii) Less : Write-off/(write-back)of excess provisions during the year	(1.82)	(100.00)
(iv) Closing balance	616.74	1.82

4 Derivatives

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Transactions/exposure in derivative during the year	Nil	Nil
(ii) Unhedged foreign currency exposure as at the year end	Nil	Nil

5 Disclosures relating to securitisation

(a) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	1	1
2	Total amount of securitised assets as per books of the SPVs sponsored	421	3,320
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	(a) Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss	137	266
	Others	332	332
4	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-Balance Sheet exposures		
	(i) Exposure to own securitisations	-	-
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	(i) Exposure to own securitisations	-	-
	First loss	-	-
	Others		
	(ii)Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-

(b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(Rs. in lakhs)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
i)	No. of accounts	-	330
ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	3,320
iii)	Aggregate consideration	-	2,988
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Aggregate gain/loss over net book value	-	-

(c) The Company has not purchased/sold non-performing assets for the year ended March 31, 2020 and March 31, 2019.

6 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2020 (Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances	17,411.42	9,255.80	7,999.57	19,300.90	30,543.99	53,900.33	21,191.37	44,569.15	**204,172.53**
Investments	1,003.81	-	-	-	-	-	-	7,691.77	**8,695.58**
Borrowings	2,295.98	2,729.53	23,387.59	8,961.54	22,684.76	47,970.99	8,690.89	-	**116,721.28**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-	-	**-**

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2019 (Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances	16,244.32	10,618.64	6,995.39	15,063.22	23,331.10	40,074.58	18,901.09	45,020.15	**176,248.49**
Investments	121.63	-	-	-	587.75	-	-	7,019.42	**7,728.80**
Borrowings	11,649.49	2,794.73	3,198.84	20,379.30	19,266.47	66,155.45	1,868.24	-	**125,312.53**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-	-	**-**

Notes to the Standalone Financial Statements

7 Exposure to real estate sector

(Rs. in lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
	Direct Exposure		
	Residential Mortgages -		
a)(i)	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	359.21	715.72
	Commercial Real Estate -		
a)(ii)	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	45,505.11	46,387.87
a)(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Indirect Exposure		
	Fund based and non based exposures on National housing Bank and Housing Finance Companies	-	-

8 Exposure to capital market

(Rs. in lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate	7,691.77	7,726.99
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total exposure to capital market	**7,691.77**	**7,726.99**

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

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL).

10 Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses, authority.

11 Miscellaneous

(a) Registration obtained from other financial sector regulators

Particulars	Reg. Number
RBI Regulation Number	B-14.01801
Corporate Identification number (CIN)*	U74899MH1991PLC340312
Central Registry of Securitization Asset	JB867

** The Company has received requisite approval for change of registered office from Delhi to Maharashtra with effect from June 5, 2020. Consequently, the Corporate Identification Number of the Company has also changed. The erstwhile CIN is U74899DL1991PLC042659.*

(b) Disclosure of Penalties imposed by RBI and other regulators: None

(c) Related Party Transactions

Refer Note 29 to the Financial statements for the transaction with the related parties.

(d) Credit rating

Particulars	As at March 31, 2020	As at March 31, 2019
Long term bank facilities	CARE A (Stable)	CARE A (Stable)
Market Linked Debentures	CARE PP-MLD A	NA
Commercial Paper	NA	CARE A1
Non-Convertible Debenture	CARE A (Stable)	CARE A (Stable)

Notes to the Standalone Financial Statements

12 Additional disclosures

(a) Provisions and contingencies

(Rs. in lakhs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2020	Year ended March 31, 2019
Provisions for depreciation on investment	(1.82)	1.82
Provision towards NPA/ Write off*	5,013.70	2,456.80
Provision made towards income tax	182.10	183.59
Provision for Standard Assets/ (Reversal of Provision)**	850.07	(54.30)

** Provision on stage 3 assets and write off*

*** Stage 1 and 2 assets*

(b) Draw down from reserves

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

(c) Concentration of Advances, Exposures and NPAs

(c) (i) Concentration of advances

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total advances to twenty largest borrowers	14,882	13,718.95
Percentage of advances to twenty largest borrowers to total advances of the NBFC	7.19%	7.78%

(c) (ii) Concentration of exposures

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to twenty largest borrowers/customers	14,882	13,718.95
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	6.86%	7.78%

(c) (iii) Concentration of NPAs*

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to top four NPA accounts	1,288	1,387.35

** NPA accounts refer to stage 3 assets*

(c) (iv) Sector-wise NPAs*

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2020	As at March 31, 2019
1	Agriculture & allied activities	-	-
2	MSME	4.65%	2.82%
3	Corporate borrowers	-	-
4	Services	2.08%	0.45%
5	Unsecured personal loans	2.11%	2.08%
6	Auto loans	2.30%	0.41%
7	Other personal loans	-	-

** NPA accounts refer to stage 3 assets*

13 Movement of NPAs*

(Rs. in lakhs)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
(i)	**Net NPAs to net advances (%)**	1.34%	0.71%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	3,178.63	-
	(b) Additions during the year	6,437.24	3,683.89
	(c) Reductions during the year	3,768.82	505.26
	(d) Closing balance	**5,847.05**	**3,178.63**
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	1,227.35	-
	(b) Additions during the year	3,419.75	1,227.35
	(c) Reductions during the year	1,911.89	-
	(d) Closing balance	**2,735.21**	**1,227.35**
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)****		
	(a) Opening balance	1,951.28	
	(b) Provisions made during the year	3,017.49	2,456.54
	(c) Write-off of excess provisions	1,856.93	505.26
	(d) Closing balance	**3,111.84**	**1,951.28**

** NPA accounts refer to stage 3 assets*

*** Standard assets refer to stage 1 and Stage 2 assets as defined under IND-AS*

14 Disclosure of Complaints

Customer Complaints

Sr. No	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a)	No. of complaints pending at the beginning of the year	4	5
(b)	No. of complaints received during the year	514	1,096
(c)	No. of complaints redressed during the year	517	1,097
(d)	No. of complaints pending at the end of the year	1	4

15 Overseas Assets (For those with Joint Ventures and Subsidiaries Abroad)
The Company does not have any joint ventures or subsidiaries abroad, hence not applicable

16 In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2020 (31 March 2019:NIL)

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

Schedule to the Balance Sheet of a Non-Deposit taking Non-Banking Financial Company (as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

Schedule to the Balance Sheet

17 Loans & Advances availed by the Non-Banking Financial company inclusive of interest accrued thereon but not paid: (Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020		As at March 31, 2019	
(1)	**Liabilities side :**	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures*				
	- Secured	42,105.62	-	47,814.80	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	65,845.02	-	65,566.34	-
	(d) Inter-corporate loans and borrowing	4,294.38	-	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	4,476.26	-	11,931.39	-
	*other than falling within the meaning of public deposits				
(2)	**Assets side :**				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	98,532.05	1,187.76	83,944.46	166.79
	(b) Unsecured	105,640.48	1,901.19	89,365.83	1,045.32

18 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
(ii)	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

Notes to the Standalone Financial Statements

19 Break-up of investments:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
	Current investments :		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debenture and bonds	-	-
	(iii) Units of mutual funds	1,003.81	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	121.63
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
	Non- current investments:		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	2,691.77	2,019.44
	(b) Preference	5,000.00	5,000.00
	(ii) Debentures and bonds	-	585.93
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-

20 Borrower group-wise classification of assets, financed as in (3) and (4) above :

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2020		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	**-**
	(b) Companies in the same group	-	-	**-**
	(c) Other related parties	-	-	**-**
	2. Other than related parties	98,532.05	105,640.48	**204,172.53**
	Total	**98,532.05**	**105,640.48**	**204,172.53**

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2019		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	391.91	**391.91**
	(b) Companies in the same group	-	-	**-**
	(c) Other related parties	-	-	**-**
	2. Other than related parties	83,944.46	88,973.92	**172,918.38**
	Total	**83,944.46**	**89,365.83**	**173,310.29**

21 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2020		As at March 31, 2019	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties				
	(a) Subsidiaries	7,691.77	7,691.77	7,019.44	7,019.44
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	1,003.81	1,003.81	709.37	707.55
	Total	**8,695.58**	**8,695.58**	**7,728.81**	**7,726.99**

22 Other information

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Gross non-performing assets*		
	(a) Related parties	-	-
	(b) Other than related parties	5,847.05	3,178.63
(ii)	Net non-performing assets*		
	(a) Related parties	-	-
	(b) Other than related parties	2,735.21	1,227.35
(iii)	Assets acquired in satisfaction of debt	-	-

**NPA accounts refer to stage 3 assets*

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

Disclosure as per
As required in RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4th November, 2019 - Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

23 Funding Concentration based on significant counterparty

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	18	105,626.29	NA	86.39%

24 Top 20 large deposits : NA

25 Top 10 Borrowings

Sr. No.	Amount	% of Total borrowings
1	29,325.68	25.12%
2	20,318.48	17.41%
3	12,405.71	10.63%
4	5,387.17	4.62%
5	4,925.11	4.22%
6	4,436.08	3.80%
7	4,294.38	3.68%
8	3,747.81	3.21%
9	2,974.14	2.55%
10	2,521.53	2.16%

26 Funding Concentration based on significant instrument/product

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	65,714.19	53.75%
2	Non Convertible Debentures	29,325.68	23.99%
3	Market Linked Debentures	12,779.94	10.45%
4	Cash Credit / WCDL	4,476.26	3.66%
5	Inter Corporate borrowings	4,294.38	3.51%

27 Stock Ratios

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper as a % to total liabilities	0.00%	0.00%	0.00%
b	Non-convertible debentures as a % to total liabilities	0.00%	0.00%	0.00%
c	Other short term liabilities as a % to total liabilities	53.43%	51.00%	27.72%

InCred Financial Services Limited
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Notes to the Standalone Financial Statements

28. Disclosure as required in paragraph 10 of RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 -COVID19 Regulatory Package - Asset Classification and Provisioning

Particulars	Amount (Total POS as on 31st March 2020)
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3;	57,630.86
Respective amount where asset classification benefits is extended	1,025.06
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5	NA*
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	NIL

**The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments.*

InCred Financial Services Limited

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Notes to the Standalone Financial Statements

29. Restructuring of Loans

Sr. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2019 *	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh Restructuring during the year	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	153.56	12.05	-	-	165.61
		Provision thereon	14.33	7.83	-	-	22.17
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	25.61	0.32	-	-	25.93
		Provision thereon	2.17	0.21	-	-	2.38
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on March 31, 2020*	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	127.95	11.74	-	-	139.68
		Provision thereon	12.16	7.63	-	-	19.79

There are no cases restructured on account of CDR mechanism or SME debt restructuring in the current year.

There were no cases of restructuring during the previous year ended March 31, 2019.

The Company has availed the asset classification benefit as per RBI notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 and RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 relating to Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances for all accounts restructured during the FY 2019-2020.

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

30. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	198,488.76	1,339.76	197,149.00	788.31	551.45
Standard	Stage 2	4,229.38	294.80	3,934.58	67.30	227.50
Subtotal		202,718.15	1,634.57	201,083.58	855.61	778.96
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,711.88	3,622.93	3,088.95	1,192.59	2,430.33
Doubtful - up to 1 year	Stage 3	-	-	-	45.35	(45.35)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	45.35	(45.35)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		6,711.88	3,622.93	3,088.95	1,237.94	2,384.99
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	9,851.10	4.19	9,846.92	-	4.19
	Stage 2	-	-	-		-
	Stage 3	-	-	-		-
Subtotal		9,851.10	4.19	9,846.92	-	4.19
Total	**Stage 1**	**208,339.87**	**1,343.95**	**206,995.92**	**788.31**	**555.64**
	Stage 2	**4,229.38**	**294.80**	**3,934.58**	**67.30**	**227.50**
	Stage 3	**6,711.88**	**3,622.93**	**3,088.95**	**1,237.94**	**2,384.99**
	Total	**219,281.13**	**5,261.68**	**214,019.45**	**2,093.55**	**3,168.13**

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 11 June 2020

MATERIAL DEVELOPMENTS

Other than as disclosed elsewhere in this Prospectus and hereinafter below, since September 30, 2022 till the date of filing this Prospectus, there have been no event/ development or change having implications on the financials/credit quality (e.g., any material regulatory proceedings against the Company/ Promoter/ Directors, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of the Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

FINANCIAL INDEBTEDNESS

As on September 30, 2022, our Company had outstanding Total Borrowings of ₹ 3,64,215.3 Lakhs.

Sr. No.	Nature of Borrowings	Amount Outstanding (in ₹ lakh)	% of Total Borrowings
i)	Secured borrowings	3,45,377.8	94.83%
ii)	Unsecured borrowings	18,837.5	5.17%
Total Borrowings		3,64,215.3	100.00%

Set forth below, is a summary of the borrowings by our Company outstanding as on September 30, 2022, together with a brief description of certain significant terms of such financing arrangements.

A. Details of secured borrowings:

Our Company's secured outstanding borrowings as on September 30, 2022 amounts to ₹ 3,45,377.8 lakh. The details of the secured borrowings are set out below:

i. Term Loans from Banks/ Financial Institutions:

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
1.	IDFC First Bank Limited	May 28, 2019	10,000.0	2,500.0	June 28, 2023	12 months moratorium followed by 36 equal monthly instalments .	Unless otherwise agreed and specified in the sanction letter, the Company shall not without prior written approval of the Bank, prepay the outstanding principal amounts of the Facility in full or in part, before the Due Dates.	The Company irrevocably acknowledges that the occurrence of any breach of terms and conditions of this Agreement shall be deemed to require reassessment of initial credit parameters of the Company and as a consequence thereof, the Company shall without demur/ protest be liable to pay to the Bank Revised Applicable Rate of Interest and/or Modified Applicable Rate of Interest (in lieu of Applicable Rate of Interest) as the case may be, from the date of happening/ non–happening of the relevant conditions till such conditions are complied with to the	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I.

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
								satisfaction of the Bank.	Security Cover 1.20 x
2.	IDFC First Bank Limited	September 30, 2021	15,000.0	10,694.4	December 15, 2024	36 equal monthly instalments.	Prepayment allowed without any prepayment charges	The Company irrevocably acknowledges that the occurrence of any breach of terms and conditions of this Agreement shall be deemed to require reassessment of initial credit parameters of the Company and as a consequence thereof, the Company shall without demur/ protest be liable to pay to the Bank Revised Applicable Rate of Interest and/or Modified Applicable Rate of Interest (in lieu of Applicable Rate of Interest) as the case may be, from the date of happening/ non–happening of the relevant conditions till such conditions are complied with to the satisfaction of the Bank.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.20 x
3.	Bank of Baroda	March 25, 2022	20,000.0	18.083.3	March 30, 2026	Repayable in 48 Equated Monthly Installments starting from 30.04.2022	The Company may prepay the whole or any part of loan from internal sources by providing a 30 days' prior written notice to the Bank without any prepayment	Penal interest of 2% p.a. till default continues in case of breach of the financial covenants and other terms and conditions, as per the sanction letter.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							penalty.		department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25 x
4.	Bank of Baroda	September 09, 2021	10,000.0	7,500.00	September 27, 2025	Repayable in 48 Equated Monthly Installments starting from 27.10.2021	The Company may prepay the whole or any part of loan from internal sources by providing a 30 days' prior written notice to the Bank without any prepayment penalty.	Penal interest of 2% p.a. till default continues in case of breach of the financial covenants and other terms and conditions, as per the sanction letter and term loan agreement.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
									details of which are set out in Schedule I. Security Cover 1.25 x
5.	Bank of Maharashtra	January 16, 2020	2,000.0	749.4	January 16, 2024	Repayable in 16 equal quarterly instalments.	Prepayment penalty shall be levied upto 1% of the prepaid amount, if the repayment is not out of own sources. Prepayment penalty @ 1% on the amount prepaid may stipulated if prepayment is by way of refinance from any other bank/FI. If entire or any part of loan is prepaid from internal accruals or from fresh equity infusion, prepayment penalty should be Nil.	Penal interest @ 1% p.a. is applicable for non – compliance of terms of sanction, non – creation of security and penal interest @ 2% p.a. is applicable in case of payment default. Where simultaneous defaults are observed under various heads where penal interest is applicable, the maximum penal interest to be charged over and above the normal applicable rate of interest shall be restricted to 2% p.a.	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25 x
6.	Bank of Maharashtra	December 04, 2020	5,000.0	3,332.4	September 15, 2025	Repayable in 18 quarterly equal instalments after moratorium period of 3 months	Prepayment charges are waived in the following cases: (a) In case the loan is paid off by internal cash accruals and/or own sources;	Penal interest @ 1% p.a. is applicable for non – compliance of terms of sanction/non – creation of security and penal interest at the rate 1% p.a. is applicable in case of payment default. Where simultaneous defaults are observed under	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							(b) At the time of ROI reset when the company can prepay amount with 30 days' notice. Prepayment Penalty shall be levied upto 1% of the prepaid amount if the repayment is not out of own sources.	various heads where penal interest is applicable, the maximum penal interest to be charged over and above the normal applicable rate of interest shall be restricted to 2% p.a.	by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25 x
7.	Bank of Mahara shtra	December 21, 2021	10,000.0	9,444.4	December 31, 2026	Repayable in 18 quarterly equal instalments after moratorium period of 6 months	Waiver of prepayment penalty at the time of reset of ROI wherein the Company can prepay the amount with 30 days' notice and at other instances prepayment charges at the rate of 0.50% p.a. on the amount prepaid from the date of payment till the next reset date will be applicable.	Penal interest @ 1% p.a. is applicable for non – compliance of terms of sanction/non – creation of security and penal interest at the rate 1% p.a. is applicable in case of payment default. Where simultaneous defaults are observed under various heads where penal interest is applicable, the maximum penal interest to be charged over and above the normal applicable rate of interest shall be restricted to 2% p.a.	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
									asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25 x
8.	Bank of India	January 03, 2020	5,000.0	2,487.8	November 30, 2024	Repayable in 18 quarterly equal instalments after moratorium period of 6 months	The Company shall have the option to prepay the whole or any part of the Facility in full or in part on payment of prepayment charge of 1.00% of the amount prepaid for the residual period of the Facility on simple interest basis, if paid out of own funds. Provided that the Company shall have right to prepay the Facility, without payment of any prepayment charge, by giving the Lender a 30 (thirty) days prior notice in writing, if prepayment is made by the Company from its internal accruals or equity infusion. Prepayment fees shall be charged at 2% on	Penal interest of 2% p.a. will be attracted in case of any default in complying with the terms of sanction letter Penal interest of 2% shall be charged for the period of overdue of interest or non-compliance in terms of sanction letter.	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover: 1.33x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							the outstanding liability in case of take-over of the loan by other bank / FI		
9.	State Bank of India	December 20, 2019	7,500.0	3,935.2	February 28, 2025	Repayable in 19 equal quarterly instalments after moratorium period of 3 months	The Company shall have the option to prepay the whole or any part of the Facility in full or in part on payment of prepayment charge of 2.00% of the amount prepaid for the residual period of the Facility on simple interest basis. Provided that the Company shall have right to prepay the Facility, without payment of any prepayment charge, by giving the Lender a 30 (thirty) days prior notice in writing, if prepayment is made (a) Payment at the instance of lenders. (b) Loans prepaid out of higher cash	(a) In case of delayed submission of Asset cover statement by 20th of succeeding month, a penal charge of ₹ 1000 for per day of delay (b) In case of non-submission of renewal data including audited balance sheet within 6 months of the closure of the financial year of the borrowing entity, a penal charge of ₹ 50,000 upto due date of renewal and ₹ 1,00,000 per month thereafter till the date of submission. Further, a delay of more than one month in submission of audited balance sheet, the pricing to go up by 25 basis points till the submission of audited balance sheet. (c) In case of non-submission/delayed submission of other returns/ statements, a penal charge of ₹ 5000 for each month of delay	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover: 1.33x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							accrual/ equity infusion by promoter. (c) In the instances, where the Bank has strategicall y decided to exit from the exposure.	beyond due date for submission. (d) In case of diversion of funds, a penal charge of 2% p.a. on the entire outstanding till such time, the position is rectified. (e) In case of non-payment of interest/ installment, a penal charge of 5% per annum on the irregular portion for the period of irregularity. (f) In case of cross default, a penal charge of 1% p.a. on the entire outstanding for the period of non-adherence subject to minimum period of 1 year. (g) In case of adverse deviation from any two of the financial covenants, a penal interest will be charged retrospectively from the date of audited balance statement.	
10.	State Bank of India	August 24, 2021	20,000.0	16,875.0	March 24, 2026	Repayable in 16 equal quarterly instalments	The Company shall have the option to prepay the whole or any part of the Facility in full or in part on payment of prepayment charge of 2.00% (two	(a) In case of delayed submission of Asset cover statement by 20th of succeeding month, a penal charge of ₹ 1000 for per day of delay (b) In case of non-submission of renewal data	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm,

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							percent) of the amount prepaid for the residual period of the Facility on simple interest basis. Provided that the Company shall have right to prepay the Facility, without payment of any prepayment charge, by giving the Lender a 30 (thirty) days prior notice in writing, if prepayment is made: a) At the instance of Lender. b) out of higher cash accruals / equity infusion by promoters / investors. c) In the instances where the Lender has strategically decided to exit from the exposure	including audited balance sheet within 6 months of the closure of the financial year of the borrowing entity, a penal charge of ₹ 50,000 upto due date of renewal and ₹ 1,00,000 per month thereafter till the date of submission. Further, a delay of more than one month in submission of audited balance sheet, the pricing to go up by 25 basis points till the submission of audited balance sheet. (c) In case of non-submission/delayed submission of other returns/ statements, a penal charge of ₹ 5000 for each month of delay beyond due date for submission. (d) In case of diversion of funds, a penal charge of 2% p.a. on the entire outstanding till such time, the position is rectified. (e) In case of non-payment of interest/ installment, a penal charge of 5% per annum on the irregular portion for the period of irregularity. (f) In case of	company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover: 1.33x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
								cross default, a penal charge of 1% p.a. on the entire outstanding for the period of non-adherence subject to minimum period of 1 year. In case of adverse deviation from any two of the financial covenants, a penal interest will be charged retrospectively from the date of audited balance statement.	
11.	Central Bank of India	March 16, 2020	5,000.0	1,243.1	April 30, 2023	Repayable in 12 equal quarterly installments.	The Company may prepay the Loan on each interest reset date by giving the Lender a prior notice of 30 (thirty) days without pre-payment premium. In case of prepayment in any other situation, prepayment premium @1% pa., would be charged on pro rata basis for the unexpired period subject to a maximum of 2%. No prepayment charges shall be payable if (i) prepayment is made out	Any delay submission of statements will attract a penal interest of 1% p.a. applicable for; the period of default.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I.

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							of equity infusion/internal accruals of the Company , by giving 30 (thirty) days prior notice to the Lender.		Security Cover 1.25x
12.	Central Bank of India	March 15, 2022	10,000.0	10,000.0	March 31, 2027	Repayable in 16 equal quarterly installments after initial moratorium period of 12 months.	The Company may prepay the Loan on each interest reset date by giving the Lender a prior notice of 30 (thirty) days without pre-payment premium. In case of prepayment in any other situation, prepayment premium @1% pa., would be charged on pro rata basis for the unexpired period subject to a maximum of 2%. No prepayment charges shall be payable if (i) prepayment is made out of equity infusion/internal accruals of the Company , by giving 30 (thirty) days' prior notice to the Lender.	Any submission of statements will attract a penal interest of 1% p.a. applicable for the period of default.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.12x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
13.	Union Bank of India	April 07, 2020	10,000.0	6,103.8	June 30, 2025	Repayable in 18 equal quarterly installments after a moratorium period of 6 months.	The Company shall have the option to prepay the Facility in part or full within 30 days after each Reset Date(s) without payment of prepayment premium. Such prepayment shall be made by giving an irrevocable notice within 15 business days after each Reset Date. Prepayment charges of 1% p.a. shall be applicable in case the prepayment is done on any other dates. Prepayment penalty will also be payable @ 1% in case the borrower prepays the debt by way of funds other than fresh equity or internal accruals.	The Company further agrees that if default shall be made in payment of any instalment on due dates, the Company shall pay penal interest at 2% p.a. on the total outstanding and for the period for which the default is not cured. In case of non-submission of rating of external agency by the Company within 6 months of the date of release of limits, a penal interest of 1% from the date of expiry of such period shall be charged.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
14.	Union Bank of India	July 16, 2022	10,000.0	10,000.0	July 31, 2026	Repayable in 16 equal quarterly installments	The Company shall have the right to prepay the Facility in part or full without any	The Company further agrees that if default shall be made in payment of any instalment on due dates, the Company shall	Security Cover of 1.25x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							prepayment penalty, if the prepayment is made out of the internal accruals of the Company subject to the notice period of 15 days stating intention to prepay the loan amount. Prepayment penalty will also be payable @ 2% in case the borrower prepays the debt by way of funds other than fresh equity or internal accruals.	pay penal interest at 2% p.a. on the total outstanding and for the period for which the default is not cured. Non Compliances of any of the sanction terms / Conditions will attract penal interest as per Banks's guidelines over and above the applicable ROI.	
15.	Indian Bank	December 30, 2020	5,000.0	3,611.1	December 31, 2025	Repayable in 18 quarterly installments after a moratorium of 6 months	(a)Prepayment charges levied shall be card rate plus GST. (b)Prepayment charges @ 2% of the drawing limit or balance outstanding whichever is higher to be recovered. However, no prepayment penalty would be payable if the prepayment is made from surplus cash	In case of default either in the payment of interest, the repayment of principal amounts as and when due and payable or reimbursement of all costs, charges, and the expenses when demanded, additional interest @1% above the interest rate for the facilities on the overdue, interest, costs, charges, expenses, from the respective due dates for payment and or repayment. Applicable penal interest to	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest,

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							accruals generated by the borrower or equity fusion.	be charged on the overdue amount for the period account remains overdrawn due to irregularities such as non-payment of interest immediately on application, non-payment of installments within one month of their falling due, reduction in drawing power/limit, excess borrowings due to over limit, devolvement of L/C, invocation of Guarantee etc. If the account continues to be overdrawn for a period of 90 days, the bank may consider initiation of other action also as deemed fit by the bank. Any default in complying with terms of sanction letter will attract applicable penal interest from.	benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
16.	Indian Bank	August 18, 2021	4,500.0	3,750.0	January 31, 2025	Repayable in 12 equal quarterly installments from the moratorium period of 6 months	In the event of pre-payment of the loan by the borrower(s) before the stipulated repayment schedule, the bank is entitled to levy a pre-payment charge @ bank' card rate (card	In case of default either in the payment of interest, the repayment of principal amounts as and when due and payable or reimbursement of all costs, charges, and the expenses when demanded, additional interest @1% above the	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							rate plus GST). Further, prepayment charges @ 2% of the drawing limit or balance outstanding whichever is higher to be recovered. However, no prepayment penalty would be payable if the prepayment is made from surplus cash accruals generated by the borrower or equity fusion	interest rate for the facilities on the overdue, interest, costs, charges, expenses, from the respective due dates for payment and or repayment. Applicable penal interest to be charged on the overdue amount for the period account remains overdrawn due to irregularities such as non-payment of interest immediately on application, non-payment of installments within one month of their falling due, reduction in drawing power/limit, excess borrowings due to over limit, devolvement of L/C, invocation of Guarantee etc. If the account continues to be overdrawn for a period of 90 days, the bank may consider initiation of other action also as deemed fit by the bank. Any default in complying with terms of sanction letter will attract applicable penal interest from.	by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
17.	Indian Bank	March 30, 2022	5,000.0	5000.0	March 30, 2027	Repayable in 18 equal quarterly installments after the	In the event of pre-payment of the loan by the	In case of default either in the payment of interest, the repayment of	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
						moratorium period of 6 months	borrower(s) before the stipulated repayment schedule, the bank is entitled to levy a pre-payment charge @ bank' card rate (card rate plus GST). Further, prepayment charges @ 2% of the drawing limit or balance outstanding whichever is higher to be recovered. However, no prepayment penalty would be payable if the prepayment is made from surplus cash accruals generated by the borrower or equity fusion	principal amounts as and when due and payable or reimbursement of all costs, charges, and the expenses when demanded, additional interest @1% above the interest rate for the facilities on the overdue, interest, costs, charges, expenses, from the respective due dates for payment and or repayment. Applicable penal interest to be charged on the overdue amount for the period account remains overdrawn due to irregularities such as non-payment of interest immediately on application, non-payment of installments within one month of their falling due, reduction in drawing power/limit, excess borrowings due to over limit, devolvement of L/C, invocation of Guarantee etc. If the account continues to be overdrawn for a period of 90 days, the bank may consider initiation of other action also as deemed fit by the bank.	receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.11x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
								Any default in complying with terms of sanction letter will attract applicable penal interest from.	
18.	Canara Bank	February 24, 2021	5,000.0	3,888.9	March 31, 2026	Repayable in 18 consecutive quarterly installments from the moratorium period of 6 months.	Company shall be permitted to prepay the facility without any prepayment charges/penalty at the time of reset of ROI with 30 days' notice. All other cases, prepayment charges will be 2% of amount prepaid. Notice of prepayment once having been given it shall be obligatory for the Company to make prepayment in accordance with the notice. The Company shall not be entitled to re-borrow any amount prepaid under the Agreement. Any amount prepaid shall be applied towards the repayment installments in the	Non-compliance of any of sanction letter terms and conditions and irregularities in the account will attract penal interest @ 2%. In case of default, applicable penal interest of 2% p.a. for the period of default. Financial covenants shall be tested annually from the date of ABS till it cured and any event of default will attract penal interest @1% p.a. over and above the sanctioned ROI.	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at any time hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							inwards order of its maturity		
19.	Canara Bank	March 28, 2022	2,500	2,333.3	March 31, 2026	Repayable in 15 consecutive quarterly installments after the moratorium period of 3 months.	Company shall be permitted to prepay the facility without any prepayment charges/penalty at the time of reset of ROI with 30 days' notice. All other cases, applicable prepayment charges will be applied. Notice of prepayment once having been given it shall be obligatory for the Company to make prepayment in accordance with the notice. The Company shall not be entitled to re-borrow any amount prepaid under the Agreement. Any amount prepaid shall be applied towards the repayment installments in the inwards order of its maturity	Non-compliance of any of sanction letter terms and conditions and irregularities in the account will attract penal interest @ 2%. In case of default, applicable penal interest of 2% p.a. for the period of default. Financial covenants shall be tested annually from the date of ABS till it cured and any event of default will attract penal interest @1% p.a. over and above the sanctioned ROI.	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
20.	Canara Bank	July 11, 2022	2,000.0	2,000.0	July 14, 2027	Repayable in 18 consecutive	Company shall be permitted to	Non-compliance of any of sanction	Security Cover of 1.25x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
						quarterly installments after the moratorium period of 6 months.	prepay the facility without any prepayment charges/penalty at the time of reset of ROI with 30 days' notice. All other cases, applicable prepayment charges will be applied. Notice of prepayment once having been given it shall be obligatory for the Company to make prepayment in accordance with the notice. The Company shall not be entitled to re-borrow any amount prepaid under the Agreement. Any amount prepaid shall be applied towards the repayment installments in the inwards order of its maturity	letter terms and conditions and irregularities in the account will attract penal interest @ 2%. In case of default, applicable penal interest of 2% p.a. for the period of default. Financial covenants shall be tested annually from the date of ABS till it cured and any event of default will attract penal interest @1%p.a. over and above the sanctioned ROI.	
21.	Karnataka Bank	March 02, 2021	3,500.0	1,908.1	April 11, 2024	Repayable in 10 equal quarterly installments of rupees 3.18 crores each and last instalment	Pre-closure/foreclosure charges of 2% shall be charged only in case of takeover of liabilities	In case, Company fails to submit audited financial of the company every year by the end of 31st December of	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
						of ₹ 3.20 Cr.	by other banks. Prepayment /foreclosure charges are waived, if the reset new interest rate is not acceptable to the borrower, subject to prepayment within 45 days from the date of communication of reset	that year, penal interest of 1% p.a. over and above the sanctioned rate will be charged on outstanding balance after the said date. Penal interest at the rate of 5% shall be charged for delayed servicing of installments/interests/excess drawings/ TOD/ ad hoc limits.	hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
22.	Karnataka Bank	August 29, 2022	5,000.0	5,000.0	September 22, 2027	Repayable in 17 equal quarterly installments of ₹ 2.75 crores and last installment of ₹ 3.25 crore after initial holiday period of 6 months.	Pre-closure/foreclosure charges of 2% shall be charged only in case of takeover of liabilities by other banks. Prepayment /foreclosure charges are waived, if the reset new interest rate is not acceptable to the borrower, subject to prepayment within 45 days from the date of communica	In case, Company fails to submit audited financial of the company every year by the end of 31st December of that year, penal interest of 1% p.a. over and above the sanctioned rate will be charged on outstanding balance after the said date. Penal interest at the rate of 5% shall be charged for delayed servicing of installments/interests/excess drawings/ TOD/ ad hoc limits.	Security Cover 1.10x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							tion of reset		
23.	Tata Capital Financial Services Limited	May 24, 2022	4,200.0	3,850.0	June 10, 2025	Repayable in 36 equal monthly installments till maturity	The Company may prepay the entire outstanding Dues with prepayment charges of 2% on the prepaid amount. In the following case, the prepayment charge shall not be levied: a. In case of changes in the spread, no charge shall be levied on the prepaid amount. b. In the event, the revised rate of interest is not acceptable to the Company , the Company shall give notice of same in writing to Lender from such revised interest communication date and shall mandatorily repay to Lender in full, all amounts outstanding	2.00% p.a. over and above the normal interest rate shall be charged in case of delayed payment of Interest, Principal or monies payable under the loan/specific agreement from the due date till the date of receipt. In case of non-creation, delayed, non-submission of security or collateral related documents and non-perfection of security, a penalty interest of 2% of outstanding amount shall be charge for the period of delay. In case of non-adherence of financial covenants of sanction letter, an additional one-time charge of ₹ 20,000 per financial year shall be charged.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							under the credit facility including all costs, charges, interest or dues, without payment of prepayment fee or penalty.		
24.	Tata Capital Financial Services Limited	December 03, 2020	2,450.0	1,102.3	December 15, 2023	Repayable in 36 equal monthly installments till maturity	Prepayment charges of 2% on the prepaid amount shall be levied	In case of non-creation, delayed, non-submission of security or collateral related documents and non-perfection of security, a penalty interest of 2% of outstanding amount shall be charge for the period of delay. 2.00% p.a. over and above the normal interest rate shall be charged in case of delayed payment of Interest, Principal or monies payable under the loan/specific agreement from the due date till the date of receipt. In case of non-adherence of financial covenants of sanction letter, an additional one-time charge of ₹ 20,000 per financial year shall be charged.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
25.	Hinduja Leyland Finance Limited	December 22, 2021	2,000.0	1,555.9	December 28, 2024	Repayable in 36 equal monthly instalments	(a) No prepayment prior to the expiry of 12	In the event, the Company fails to comply with the reporting	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan

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							months from the Disbursement Date. (b) Thereafter, prepayment penalty of 2% will be payable on Outstanding Principal Amount prior to the making of the prepayment (c) Partial Prepayment is not allowed	requirements within 7 days from written notice issued by lender, the Company shall be liable to pay a penalty of ₹ 6000 per day in the event of such non-adherence. Default interest rate = Interest rate +2.50% per annum	receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.20x
26.	Hinduja Leyland Finance	March 15, 2021	3,500.0	1,893.4	March 19, 2024	Repayable in 36 equal monthly instalments	No prepayment prior to the expiry of 12 months from the disbursement date. The Company may prepay outstanding amounts under the Facility, in full and not in part, upon providing the Lender written notice of 7 business	In the event, the Company fails to comply with the reporting requirements within 7 days from written notice issued by lender, the Company shall be liable to pay a penalty of ₹ 6000 per day in the event of such non-adherence. Default interest rate = Interest rate +2.50% per annum	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							days. In event of such prepayment, Prepayment charges of 2% the outstanding value of the Facility. Partial Prepayment is not allowed		whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.20x
27.	Nabsamruddhi Finance Limited	July 30, 2021	2,500.0	1,688.7	August 31, 2024	Repayable in 36 equated monthly installments	Prepayment of loan accepted only with fixed prepayment charges @ 2.5% of the prepaid amount.	Failure in perfection of charge on security within 90 days from the date of first disbursement shall attract penal interest of 1% p.a. on the outstanding loan amount till the date of perfection of security. In case of delay in repayment of principal or interest penal interest on overdue amount in default for the period of delay will be charged @2% p.a. over and above the applicable interest rate.	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.10x

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28.	Nabkisan Finance Limited	March 06, 2020	2,000.0	495.9	June 01, 2023	Repayable in 12 quarterly instalments after moratorium period of 3 months	Prepayment of loan is permitted with fixed prepayment charges at 2.5% p.a.	If the company fails to pay interest charges/loan charges on the due date/s, it shall be liable to pay additional charges on the overdue amount 2% over and above the interest rate applicable to the principal amount.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
29.	Nabkisan Finance Limited	June 03, 2021	2,000.0	749.9	May 31, 2023	Repayable in 8 quarterly instalments without any moratorium	Prepayment of loan is permitted with fixed prepayment charges at 2.0% p.a.	Penal Interest of 2% p.a. will be charged in case of any breach of terms and conditions of sanction, loan agreement or otherwise. For a delay in payment of principal/interest instalment, penal interest on outstanding amount for total period of delay will be payable at the rate of 2% p.a. over and above the	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
								applicable interest rate. If the company fails to pay interest charges/loan charges on the due date/s, it shall be liable to pay additional penal interest on the outstanding amount for the total period of delay at the rate of 2% over and above the interest rate applicable to the principal amount.	future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent' they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
30.	Nabkisan Finance Limited	June 09, 2022	3,000.0	2,750.0	June 01, 2026	Repayable in 12 quarterly instalments without any moratorium	Prepayment of loan is permitted with fixed prepayment charges at 2.0% p.a.	Penal Interest of 2% p.a. will be charged in case of any breach of terms and conditions of sanction, loan agreement or otherwise. For a delay in payment of principal/interest instalment, penal interest on outstanding amount for total period of delay will be payable at the rate of 2% p.a. over and above the applicable interest rate. If InCred Financial Services Limited fails to pay interest charges/loan charges on the due date/s, it shall be liable to pay additional penal interest on the outstanding amount for the total period of delay at the rate	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I.

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
								of 2% over and above the interest rate applicable to the principal amount.	Security Cover 1.10x
31.	Suryodaya Small Finance Bank Ltd.	August 14, 2021	2,000.0	1,058.7	September 05, 2023	Repayable in Equated 24 Monthly Installments	Prepayment not permitted within 12 months of drawdown, Post 12 months of drawdown, Prepayment /Foreclosure of the Facility shall be permitted subject to a penalty of 2% on the amount prepaid pursuant to a prepayment notice of minimum 30 days.	Any overdrawing in the account, non payment of interest/installment/any other amount due to the Bank on the due date will attract an additional interest of 2% p.a over and above the applicable interest on the overdue amount/ installments/ any other amount due to the bank.	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.10x
32.	ESAF Small Finance Bank Ltd.	September 22, 2021	3,000.0	2,181.0	September 10, 2024	Repayable in 11 equal quarterly installments after an initial repayment holiday of 3 months. .	In case borrower desires to prepay the loan, the prepayment of loan will be accepted making 1% of the prepaid as prepayment charge.	Delay/ non-submission of receivables' statement on quarterly basis will attract penal interest @1.00% p.a. from the date of default on the outstanding amount. A penal interest	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its

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							Prepayment or foreclosure for loans is permitted after a minimum of 12 months following the loan disbursal. The Company / co-borrower shall send a written request to the Bank mentioning the clear instruction for reducing the tenure or equated monthly installments in case of prepayment of the loan. The Company / Co-borrower undertakes to submit atleast 30 days prior written intimation for foreclosure.	of 2.00% p.a. would be charged on the amount of overdue installment/ interest over the credit limit. For non-creation of security within the stipulated period, a penal interest of 2.00% p.a. on the outstanding amount will be recovered on the facility.	business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.12x
33.	Maanaveeya Development & Finance Private Limited	December 15, 2020	2,500.0	1,136.5	December 24, 2023	The loan will be repaid in 33 monthly installments. The total loan will be repaid within 36 months of the release i.e., 3 months of moratorium and 33 months of	Advanced repayments are permitted to a maximum of 10% of the initial principal amount in any 12 months of the Loan term. If the Company makes any	In the event of default by the Company , if the borrower fails to pay promptly and in full any amount due from it under the Loan Agreement, an extra monthly charge shall be levied at the lower of the maximum permitted legal rate or the rate of 1% per month	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government

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						repayment.	prepayment without fulfilling the aforestated conditions, Maanaveeya shall be entitled to appropriate the same in such manner as it deems fit and credit for the same shall only be given only on or after the Loan, interest and/or any other monies, fall due for payment to Maanaveeya or demanded by Maanaveeya in accordance with this Agreement and/or the other Finance Documents.	of such unpaid amount.	department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
34.	Aditya Birla Finance Ltd.	February 17, 2021	4,000.0	1,888.9	February 15, 2024	Repayable in 36 equal monthly installments	Prepayment of loan will be accepted on the terms and conditions to be decided by ABFL from time to time. Except as may be provided in Schedule III, the Company /s shall not, without the prior	2% p.a. over and above the rate for the last draw down or Rollover of facility on entire principal/ payable interest on delay in repayment of principal/ Interest/ charges.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or

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							written approval of the Lender, which approval may be given subject to such terms and conditions as may be stipulated by the Lender including payment of the Prepayment Premium as stipulated in Schedule III, prepay the Secured Obligations along with statutory levy, if any in full or in part, before the relevant Due Dates. Subject to the abovementioned, any notice of prepayment given by any Party shall be irrevocable and shall specify the date or dates upon which the relevant prepayment is to be made and the amount of that prepayment. The Company /s may not re-borrow under this Agreement		project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x

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							any part of the Facility which is prepaid or repaid.		
35.	Aditya Birla Finance Ltd.	June 23, 2022	1,700.0	1,605.6	July 05, 2025	Repayable in 36 equal monthly installments	1% of the principal outstanding amount if paid before 12 months, Nil prepayment penalty after 12 months	2% per month on delayed interest and principal payments till default continues.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
36.	HDFC Bank Limited	June 24, 2022	5,000.0	4,583.3	June 28, 2025	Repayable in 12 quarterly instalments without any moratorium	2% on the foreclosure amount	Any default by the Company in payment for dues or of any of the terms and conditions herein, would entail an additional interest charge of 2% p.a. on the entire loan, leviable from the date of the default without	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
								prejudice to the Bank's other rights available as per this agreement and on default/ failure of the Company to pay the same	family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.33x
37.	Indian Overseas Bank	March 03, 2022	5,000.0	4,722.2	March 09, 2027	Repayable in 18 quarterly instalments having 17 equal quarterly instalments of ₹2,77,77,778.00 each and final instalment of ₹2,77,77,774.00 commencing after 6 months from the date of 1st disbursement.	2% on the foreclosure amount	Bank will charge penal interest in the following cases: i. Company does not submit the audited financial statements within 1st November of next FY or such extended time by appropriate authority. ii. Company does not submit the Book debts/ Other applicable stats within the stipulated time frame. iii. Company does not comply with the financial covenants stipulated in the terms of	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
								sanction and non-compliance of any of the terms and conditions. iv. Company does not provide timely information for renewing the limits, default in repayment etc. v. Apart from above, branch to charge 1% over the rate charged for respective credit facility in which ad hoc facility is granted.	requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.12x
38.	IndusInd Bank Limited	February 22, 2022	5,000.0	3,333.3	September 30, 2023	Repayable in 6 equal quarterly instalments	In case the Company wants to prepay the Facility at any point of time, the Company shall give a prior written notice of fifteen (15) Working Days to the Bank before the proposed date of prepayment. It will be Bank's absolute discretion to accept such request of prepayment. However, in case the request is accepted by the Bank, the Company has to pay the	The Company shall be levied penal charges as under: For non-compliance with sanction terms: Applicable rate + 2% p.a. For overdue payments / irregularities: Applicable rate + 6% p.a.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							prepayment charges as intimated to the Company in the Sanction Letter, on the outstanding principal for the balance term to the Bank on the date of prepayment. The rate of prepayment charges can be changed by the Bank at its own discretion with 30 days prior notice to the Company .		outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.15x
39.	Jana Small Finance Bank Limited	April 28, 2022	5,000.0	4,521.7	June 03, 2025	Equated Monthly Installments comprising principal and interest on 3rd of every month. However, where in the no. of days between disbursement date and the 3rd of next month is less than 15 days, broken period interest would be due on the 3rd of the month following the month in which the disburseme	Prepayment premium of 1% of the amount prepaid will be payable by the borrower prior to any prepayment under the Facility. A notice of 30 business days must be provided to the lender before any prepayment is made under the facility.	Default interest of at the rate of 2% per annum (over the interest rate) shall be payable by the borrower upon occurrence of any event of default.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
						nt has be[en] made and full EMI would commence from 3rd of the subsequent month			aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.10x
40.	Kisetsu Saison Finance (India) Private Limited	June 09, 2022	3,500.0	3,208.3	June 15, 2025	Repayable in 12 equal instalments payable on a quarterly basis	The Facility may be prepaid only after 12 months from the date of first drawdown with 2% foreclosure charges on outstanding amount.	Default interest at the rate of 2% per month (over the Interest Rate) shall be payable by the Company upon occurrence of any event of default.	First pari-passu charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.10x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
41.	Shriram Housing Finance Limited	August 26, 2022	2,500.0	2,500.0	September 05, 2025	Repayable in 36 equal monthly instalments	1. No prepayment shall be permitted for first 6 months 2. 1% prepayment charges shall be levied if made post 6 months during the tenor of loan	3% per annum-over and above the document interest rate. All amounts in default for payment (i.e. not paid by the Company when due to the Lender) including arrears of EMI, interest before the commencement of EMI, costs, charges and expenses debited to the Loan account shall attract penal interest / charges without there being any need to assign a reason for such revision and interest and penal charges shall thereafter accrue at such revised rate(s) as per the schedule.	Security Cover 1.20x
42.	Federal Bank Limited	July 13, 2022	3,000.0	3000.0	July 25, 2025	Repayable in 11 equal instalments payable on a quarterly basis post 3 months moratorium period	1) 1 % on the amount prepaid 2) Nil in case Company prepays the Loan from Equity Proceeds/	2% for the following Delay / default in submission of quarterly statement of receivables. Exceeding the limit/delay in	Security Cover 1.25x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							Own Sources, post providing 30 days of notice from Interest Reset Date	serving the interest and / or principal. 2% p.a. for the following deficiencies: Delay in submission of audited annual accounts beyond seven months from the close of the financial year Non compliance of terms & conditions of sanction letter If account is classified under SMA Category other than technical reasons, total penal interest, additional penal interest not to exceed 2% p.a.	
43.	State Bank of India	March 14, 2019	20,000.0	11000.0	March 25, 2024	5 annual ballooning installments after a moratorium of 1 year 6 months will start from the date of last disbursement in the following manner: a. At the end of 6 months from the date of last disbursement – rupees 20 crore a. At the end of 18 months from the date of last disbursement – rupees 30 crore b. At the	2% of the prepaid amount. However prepayment charges would not be levied: (a) In case prepayment has been made out of cash sweep / insurance proceed (b) Payment at the instance of lender (c) Loan prepaid out of internal accruals/equity infusion by the promoters	Each of the following events will attract penal interest at applicable rate as indicated, over and above the normal interest applicable in the account: a. Irregularities in Term Loan accounts on the irregular portion @5% p.a. for the period of irregularity b. Irregularities in cash credit accounts on the irregular portion @2% p.a. c. Non submission of receivables statements, (delay beyond 20 days of the succeeding month to be considered as non submission)	First pari-passu floating charge (in the manner as stated in Schedule I above) over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
						end of 30 months from the date of last disbursement – rupees 40 crore c. At the end of 42 months from the date of last disbursement – rupees 50 crore d. At the end of 54 months from the date of last disbursement – rupees 60 crore		@0.25% on the entire outstanding on each instance of default till the period of non compliance d. Non submission of renewal data beyond three months from the due date renewal @0.25% till the time the position is rectified However the total penal interest charged on a borrower due to various non compliances will not exceed 5% p.a. for the period of non compliance.	aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.33x
44.	RBL Bank Limited	18 March 2019	20,000.0	5,000.0	31 March 2023	Repayable in 5 installments of as under: 1st – 15 Crs 2nd – 25 Crs 3rd – 25 Crs 4th 35 Crs 5th – 100 Crs	Prepayment allowed without any prepayment penalty only after 90 days of the disbursement. Prepayment penalty if applicable to Be charged at the discretion of the Bank.	the Bank reserves the right to charge additional interest @2% per annum on occurrence of such events as specified in the agreements or as may be deemed necessary in the bank's sole discretion.	Pari passu charge on loans & advances (which are eligible for direct bank finance as per RBI guidelines) with an assets cover of 1.10 times.
45.	Mahindra & Mahindra Financial Services Limited	September 22, 2022	5,000.0	5000.0	September 29, 2025	Repayable in 36 equated monthly instalments	No prepayment allowed upto 1 year from the date of first disbursement; and In case of prepayment (post 1 year from the date of first disbursement, the	Additional interest charged @ 3% p.m. on overdue/delay/default of any amount payable unless otherwise indicated Penal interest of 1% p.a. above the applicable interest rate on the outstanding amount would levied in the	Security Cover 1.10x

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
							lender will be entitled to prepayment penalty of 2% of the amount prepaid, except in cases mentioned below: a. If the prepayment is made pursuant to written instructions of MMFSL in which case no prior notice will be required from the Company for prepayment , b. Any amount prepaid shall not be redrawn.	following conditions: i. In the event of non-creation of security within stipulated timelines; and/or ii. Delay/failure to obtain external credit risk rating from agency approved by RBI within stipulated time peri if the rating is suspended; and/or iii. Failure to submit the yearly certificate to confirm compliance with the stipulation pertaining ownership/control/management; and/or iv. Delay/failure to submit compliance with different conditions mentioned in the sanction letter in timely manner; and/or iv. Breach in financial covenants/non-financial covenants; and/or v. Non-submission/delay in submission of audited balance sheet within stipulated	

Sr. No.	Lender Name	Date of Sanction/ Renewal	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
								period of 6 months from the end of financial year of the company	

The total outstanding of term loans from banks and other financial institutions including external commercial borrowings after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ***₹ 2,03,441.8 lakh****.*

Rescheduling: None of the facilities mentioned above has rescheduling clause.

Events of Default: The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

a. **Non-payment:** If the Company fails to pay to the lender any amount on its due date, whether principal/ interest/s /fees/costs/charges/expenses or otherwise due from it hereunder and/or in accordance with terms of any of the transaction documents;

b. **General default:** The breach of, or omission to observe, or default by the Company in observing any of its obligations, covenants or undertakings or any term, condition, provision of the transaction documents;

c. **Non-creation / jeopardization of security:** Failure to create and perfect the security, or to create, maintain or submit any document regarding creation and/or perfection of the security, to the satisfaction of the lender or any act or circumstances of the Company which could, in the sole determination of the lender, jeopardize, in any way, the security shall be construed as an event of default. Similarly, occurrence of an event which would in any manner jeopardize the security would also be construed an event of default;

d. **Change in constitutional documents**: Any material change in the proprietorship/partnership/constitution. memorandum or articles of association or any change in the entity of the firm/company without the prior written approval of the lender;

e. **Misrepresentation:** Any representation or warranty or assurance or covenant on the part of the Company made or deemed to be made or repeated in pursuance to the agreement or in any notice, certificate or statement or other writing referred to herein or delivered hereunder is or proves to be incorrect or misleading;

f. **Cross default**: Any default by the Company or its/their promoter / affiliates/ agents/ associates/ group companies/ directors (independent or executive)/ subsidiaries /assigns, under the agreement or any other agreement or other writing between the Company (including its/their promoter/ affiliates/ agents/ associates/group companies/ directors (independent or executive)/ subsidiaries/ assigns) and the lender or its promoter/ affiliates/ subsidiaries, assigns or any group company, or under any other agreement or writing of indebtedness of the Company or its/their promoter/ affiliates/ agents/associates/group companies/ directors (independent or executive) /subsidiaries/ assigns, with any other person or in the performance of any covenant, term or undertaking thereunder, or any indebtedness of the Company or its/their promoter/ affiliates/ agents/associates/group companies/ directors (independent or executive)/subsidiaries /assigns, not being paid when due or any creditor of the Company or its/their promoter/ affiliates/ agents/associates/group companies/ directors (independent or executive)/subsidiaries /assigns becoming entitled to declare any Indebtedness due and payable prior to the date on which it would otherwise have become due or any guarantee or indemnity or collateral given or other support agreement entered into by the Company or its/their promoter/ affiliates/ agents/ associates/group companies/ directors (independent or executive)/subsidiaries /assigns not being honored when due and called upon;

g. **Inability to pay debts:** The Company is/are unable generally to pay its debts as they fall due and/or commences readjustment or rescheduling, in the light of financial difficulties or in contemplation of any default, event of default or potential event of default under any agreement relating to the same (howsoever described), of any indebtedness, and/or makes a general assignment for the benefit of or a composition with its creditors and/or admits or is ordered to pay any liability and such liability is not paid when due (provided that for the avoidance of doubt any reference in the sub-clause to any Indebtedness shall not include any Indebtedness which is being bona fide disputed by the Company and in respect of which no adverse court order has been made against the Company;

h. Non-payment of decretal amount: The Company fails to pay amount under any court order or decree or judgment against the Company;

i. **Levy of execution or distress:** Any execution or distress is levied against or an officer takes possession of the whole or any part of the property, undertaking or assets of the Company or any encumbrance over the whole or any part of the property, undertaking or assets of the Company becomes enforceable;

j. **Cessation of business:** The Company ceases or threatens to cease to carry on the business it carries on at the date hereof;

k. **Insolvency:** The Company takes any action or any legal action or proceedings are applied for or an application for the same is submitted or started or other steps taken for (i) the Company to be adjudicated or found insolvent or bankrupt, (ii) the winding-up or dissolution of the Company, or (iii) the appointment of a liquidator, administrator, trustee or receiver or similar officer or institution in respect of the Company or the whole or any part of its undertaking, assets and properties; or

l. If there is any downward revision by two notches in the existing credit rating i.e. BBB+ assigned to the Company by credit rating agencies;

m. If the promoter steps down from the board of directors of the Company and/ or ceases to have management control over the Company;

n. If the cumulative negative mismatch in any of the tenor buckets is greater than 5% (five percent) in the ALM report;

o. The Company utilize/s the facility for speculative or anti-social business or for any purposes other than those specified in the agreement;

p. An application is filed by any of the Company, obligors, financial creditors (as defined under IBC) or operational creditor (as defined under IBC) before the relevant authority under IBC; or

q. An application filed by the Company/obligor, financial creditor (as defined under IBC) or operational creditor (as defined under IBC) is admitted by the relevant authority.

r. The Company repudiates the agreement or does or causes to be done any act or thing evidencing an intention to repudiate the agreement and/or any other document in relation to the agreement;

s. There occurs a material adverse effect in the opinion of the lender

t. Any insolvency notice or a winding-up notice is served on the Company or a receiver is appointed or attachment is levied on any of the Company's properties or assets.

u. If any regulatory proceedings are initiated or likely to be initiated at the sole discretion of the lender against the Company;

v. If any governmental authority shall have condemned, authorized, seized or otherwise expropriated all or any part of the assets of the Company or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, or its officers from carrying on its business or operations or a substantial part thereof;

w. If an execution, attachment or restraint has been levied on all or any material part of the assets of the Company, and is not discharged or stayed within 5 (five) business days of having been so levied;

x. If the Company sells, transfers or otherwise disposes of the whole or a substantial part of its undertaking or assets, whether by a single transaction or a number of transactions, without the prior written consent of the lender;

y. If it is or becomes unlawful for the Company to perform all or any of their respective obligations, as determined by the lender under the transaction documents, and such unlawfulness is not remedied within 5 (five) business days after written notice of such unlawfulness shall have been given to the Company by the lender (except in any case where the unlawfulness is incapable of remedy, when no such notice as is mentioned herein shall be required);

z. If the lender is of the opinion that the Company's liabilities exceed the Company's assets or that the Company is/are carrying on business at a loss resulting into breach of financial covenant;

aa. If any commitment for any indebtedness of the Company is/are cancelled or suspended by any other lender as a result of an event of default under such lender's document (however described);

bb. The Company act(s)/or desist(s) from acting in any manner which jeopardizes the powers vested in the lender under any power(s) of attorney from being exercised solely by the lender (acting through its authorized representatives);

cc. If there is any commencement of a legal process against the Company under any criminal law in force;

dd. restructuring of any facilities availed by the Company;

ee. Cancellation of NBFC license by RBI.

ff. If an attachment or distraint has been levied on the assets of Company or any part thereof.

gg. the Company finances clients listed on:

(i) any list of terrorists or terrorist organizations of the United Nations, the European Union and any other applicable country; or

(ii) any financial sanctions list, being defined as lists of persons, groups or entities which are subject to United Nations, European Union, the US Office of Foreign Asset Control (OFAC) and/or Swedish financial sanctions.

ii. Working Capital Demand Loans ("WCDL") Cash Credit ("CC") / Overdraft against Fixed Deposit ("ODFD") facility availed by our Company:

The total sanctioned amount of working capital demand loans and cash credit facility availed from banks as on September 30, 2022 is ₹ 36,000.0 lakh, the amount outstanding (as per Ind-AS) of working capital demand loans and cash credit facility as on September 30, 2022 is ₹ 22,986.8 lakh. The details of the working capital demand loans and cash credit facilities are set out below:

Sr. No.	Lender Name	Facility	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) *	Maturity Date	Repayment Schedule	Security
1.	IDFC First Limited	Working Capital Limit	September 27, 2022	5,000.0	0.6	Annual Renewal	On demand/ Renewal in 1 year	First pari-passu charge over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I.

Sr. No.	Lender Name	Facility	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) *	Maturity Date	Repayment Schedule	Security
								Security Cover 1.20x.
2.	Karnataka Bank	Overdraft Facility	December 31, 2021	1,000.0	Nil	Annual Renewal	On demand/ Renewal in 1 year	First Pari Passu charge on receivable & book debts of the Company (excluding doubtful receivables) with a minimum asset cover of 110% of outstanding loan amount at any point of time. Security Cover: 1.1x
3.	RBL Bank	Working Capital Demand Loan / Cash Credit	April 12, 2022	3,500.0	Nil	Annual Renewal	On demand/ Renewal in 1 year	First pari-passu charge over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
4.	Yes Bank	Working Capital Demand Loan / Cash Credit	September 26, 2022	2,500.0	2500.0	25-Dec-2022	Bullet on maturity	First pari-passu charge over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
5.	Yes Bank	Cash Credit	February 24, 2022	1,000.0	Nil	Annual Renewal	On demand/ Renewal in 1 year	First pari-passu charge over all the book debts (including standard loan receivables), monies, amounts owing to or received by,

Sr. No.	Lender Name	Facility	Date of Disbursement/ Sanction	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh) *	Maturity Date	Repayment Schedule	Security
								receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.25x
6.	IndusInd Bank Limited	Working Capital Demand Loan	February 22,2022	500.0	500.0	18-Mar-2023	Bullet on maturity	First pari-passu charge over all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the requirements of each Lender's asset cover in respect of the outstanding Facilities, the details of which are set out in Schedule I. Security Cover 1.15x
7.	State Bank of India	Cash Credit Working Capital Demand Loan	March 08, 2022	22,500.0	19991.1	Annual Renewal	On demand/ Renewal in 1 year	Receivables and advances made by the Company (which are eligible for direct bank finance as per RBI guidelines) (hereinafter referred to as "Hypothecated Assets" with a minimum asset coverage ratio of 1.10 times principal amounts and accrued interest in arrears in relation to the Credit Facilities, during the tenure of the Term Loan Agreement

The total amount outstanding after Ind AS adjustment on account of Effective Interest Rate is ***₹ 22,986.8 lakh****.*

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

(a) **Non-compliance of below mentioned conditions shall attract additional Interest/additional commission:**

i. Default in creation and perfection of securities as set out in the facility letter within stipulated days from the date of facility, to be calculated from the date falling on the expiry of time period available creation and perfection of securities/ date of first drawdown, till creation and perfection of the same to the satisfaction of the lender(s).

ii. Breach of any covenant/ provision of the transaction documents including default in repayment of facilities or any amount falling due thereunder on due date, or any representation or warranty being false, incorrect, omitted or misleading, to be calculated from the date of occurrence of default till the same is cured to the satisfaction of the lender(s).

iii. Delay in submission of critical loan documentation to the lender(s) including the facility letter, board resolution, UFCE certificate or any other authorization document as applicable to the Company, the agreement, any other transaction document, certificates/letters as stipulated by the lender(s) in relation to the facilities, to be calculated from the date of occurrence of default till the same is cured to the satisfaction of the lender(s).

(b) **Credit Rating**: The Company shall get the facilities rated by credit rating agency/ies, as approved by the lender(s), prior to the first drawdown and shall get such rating done annually or at such intervals as may be decided and intimated by the lender(s) to the Company, from time to time failing which additional interest at 2% per annum shall be payable by the Company on the outstanding facilities.

Each of the following events will attract penal interest at applicable rate as indicated, over and above the normal interest applicable in the account:

i. Irregularities in cash credit accounts on the irregular portion @5% p.a. for the period of such irregularity.

ii. Non submission of receivables statements, (delay beyond 20 days of the succeeding month to be considered as non-submission) @0.25% p.a. on the entire outstanding on each instance of default during the period of non-compliance**.**

iii. Non submission of renewal data beyond three months from the due date renewal @0.25% till the date of submission during the period of non-compliance.

iv. Non-compliance with mandatory negative covenants @2% p.a. till the time position is rectified. However, the total penal interest charged on a borrower due to various non compliances will not exceed 5% p.a. for the period of non-compliance.

v. Non-compliance of financial covenant shall be charged @2% p.a. on the entire outstanding for the period of non-compliance

vi. Non-payment of interest / installment shall be charged @5% on the entire outstanding for the period of default

vii. Cross default shall be charged @1% on the entire outstanding for the period of default.

Rescheduling: None of the facilities mentioned above has rescheduling clause.

Events of Default: The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:
Occurrence of any one or more of the following events shall also constitute an Event of Default under the Agreement:

At the option of the lender(s) in respect of the credit facilities granted or to be granted by the lender(s) to the Company, the Company agrees and declares that notwithstanding anything, the said dues shall become due and payable by the Company to the lender(s), upon the happening of any of the following events referred to as Events of Default. The Company shall be deemed to have committed an act of default on the happening of, *inter –alia*, any one or more of the following events, namely:

(a) **Non- payment:** Company fails to pay / repay on demand any monies, which ought to be paid by the Company as per the terms of the facility documents.

(b) **Breach:** Company commits any breach of any agreement or covenant or representation or warranty on its part herein contained or under any circumstances which in the sole judgment of the lender is prejudicial to or imperils the security created for the credit facilities.

(c) **Insolvency and winding up:**

i. Any proceeding or imminent threat of proceeding initiated against the obligor or any of its subsidiary company, affiliate or group companies, by any party under laws of insolvency or under any other statutory provision(s) or law(s) applicable to the obligor which may lead to insolvency resolution proceedings, its liquidation, winding up or declaration as insolvent or any petition for winding up of the Company is filed; or

ii. A moratorium, standstill, or similar suspension of payments in respect of the indebtedness, whether internal or external, of the Company or any of its subsidiary company, affiliates or any other group company, has been or may in the reasonably foreseeable future be declared by the government, central bank or any other governmental agency; or

iii. If any application for initiation of corporate insolvency proceedings by or against the Company or any other obligor is initiated with an adjudicating authority by any creditor under the Insolvency and Bankruptcy Code, 2016 or any other applicable insolvency or bankruptcy laws; or

iv. A liquidator, receiver, receiver and manager, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer is appointed in respect of any obligor or any of their assets or any distress of execution or seizure is levied or enforced upon or likelihood seizure against the whole or any part of the property of any obligor; or

v. if any person shall apply or obtain an order for the winding up of any obligor or if any such order is made or if any step is taken by any person towards passing any resolution to wind up any of the obligor or if any such resolution shall be passed.

(d) **Cessation of Business:** if any of the Company suspends or ceases to carry on business or to conduct its business to the satisfaction of the lender(s).

(e) **Misuse of funds:** if the Company misuses the credit facilities or any part thereof for any purpose other than for which the said credit facilities have been sanctioned.

(f) **Security:**

i. If the security, or any part thereof, for the credit facilities is sold, parted with (and such parting of possession not being authorized by the lender in writing), disposed off, charged, encumbered or alienated and due to all these security cover of the bank falls below stipulated level, or

ii. If the assets charged as in favour of the lender as security has/have not been kept insured (if applicable) by the lender or security cover depreciates or if the security becomes invalid or unenforceable in any respect or in the opinion of the lender is in jeopardy or other additional adequate security is not given by the Company, inspite of being called upon to do so by the lender, or

iii. if the security is confiscated, attached or taken into custody by any authority or become the subject of any legal proceedings, or

iv. if in the absolute discretion of the lender there is a likelihood of the due money not being paid and/or Security is likely to be transferred to defeat the security and the due amounts of the lender.

(g) **Material Adverse Effect:** Any event or circumstance occurs which the lender reasonably believes or is reasonably likely to have a material adverse effect

(h) **Cross default:** if a cross default as below occurs:

i. any debt of the Company is not paid when due nor within any originally applicable grace period;

ii. any event of default or a potential event of default (however described) which with the lapse of time or giving of notice may become an event of default occurs under any contract or document relating to any debt of the Company;

iii. any commitment for any debt of the Company is cancelled or suspended by a creditor as a result of an event of

default (however described in contract with such creditor);

iv. any creditor of the Company becomes entitled to declare any debt due and payable prior to its specified maturity as a result of an event of default (however described in contract with such creditor);

v. there is any event of default or a potential event of default (however described) or other similar condition or event which with the lapse of time or giving of notice may become an event of default under one or more agreements or instruments (i) relating to any debt; (ii) entered between (a) the lender and any obligor, or (b) the lender and any of the obligor's affiliates/associate company(ies); or (c) any obligor and any of its lenders; or (d) any obligor's affiliates / associate company(ies) with any of their lenders; or

vi. any security over any assets of any obligor to secure any other debt which is enforced or action initiated to enforce the security.

(i) **Expropriation:** if any consent, authorization, approval or license of or registration with or declaration to government or public bodies or authorities required to authorize or required by the Company/any other obligors in connection with the execution, delivery, validity, enforceability or admissibility in evidence of the facility agreement or the performance by the Company/any other obligor's of its obligations hereunder is modified in a manner unacceptable to the lender or is not granted or revoked or terminated or expires and is not renewed or otherwise ceases to be in full force and effect.

(j) **Change in constitution:** if the lender is informed or in the event that information comes to the knowledge of the lender that there is a change in the constitution of the Company/any other obligor or that there is likely to be a change in the constitution of the Company/any other obligor and such change in the opinion of the lender would adversely affect the interest of the lender.

(k) **Illegality:** if it becomes unlawful for the lender to make, fund or allow any amount to remain outstanding under the credit facilities.

(l) **Defaulter List:** If the Company/ other obligor's name is included in RBI defaulters list or list issued by any credit information company.

(m) **Misrepresentation:** If any representation or statement made or deemed to be made by the Company/any other obligor in the facility agreement or any other facility document proves to be incorrect or misleading in any material respect.

(n) Change in control: If change of control occurs in respect of the Company and/ or any other obligor.

(o) **Litigation:** If any litigation, alternative dispute resolution, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or potential litigation against the Company/any other obligors or their assets which might have a material adverse effect.

(p) **Jeopardy:** If there exists any other circumstances which in the sole opinion of the lender, jeopardizes the lender's interests.

(q) Deterioration in rating: If there is deterioration or downgrade in the credit rating of the Company as per sanction terms.

(r) **Distraint:** If an attachment or distraint has been levied on the assets of Company or any part thereof.

(s) **failure** by the Company(s)/ obligor(s) to create and perfect security as
(t) stipulated in the transaction documents.

(u) any of **the** transaction documents fails to create the security interest or fails to have the priority as stipulated or ceases to be in full force and effect;

(v) if any **circumstance** or event occurs which is or is likely to prejudice, impair, imperil, depreciate or jeopardise any security or any part thereof; and/or

(w) the value of the any security depreciates entitling the lender(s) to call for further security and failure of the Company/obligors to provide such additional security within the time period stipulated by the lender(s) at its sole discretion.

iii. External Commercial Borrowings:

Sr. No.	Date of availment	Lender's Name	Amount Sanctioned	Principal Amount Outstanding as on September 30, 2022	Maturity Date	Repayment Terms	Security
1.	June 09, 2021	Financing for Healthier Lives Designated Activity Company	USD 7 million (Equivalent to ₹ 5,110.0 Lakhs on fully Hedged basis with IDFC FIRST Bank Ltd)	₹ 5,110.0 Lakhs (Equivalent to USD 7 Million on Fully Hedged basis with IDFC FIRST Bank Ltd)	June 02, 2026	Bullet Repayment on the date of maturity. The Lender shall have the right but not the obligation, to call upon the Company to prepay, on 17 September 2024 the entire Loan in full, by providing a written notice of at least 30 (Thirty) calendar days prior to the Prepayment Date to the Company. Upon the issuance of the Prepayment Notice by the Lender to the Company, the Company shall, on the Prepayment Date, repay the outstanding amounts in respect of the Loan including the principal amount outstanding, accrued interest and all other fees, costs and expenses payable in respect of the Transaction Documents.	First ranking charge, all rights, title, interest, benefit, claims and demands of the Company, in, to, or in respect of all the book debts (including standard loan receivables), monies, amounts owing to or received by, receivables, claims and bills which are now due and owing or which may at anytime hereinafter during the continuation of the security become and owing to the Company in the course of its business by any person, firm, company, Hindu undivided family, or body corporate or by any government department or office or any municipal or local or public or semi government body or authority or undertaking or project, both present and future (whether under any documents or otherwise whether such monies receivables are retained in any of the accounts or otherwise) and all estate, benefit, property, rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid amounts, both present and future, to the extent they meet the Asset Cover (the "Secured

Sr. No.	Date of availment	Lender's Name	Amount Sanctioned	Principal Amount Outstanding as on September 30, 2022	Maturity Date	Repayment Terms	Security
							Property") as continuing security for the Secured Obligations TO HAVE AND TO HOLD all and singular the Secured Property, present and future, unto and to the use of the Security Trustee, acting in trust for and on behalf of and for the benefit of the Lender (the "Charge"). Security Cover: 1.20x.

The total outstanding of term loans from banks and other financial institutions including external commercial borrowings after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 2,03,441.8 lakh.

iv. Secured Redeemable Non-Convertible Debentures

i. **Private Placement of secured redeemable non-convertible debentures as on September 30, 2022**

Our Company has issued 3,000 secured redeemable non-convertible debentures of face value of ₹ 10,00,000 on private placement of which ₹ 30,000.0 lakh (Principal Value) is outstanding as on September 30, 2022, the details of which are set forth below:

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh) *	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule #	Security
1.	INE945W07134	3 years from June 22, 2020	9.75% p.a.	5000.0	June 22, 2020	June 22, 2023	CARE A+; Stable/ CRISIL A+ Stable	To be redeemed in full on June 22, 2023	First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.20x
2.	INE945W07159	3 years from June 26, 2020	9.75% p.a.	10,000.00	June 26, 2020	June 26, 2023	CARE A+; Stable/ CRISIL A+ Stable	To be redeemed in full on June 26, 2023	First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x
3.	INE945W07316	6 years from July 27, 2021	10.95% per annum	11,500.0	May 19, 2021	July 27, 2027	CRISIL A+ Stable	In case put/call option is exercised, to be redeemed on July 26, 2024	The debentures would be secured by a charge created by the Issuer in favour of the Debenture Trustee (for the benefit of the Debenture Holders) being a first ranking pari passu charge by way of hypothecation over all receivables / book

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh) *	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule #	Security
								In case put/call option is not exercised, to redeemed on July 27, 2027	debts of the Issuer, present and future, representing amounts due from the various borrowers of the Issuer at all times to the extent equal to an amount aggregating to the total outstanding in relation to the Issue ("Secured Property") such that the value of security shall be equal to 1.20 (One Decimal Point Two Zero) time the aggregate amount of principal amount outstanding of the Debentures
4.	INE321N07251	2 years from August 30, 2022	9.50%	3,500.0	August 30, 2022	August 30, 2024	CRISIL PP- MLD A+ r/ Stable	8 equal quarterly installments starting from 30th Nov. 2022 and last installments on 30th Aug. 2024	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x

The total amount outstanding after EIR adjustments and interest accrued is ***₹ 30,478.6 lakh****.*

ii. **Private Placement of secured redeemable Market Linked Non-convertible debentures as on September 30, 2022**

Our Company has issued secured redeemable non-convertible debentures on private placement of which ₹ 70,940.0 lakh (Principal Value) is outstanding as on September 30, 2022, the details of which are set forth below:

Particulars	Amount (₹ in lakh)
6,344 secured NCDs of face value of ₹ 10,00,000	63,440.0
7,500 secured NCDs of face value of ₹ 1,00,000	7,500.0
Total	**70,940.0**

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule#	Security
1.	INE945W07183	2 years and 6 months from September 3, 2020	10.25%	1,760.0	September 3, 2020	March 3, 2023	CARE PP-MLD A Stable	Bullet payment on March 3, 2023	a) First ranking pari passu charge on the loan receivables (Hypothecated Receivables) created pursuant to the deed of hypothecation dated

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule#	Security
									May 24, 2018 executed between the company and the Debenture Trustee; and b) First ranking pari passu charge with other debenture holders on certain identified immovable property owned by the issuer ("Immovable Property") as set out in Debenture Truest Deed dated May 24, 2018 executed between the issuer and Axis Trustee Services Limited (Debenture Trust Deed) and created pursuant to the Debenture Trust Deed The Hypothecated Receivables shall always be equal to 1.10x the value of debenture principal and redemption premium. Hypothecated Receivables and Immovable Property will be together termed as Secured Assets.
2.	INE945W07183	2 years and 3 months from November 26, 2020	10.25%	1,300.0	November 26, 2020	March 3, 2023	CARE PP-MLD A Stable	Bullet payment on March 3, 2023	a) First ranking pari passu charge on the loan receivables (Hypothecated Receivables) created pursuant to the deed of hypothecation dated May 24, 2018 executed between the company and the Debenture Trustee; and b) First ranking pari passu charge with other debenture holders on certain identified immovable property owned by the issuer ("Immovable Property") as set out in

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule#	Security
									Debenture Truest Deed dated May 24, 2018 executed between the issuer and Axis Trustee Services Limited (Debenture Trust Deed) and created pursuant to the Debenture Trust Deed The Hypothecated Receivables shall always be equal to 1.10x the value of debenture principal and redemption premium. Hypothecated Receivables and Immovable Property will be together termed as Secured Assets.
3.	INE945W07183	2 years and 5 months from September 25, 2020	10.25%	790.0	September 25, 2020	March 3, 2023	CARE PP-MLD A+ Stable	Bullet payment on March 3, 2023	a) First ranking pari passu charge on the loan receivables (Hypothecated Receivables) created pursuant to the deed of hypothecation dated May 24, 2018 executed between the company and the Debenture Trustee; and b) First ranking pari passu charge with other debenture holders on certain identified immovable property owned by the issuer ("Immovable Property") as set out in Debenture Truest Deed dated May 24, 2018 executed between the issuer and Axis Trustee Services Limited (Debenture Trust Deed) and created pursuant to the Debenture Trust Deed The Hypothecated Receivables shall always be equal to

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule#	Security
									1.10x the value of debenture principal and redemption premium. Hypothecated Receivables and Immovable Property will be together termed as Secured Assets.
4.	INE945W07183	2 years and 3 months from November 30, 2020	10.76%	860.0	November 30, 2020	March 3, 2023	CARE PP-MLD A Stable	Bullet payment on March 3, 2023	a) First ranking pari passu charge on the loan receivables (Hypothecated Receivables) created pursuant to the deed of hypothecation dated May 24, 2018 executed between the company and the Debenture Trustee; and b) First ranking pari passu charge with other debenture holders on certain identified immovable property owned by the issuer ("Immovable Property") as set out in Debenture Truest Deed dated May 24, 2018 executed between the issuer and Axis Trustee Services Limited (Debenture Trust Deed) and created pursuant to the Debenture Trust Deed The Hypothecated Receivables shall always be equal to 1.10x the value of debenture principal and redemption premium. Hypothecated Receivables and Immovable Property will be together termed as Secured Assets.
5.	INE945W07183	2 years and 3 months	10.25%	790.0	December 7, 2020	March 3, 2023	CARE PP-MLD A Stable	Bullet payment on March 3,	a) First ranking pari passu charge on the loan receivables

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule#	Security
		from December 7, 2020						2023	(Hypothecated Receivables) created pursuant to the deed of hypothecation dated May 24, 2018 executed between the company and the Debenture Trustee; and b) First ranking pari passu charge with other debenture holders on certain identified immovable property owned by the issuer ("Immovable Property") as set out in Debenture Truest Deed dated May 24, 2018 executed between the issuer and Axis Trustee Services Limited (Debenture Trust Deed) and created pursuant to the Debenture Trust Deed The Hypothecated Receivables shall always be equal to 1.10x the value of debenture principal and redemption premium. Hypothecated Receivables and Immovable Property will be together termed as Secured Assets.
6.	INE945W07365	2 years 6 months from September 29, 2021	9.25%	7500.0	September 29, 2021	March 29, 2024	CRISIL PP- MLD A+ r/ Stable	Bullet payment on March 29, 2024.	The Debentures shall be secured by way of (i) a first ranking pari passu and continuing charge to be created pursuant to an unattested deed of hypothecation, dated on or about the Effective Date, executed or to be executed and delivered by the Issuer in a "form acceptable to the Debenture Trustee ("Deed of Hypothecation") over all the receivable"

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule#	Security
									of the Issuer as described in (the "Hypothecated Assets"), and (ii) such other security interest as may be agreed between the Issuer and the Debenture Holders ((i) and (ii) above are collectively referred to as the "Transaction Security"). Security cover 1.00x
7.	INE945W07241	2 years 6 months from January 29, 2021	9.50%	1,500.0	January 29, 2021	July 28, 2023	CARE PP-MLD A+; Stable	Bullet payment on July 28, 2023	First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x
8.	INE945W07241	1 year 2 months from May 13, 2022	8.25%	2,200.0	May 13, 2022	July 28, 2023	CRISIL PP- MLD A+ r/ Stable	Bullet payment on July 28, 2023.	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.00x
9.	INE945W07274	2 years from May 27, 2021	9.75%	1,540.0	May 27, 2021	May 26, 2023	CRISIL PP- MLD A+ r/ Stable	Bullet payment on May 26, 2023	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x
10.	INE945W07340	2 years 6 months from September 23, 2021	9.25%	3,200.0	September 23, 2021	April 22, 2024	CRISIL PP- MLD A+ r/ Stable	Bullet payment on April 22, 2024	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.00x
11.	INE945W07332	1 years 10 months from June 29, 2022	9.50%	1,890.0	June 29, 2022	April 22, 2024	CRISIL PP- MLD A+ r/ Stable	Bullet payment on April 22, 2024	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x
12.	INE945W	3 years 4	Variable	1,390.0	June 21,	October	CRISIL	Bullet	The Debentures shall be

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule#	Security
	07282	months from June 1, 2021	Coupon		2021	4, 2024	PP- MLD A+ r/ Stable	payment on October 4, 2024	secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x
13.	INE945W 07258	1 year 6 months from April 23, 2021	10.00%	3720.0	April 23, 2021	October 20, 2022	CRISIL PP- MLD A+ r/ Stable	Bullet payment on October 20, 2022.	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x
14.	INE945W 07308	2 years 9 months from July 20, 2021	Variable coupon	1,500.0	July 20, 2021	April 26, 2024	CRISIL PP- MLD A+ r/ Stable	Bullet payment on April 26, 2024	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x
15.	INE945W 07266 (Covered MLD)	3 years 6 months from May 5, 2021	9.25%	10,000.00	May 5, 2021	Novemb er 4, 2024	CRISIL PP- MLD AA+ r (CE)	Bullet payment on November 4, 202bject to the exercise of call option.	(i) a first ranking and exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interest created in connection therewith; (b) a first ranking and exclusive charge over the Cash Collateral; (c) a first ranking and exclusive charge over all right, title and interest of the Company in the SPV Trust, whether as residual beneficiary or in connection with the contribution undertaken to be made available by the Company to the SPV Trust in terms of the Assignment Documents. Security Cover 1.28x
16.	INE945W	5 years	9.15%	7,500.0	July 2,	July 2,	CRISIL	Bullet	a first ranking and

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule#	Security
	07290 (Covered MLD)	from July 2, 2021			2021	2026	PP- MLD AA+r (CE)	payment on April 3, 2023 subject to the exercise of call option.	exclusive charge over the Identified Receivables together with all right, title and interest in relation thereto including the rights in relation to the security interest created in connection therewith; b. a first ranking and exclusive charge over the Cash Collateral c. a first ranking and exclusive charge over all right, title and interest of the Company in the SPV Trust, whether as residual beneficiary or in connection with the contribution undertaken to be made available by the Company to the SPV Trust in terms of the Assignment Documents. Security Cover 1.46x
17.	INE945W 07324(Series I)	Series I – 1 year and 5 months from July 29, 2021	Series I-Annualised coupon rate yielding 10.25% XIRR.	2,000.0	July 29, 2021	Series I – December 29, 2022	Series I CRISIL PP- MLD A+ r/ Stable	Series 1: Bullet payment on 29-Dec22	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x
18.	INE945W 07332 (Series II)	Series II – 2 years and 1 month from 29-Jul-21	Series II-Annualised coupon rate yielding 10.50% XIRR.	2000.0	July 29, 2021	Series II – August 29, 2023	Series II CRISIL PP- MLD A+ r/ Stable	Series II: Bullet payment on August 29, 2023	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.10x
19.	INE945W 07373	1 year 6 months from December 23, 2021	9.00%	4,000.0	December 23, 2021	June 23, 2023	CRISIL PP- MLD A+ r/ Stable	Bullet payment on June 23, 2023	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	Date of Redemption	Latest Credit Rating	Repayment Schedule#	Security
									Receivables) Security Cover 1.00x
20.	INE945W07415	3 years 4 months from January 19, 2022	Variable coupon	1,730.0	January 19, 2022	May 8, 2025	CRISIL PP- MLD A+ r/ Stable	Bullet payment on May 8, 2025	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.00x
21.	INE945W07340	1 year 1 month from July 19, 2022	8.25%	10,100.0	July 19, 2022	August 29, 2023	CRISIL PP- MLD A+ r/ Stable	Bullet payment on August 29, 2023	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.00x
22.	INE945W07423	3 years 4 months from July 25, 2022	Variable coupon	1,170.0	July 25, 2022	December 5, 2025	CRISIL PP- MLD A+ r/ Stable	Bullet payment on December 5, 2025	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.00x
23.	INE321N07269	2 years 6 months 19 days from September 22, 2022	9.25%	2,500.0	September 22, 2022	April 8, 2025	CRISIL PP- MLD A+ r/ Stable	Bullet payment on April 8, 2025	The Debentures shall be secured by way of First ranking pari passu charge on the loan receivables (Hypothecated Receivables) Security Cover 1.00x

The total outstanding after Ind AS adjustment on account of Effective Interest Rate, MTM adjustment and interest accrued is ***₹ 77,499.8 lakh****.*

 # Redemption dates of aforesaid NCDs represents actual maturity and does not consider call/put option, except as stated above

Penalty Clause

a. The Company shall take all steps for making the listing application to the recognized stock exchange within 4 (four) days. In case of delay in listing of the debentures beyond 20 (twenty) days from the deemed date of allotment, the Company will pay penal interest of at least 1.00% p.a. over the coupon rate from the expiry of 30 (thirty) days from the deemed date of allotment till the listing of such debentures to the debenture holders.

b. In case of delay in execution of the debenture trust deed and the security documents, the Company will refund the subscription with agreed rate of interest or will pay penal interest of at least 2% p.a. over the coupon rate till these conditions are complied with at the option of the investor.

Event of Default

The occurrence of any of the following events shall constitute an event of default by the company in relation to the secured debentures:

a. **Default in redemption of debentures**
Default shall have occurred in the redemption of the debentures together with redemption premium, if any, as and when the same shall have become due and payable.

b. **Default in payment of interest/principal amount**
Two consecutive default by the Company in the payment of any installment of interest or the principal amount of the debentures, as and when the same shall have become due and payable.

c. **Default in performance of covenants and conditions**
Default shall have occurred in the performance of any other covenants, conditions or agreements on the part of the Company under the deed or the other transaction documents or deeds entered between the Company and the debenture holder(s)/beneficial owner(s)/ debenture trustee.

d. **Default in creation of Security**
Any default in creation of the security in the manner and within the timeframes stipulated therefor in the transaction documents. Non- maintenance of the security coverage ratio stipulated under the deed shall be considered as an event of default.

e. **Supply of misleading information**
Any information given by the Company in the respective disclosure documents/prospectus, the transaction documents and/or other information furnished and/or the representations and warranties given/deemed given by the Company to the debentureholder(s)/beneficial owner(s) for financial assistance by way of subscription to the debentures is or proves to be misleading or incorrect in any material respect or is found to be incorrect.

f. **Inability to pay debts**
If the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent court or a special resolution has been passed by the shareholders of winding up of the Company

g. **Inadequate insurance**
If the properties and assets offered as security to the debenture trustee/debenture holder(s)/beneficial owner(s) for the debentures are not insured or kept under-insured by the Company wherever applicable or depreciate in value to such an extent that in the opinion of the debenture holder(s)/ beneficial owner(s)/debenture trustee further security to the satisfaction of the debenture holder(s)/ beneficial owner(s)/debenture trustee should be given and such security is not given.

h. **Sale, disposal and removal of assets**
If without the prior approval of the debenture trustee and debenture holder(s)/beneficial owner(s) any land, buildings, structures, plant and machinery of the Company are sold, disposed of charged, encumbered or alienated or the said buildings, structures, machinery, plant or other equipment are removed pulled down or demolished.

i. **Proceedings against Company**
The Company shall have voluntarily or involuntarily become the subject of proceedings under bankruptcy or insolvency law.

j. **Liquidation or dissolution of company**
The Company has taken or suffered any action to be taken for its reorganization, insolvency, liquidation or dissolution.

k. **Appointment of receiver or liquidator**
A receiver or liquidator is appointed or allowed to be appointed of all or any part of the undertaking of the Company.

l. **Attachment or distraint on Secured Assets**
If an attachment or distraint is levied on the secured assets or any part thereof and / or certificate proceedings are taken or commenced for recovery of any dues from the Company.

m. **Extra-ordinary circumstances**
If extraordinary circumstances have occurred which make it improbable for the Company to fulfill its obligations under the agreement and/or in relation to the debentures.

n. **Company ceases to carry on business**
If the Company ceases or threatens to cease to carry on its business or gives notice of its intention to do so.

o. **Security is in jeopardy**

When the Company creates or attempts to create any charge on the secured assets or any part thereof without the prior approval of the debenture trustee/debenture holders If, in the reasonable opinion of the debenture trustee, the security of the debenture holder(s)/beneficial owner(s) is in jeopardy or the security cover is not maintained by the Company.

p. **Liabilities exceed the assets**
If it is certified by an accountant or a firm of accountants appointed by the debenture trustee that the liabilities of the Company exceed its assets.

q. **Expropriation**
If any government authority shall have condemned, nationalised, seized, or otherwise expropriated all or any part of the assets of the Company or of the shares of the Company held by any director or the promoters, or shall have assumed custody or control of such shares or the business or operations of the Company or shall have taken any action for the dissolution of the Company or any action that would prevent the Company or its officers from carrying on its business or operations or a substantial part thereof.

r. **Alteration in provisions of memorandum and/or articles of association**
If the Company, shall without the previous consent in writing of the debenture trustee (based on the consents received from beneficial owners holding not less than three-fourth in value of debentures**)**, make or attempt to make any alteration in the provisions of its memorandum and/or articles of association which might in the opinion of the debenture trustee detrimentally affect the interests of the debenture-holder(s)/beneficial owner(s) and shall upon demand by the debenture trustee refuse or neglect or be unable to rescind such alteration.

s. **Insolvency and Bankruptcy Code, 2016**
Initiation of any action by or against the Company under the Insolvency and Bankruptcy Code, 2016.

t. Any of the necessary clearances required or desirable in relation to the project or Company or the debentures in accordance with any of the transaction documents is not received or is revoked or terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect which shall, in the reasonable opinion of debenture holder(s)/beneficial owners(s), have material adverse effect or the Company or in relation to the debentures.

u. Any security document once executed and delivered, ceases to be in full force and effect or fails to provide the debenture trustee and the debenture holder(s)/beneficial owners(s) with the security
v. interests intended to be created thereby.

w. The Company enters into any arrangement or composition with its creditors or commits any act of insolvency or any other act, the consequence of which may lead to the insolvency or liquidation of the Company.

x. a petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed or the Company or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding (other than a proceeding commenced voluntarily by the Company is not stayed, quashed or dismissed).

y. The Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors.

z. It is or becomes unlawful for the Company to perform any of its obligations under any transaction document in the reasonable opinion of the debenture holder/beneficial owner(s).

aa. The occurrence of any event or condition which, in the trustee/ beneficial owners(s) reasonable opinion, constitutes a material adverse effect.

bb. Any other event described as an event of default in the respective disclosure documents/prospectus and the transaction documents.

iii. Secured Redeemable non-convertible debentures (Public Issue):

Our Company has outstanding secured redeemable non-convertible debentures which are issued to public of which ₹ 10,444.3 lakh (principal value) as on September 30, 2022, which were issued by Pre-demerger InCred and relisted in name of our Company with in-principle approval from BSE vide its letters dated December 24, 2021 and April 21, 2022 and from NSE vide letters dated March 04, 2022 and October 10, 2022, w.e.f. from October 10, 2022. The details of secured redeemable non-convertible debentures to public are set forth below:

Particulars	Amount (₹ in lakh)

5,21,273 secured NCDs of face value of ₹ 1,000	5,212.7
4,15,484 secured NCDs of face value of ₹ 1,000	4,154.8
1,07,672 secured NCDs of face value of ₹ 1,000	1,076.7
Total	**10,444.3**

Sr. No.	Description (ISIN)	Tenor (in years)	Coupon Rate (%)	Principal Amount Outstanding (₹ in lakh)*	Date of Allotment	*Final Redemption Date / Redemption Payment Date	Latest Credit Rating	Interest Payment Frequency	Repayment Schedule	Security
1.	Series I INE945W07381	364 days from February 18, 2022	8.88%	5,212.7	February 18, 2022	February 19, 2023 / February 17, 2023	CRISIL A+, Stable	At Redemption payment date on February 17, 2023	Bullet on February 17, 2023	The NCDs shall be secured on or prior to the Deemed Date of Allotment by way of a first ranking exclusive and continuing charge to be created in favour of the Debenture Trustee pursuant to an unattested deed of hypothecation, dated on or about the date of the Debenture Trust Deed, executed or to be executed and delivered by the Company in a "form acceptable to the Debenture Trustee ("Deed of Hypothecation") over identified book debts/loan receivables of the Company as described therein (the "Hypothecated Assets"). The principal receivables of the Client Loans comprising the Hypothecated Assets shall, at all times until the Final Settlement Date, be at least 1.20 (one decimal two zero) times the value of the aggregate Outstanding Principal Amounts (the "Security Cover").
2.	Series II INE945W07399	728 days from February 18, 2022	9.25%	4,154.8	February 18, 2022	February 18, 2024 / February 16, 2024	CRISIL A+, Stable	Annually	Bullet on February 16, 2024	
3.	INE945W07407	728 days from February 18, 2022	9.13%	1,076.7	February 18, 2022	50% - February 18, 2023 & 50% February 18, 2024 / 50% - February 17, 2023 & 50% - February 16, 2024	CRISIL A+, Stable	Annually	50% payable on February 17, 2023 and 50% payable on February 16, 2024	

The total amount outstanding after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 10,970.8 lakh.

The total outstanding of secured redeemable non-convertible debentures : (i) Private Placement of secured redeemable non-convertible debentures; (ii) Secured Redeemable non-convertible debentures (Public Issue); and (iii) Private Placement of secured redeemable Market Linked Non-convertible debentures, after Ind AS adjustment on account of Effective Interest Rate, MTM adjustment and interest accrued is **₹ 1,18,949.2 lakh**.

v. **Corporate Guarantee:** Nil

B. Details of unsecured borrowings:

Commercial Papers

Our Company has issued the following commercial papers which are outstanding as on September 30, 2022:

Sr. No.	ISIN	Date of Allotment	Coupon (per annum)	Amount outstanding as on September 30, 2022 * (in ₹ lakh)	Tenor/ Period of Maturity (months)	Redemption/ Maturity Date	Latest Credit Rating
1.	INE945W14387	May 24, 2022	8.60%	2,500.0	6	November 24, 2022	CRISIL A1+
2.	INE945W14403	June 28, 2022	8.25%	3,000.0	3	October 3, 2022	CRISIL A1+
3.	INE945W14411	July 15, 2022	8.50%	7,500.0	3	October 20, 2022	CRISIL A1+
4.	INE321N14018	September 14, 2022	8.25%	2,500.0	3	December 12, 2022	CRISIL A1+
5.	INE321N14026	September 20, 2022	8.00%	1,000.0	9	June 22, 2023	CRISIL A1+

**The total amount outstanding after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 16,337.6 lakh*

Inter-Corporate Deposits:

Our Company has borrowed ₹ 2500 lakh by way of inter-corporate deposits. Below are the details of outstanding inter-corporate deposits as on September 30, 2022:

Name of the Depositor	Coupon (in %)	Amount sanctioned (₹ in lakh)	Principal Amount outstanding (₹ in lakh)
Infinity Cars Private Limited	7.95%	2,500.0	2,500.0

Inter-Corporate Loans: Nil

Loan from Directors and Relatives of Directors:

Our Company has not raised any loan from directors and relatives of directors as on September 30, 2022.

Subordinated Debts

i. **Private Placement:** Nil

ii. **Details of Unsecured Term Loans:** Nil

C. Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or debt securities

Our Company has not defaulted/delayed in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness in the past 3 years. The Company has not issued any corporate guarantee.

D. List of top 10 debenture holders (secured and unsecured) as on September 30, 2022

S. No.	Name	Amount (₹ in lakh)	% of total non-convertible securities outstanding
1.	UTI International Wealth Creator 4	11,500.0	10.32%
2.	Union Bank of India	10,000.0	8.98%
3.	Bank of India	5,000.0	4.49%
4.	Sporta Technologies Private Limited	5,000.0	4.49%
5.	UNIFI AIF	4,600.0	4.13%
6.	Northern Arc Money Market Alpha Trust	2,680.0	2.41%

S. No.	Name	Amount (₹ in lakh)	% of total non-convertible securities outstanding
7.	Alla Venkata Rama Rao	2,200.0	1.98%
8.	InCred Wealth and Investment Services Private Limited	2,140.0	1.92%
9.	Kemwell Biopharma Private Limited	2,000.0	1.80%
10.	UNIFI Capital Pvt Ltd	2000.0	1.80%

E. **Details of any outstanding borrowings taken/ debt securities issued where taken/ issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on September 30, 2022.**

For the Point (a), our Company has not issued debt securities for consideration other than cash.

For the Point (b), our Company has issued the following Secured NCDs at premium:

Sr. No.	Description	ISIN	Premium / Discount	Premium Amount (Amount in ₹ lakh)	Coupon (%)	Residual Tenure / Period of Maturity (Days)	Face Value	Date of Allotment	Final Redemption Date	Latest Credit Rating
1	IFSL/2020-21/MLD/003	INE945W07183	Premium	5,900	10.25%	889	10,00,000	September 25, 2020	March 3, 2023	CARE PP-MLD A+; Stable
2	IFSL/2020-21/MLD/005	INE945W07183	Premium	22,710	10.25%	827	10,00,000	November 26, 2020	March 3, 2023	CARE PP-MLD A+; Stable
3	IFSL/2020-21/MLD/004	INE945W07183	Premium	13,185	10.76%	823	10,00,000	November 30, 2020	March 3, 2023	CARE PP-MLD A+; Stable
4	IFSL/2020-21/MLD/006	INE945W07183	Premium	25,723	10.25%	816	10,00,000	December 7, 2020	March 3, 2023	CARE PP-MLD A+; Stable
5	IFSL/2022-23/MLD/001/ July 2023	INE945W07241	Premium	1,39,380	8.25%	441	10,00,000	May 13, 2022	July 28, 2023	CARE PP-MLD A+; Stable
6	IFSL/2022-23/MLD/002/ April 2024	INE945W07340	Premium	65,530	9.50%	663	10,00,000	June 29, 2022	April 22, 2024	CRISIL PP-MLD A+ r/ Stable
7	IFSL/2021-22 /MLD/007 Series 2	INE945W07332	Premium	1,27,489	8.25%	406	10,00,000	July 19, 2022	August 29, 2023	CRISIL PP-MLD A+ r/ Stable

***Note**: The above mentioned NCDs are part of the Secured NCDs issued by our Company and were re-issued at premium. For details see "Private Placement of secured redeemable Market Linked Non-convertible debentures as on September 30, 2022" on page 215.*

For the Point (c), our Company has issued the following NCDs having embedded option in it:

S. No.	Particulars	ISIN	Date of Allotment	Coupon (p.a.) in %	Date of Maturity	Call option period	Principal Amount Outstanding (₹ in lakh)
1	IFSL/2021-22/MLD/005	INE945W07290	July 2, 2021	9.15%	July 2, 2026	April 3, 2023	7,500.0
2	IFSL/2021-22/MLD/002	INE945W07266	May 5, 2021	9.25%	November 4, 2024	January 4, 2023	10,000.0

Other than the securities mentioned above, our Company has nil outstanding borrowings taken / debt securities issued where taken/issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on September 30, 2022.

F. Details of rest of borrowings if any, including hybrid debt instruments such as foreign currency convertible bonds or convertible debentures and preference shares as on September 30, 2022:

Our company has not issued any hybrid debt instrument and has nil outstanding.

Restrictive covenants under the financing arrangements:

Many of our financing arrangements include various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take the prior approval of the lenders before carrying out such activities. For instance, our Company, inter alia, is required to obtain the prior written consent or intimation, as the case may be, including but not limited to the following cases:

i. To raise finances by way of loans, overdrafts or otherwise in any manner from any other bank or financial institution or any other person whatsoever against the same security as created under the agreement for securing the interest of bank'/lender;

ii. Effect any change in the Company's capital structure;

iii. Formulate any scheme of amalgamation, restructuring, reconstruction, merger or demerger;

iv. Implement any scheme of expansion and acquisition of fixed assets except in the ordinary course of business or if such investments result into breach of financial covenants or diversion of working capital funds for financing long term assets;

v. Make any investments /advances/ loans or deposit amounts, except in the ordinary course of business with any other concern (including group companies);

vi. Entering into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits which increases indebtedness beyond permitted limits, stipulated if any at the time of sanction;

vii. Undertake/Issuing any guarantee or obligations or letter of comfort on behalf of any other company/entity including group company;

viii. Declare dividend of any year except out of profit relating to that year and buyback of shares after making all due and necessary provisions and provided further that, no default is subsisting in any repayment to the obligations to the bank/lender;

ix. To enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, assign, lease, transfer, mortgage including any securitization / portfolio sale of assets undertaken by the Company in its ordinary course of business or otherwise encumber or make permanent or temporary modifications except in the ordinary course of business of repair, maintenance, improvement, replacement, which may be detrimental to bank/lender's interest or dispose the assets provided as security or any part thereof;

x. Entering into any contractual obligation of a long-term nature (i.e. 2 years or more) or which, in the reasonable assessment of the bank/lender, is an unrelated activity and is detrimental to bank's/lender's interest;

xi. Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc. except where mandated by any legal or regulatory provisions;

xii. Do, commit or omit any act, deed or thing whatsoever so as to incur winding up or liquidation proceedings or dissolution (in case the Company is a partnership firm);

xiii. Change the composition of the board of directors, transfer of controlling interest or making any drastic change in the management set-up including resignation of promoter directors (includes key managerial personnel);

xiv. Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans /advances. Further, the rate of interest, if any, payable on such deposits/loans/advances should be lower than the rate of interest charged by the bank/lender on its term loan and payment of such interest will be subject to regular repayment instalments to term loans granted/deferred payment guarantees executed by the bank/lender or other repayment obligations, if any, due from the borrower to the bank/lender;

xv. Payment of commission to the guarantors) for guaranteeing the credit facilities sanctioned by the bank/lender;

xvi. To make material modification to the structure of the debentures issued, in terms of coupon, conversion, redemption, or otherwise. Provided that prior approval of the stock exchange would also be required to make such modifications;

xvii. to make any change in the nature and conduct of its business (from what is being carried out as on the date hereof); and

xviii. to make any amendment or change in constitutional documents or purchase or redemption of share capital, transaction documents, financial year, business or acquisition and joint venture if such acquisition and joint ventures results into breach of any of the financial covenant.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND OTHER CONFIRMATIONS

Our Company and our Subsidiaries are, from time to time, involved in various litigation proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of criminal cases, civil cases and tax proceedings.

Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with our Company's 'Policy on Determination of Materiality' framed in terms of Regulation 30 of the SEBI Listing Regulations and adopted by our Board pursuant to its resolution dated July 26, 2022 and resolution passed by the Finance Committee of the Issuer dated December 14, 2022. Further, as on the date of this Prospectus, except as disclosed hereunder, our Company, Group Companies, Promoters, Subsidiaries and Directors are not involved in: (i) any outstanding action initiated by regulatory and statutory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities); (ii) any outstanding civil litigation or tax proceedings involving our Company, Promoter, Directors, Subsidiaries, Group companies or any other person where the amount is ₹ 250 lakh (being 5 % of the profit after tax of the Company as on quarter ended September 30, 2022, on a consolidated basis) or above; (iii) any outstanding criminal litigation; (iv) pending proceedings initiated against the issuer for economic offences and (v) any other pending litigation involving the Company, Promoter, Directors, Subsidiaries, Group companies or any other person, which may be considered material by our Company for the purposes of disclosure in this section of this Prospectus, solely for the purpose of this Issue and whose outcome could have material adverse effect on the financial position of the issuer, which may affect the issue or the investor's decision to invest / continue to invest in the debt securities and (vi) any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Company /Promoter, litigations resulting in material liabilities, corporate restructuring event etc.)at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities.

Except as disclosed in this section, there are no (i) inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or Securities Law in the last three years immediately preceding the year of this Prospectus involving our Company and/ or its Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Prospectus involving our Company and for all of its Subsidiaries and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last three years immediately preceding the year of this Prospectus for the Company and our Subsidiary; (ii) any material fraud committed against our Company and/ or its Subsidiaries in the last three years, and if so, the action taken by our Company and our Subsidiaries; (iii) any significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company or its future operations; (iv) any default by our Company including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon; (v) any default in annual filing of our Company under the Companies Act, 2013; and (vi) any litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Company during the last three years immediately preceding the year of this Prospectus, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, our Subsidiaries, our Promoter, our Group Companies or our Directors as the case may be, have not been considered as litigation until such time that the above-mentioned entities are not impleaded as a defendant in litigation proceedings before any judicial forum.

OUTSTANDING LITIGATIONS

I. Litigation involving our Company

Material Civil Litigation against our Company

1. An insolvency application dated April 16, 2019 was filed before the Civil Court, Senior Division, Pune, by Galibsab Abdul Shaikh ("**Borrower**") against our Company along with other Financial Creditors. The Borrower had availed a loan facility of ₹4,50,000 wherein he had continuously failed to adhere to the repayment structure. The Borrower through the present insolvency application had stated that he had suffered huge losses in his business because of which he is not in a condition to repay any of the financial creditors including InCred. The Borrower has therefore

filed the insolvency application has prayed to declare himself insolvent and to release him from the financial liabilities owed towards the creditors.

2. An insolvency petition vide I.P. No. 5/2019 dated July 15, 2019 has been filed before the Senior Civil Court, Sangareddy, Telengana under Section 6,7,10 and 13 of Provincial Insolvency Act, 1920 by Annam Naresh ("**Petitioner**") against our Company along with other Financial Creditors. The Petitioner had approached us for financial assistance for expanding his business. However, his business had completely collapsed and closed and was unable to repay the loan liabilities to any of the creditors. Therefore, the Petitioner through the present application has prayed the Court to declare him as insolvent. Notices have been issued and the case is listed for affidavit of service.

3. An insolvency petition dated August 2, 2019 was filed before the Civil Judge, Senior Division, Pune under Section 10 of Provincial Insolvency Act by M/s Aarna Corporation and others ("**Petitioners**") against our Company. The Petitioners had approached us for financial assistance for expanding his business from multiple financial creditors. However, the Petitioners had suffered loss in their business and were unable to repay the loan liabilities to any of the creditors. Therefore, the Petitioners through the present application have prayed the Court to declare them as insolvent and to discharge them from the financial liabilities. The case is now listed for filing of written statement.

4. A petition dated August 2, 2019 has been filed before the Civil Court, Senior Division, Pune under Section 10 of Provincial Insolvency Act, 1920 by Chawra Trading LLP and others ("**Petitioners**") against our Company to adjudicate itself as insolvent and to get discharged from all the financial liabilities due to crisis in business and lack of movable and immovable assets. The petitioners on May 30, 2018 availed a loan facility of ₹14,914,486 under the Channel Finance facility and was unable to repay the loan.

5. A petition dated August 31, 2019 has been filed before the City Civil Court, Calcutta under Order VII Rule 1 of the Civil Procedure Code, 1908, by Starcomp Infotech Private Limited ("**Plaintiff**") against our Company ("**Defendants**") to pass a judgment and decree in the nature of permanent injunction, restraining the Defendants from compelling the Plaintiff to pay money and disturbing the peaceful possession and enjoyment at place of business as well as residence. The Plaintiff on August 13, 2018 had availed a working capita loan facility of ₹1,50,00,000 from Defendants under the scheme Channel Finance INGRAM / Rashi / Supertron-(Code-218/240/238) and was unable to repay the loan.

6. A petition dated July 6, 2021 has been filed before the High Court of Calcutta under Section 482 of Criminal Procedure Code, 1973 by Datatronics Private Limited ("**Petitioner**") to quash the case filed by our Company under Section 138 of the Negotiable Instruments Act, 1881, pending before the court of the Learned Metropolitan Magistrate, 12th Court at Calcutta, on the ground that the cheque was not issued by the Petitioner, no inquiry was conducted before issuance of process and non bailable warrants were issued against the Petitioner without receiving any summons.

7. A petition dated June 10, 2021 has been filed before the Debt Recovery Tribunal, Coimbatore under Section 17 of Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002, by Amman Educational Trust ("**Petitioner**") to quash the SARFAESI proceedings filed by our Company under Rule 8 and 9 of the Securities Interest (Enforcement) Rules, 2002, to set aside auction sale notice, possession notice, sale (if any) and hand over the schedule properties to the petitioner, in addition pay compensation amount of ₹10,00,000 for damages and cost.

8. A Securitization Application dated October 25, 2021 was filed before the Debt Recovery Tribunal-1, Bengaluru under Section 17 of the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("**SARFAESI**"), by Sindhuja S ("**Borrower**") to quash the SARFAESI proceedings filed by our Company under Section 14 of SARFAESI. The Borrower had availed a loan facility of ₹65,00,000. The Borrower failed to maintain financial discipline towards the repayment schedule and therefore our Company had initiated recovery proceedings. The Borrower has therefore challenged the SARFAESI proceedings initiated by our Company and has prayed to set aside the possession notice and stay further proceedings.

9. An insolvency petition dated February 17, 2022 was filed before the District Court, Gurugram under Section 6 of Provincial Insolvency Act, 1920 by Jasjit Singh Jolly ("**Borrower**") against our Company. The Borrower had approached us for financial assistance for expanding his business from multiple financial creditors. However, the Borrower had suffered loss in their business and had suffered health issues. Therefore, they were unable to repay the loan liabilities to any of the creditors. The Borrower through the present application has prayed the Court to declare him as insolvent and distribute its assets to the creditors for realizing the dues.

10. A petition dated December 17, 2021 has been filed before the High Court of Calcutta under Section 482 of Code of Criminal Procedure, 1973 Act by M/s Venagro ("**Petitioner**") to quash the case filed by our Company under Section 138 of the Negotiable Instruments Act, 1881 on the ground that the petitioner has paid the due amount for installment of loan. The petitioner obtained a loan of ₹20,30,000 from the opposite party repayable in 30 monthly installments, but he committed default on the same. The cheques submitted to the Company for repayment of loan got dishonored due to insufficient funds, and then the proceedings under Section 138 of the Negotiable Instruments Act, 1881 were initiated. The Metropolitan Magistrate in CS/28381/21 under Section 138 of the Negotiable Instruments Act, 1881, by order dated July 6, 2021 had issued process against the petitioners for dishonor of cheques aggregating to a total of ₹86,033. The High Court of Calcutta by order dated December 23, 2021 had granted interim relief of stay to the petitioner.

11. A petition dated November 22, 2021 has been filed before the City Civil Court, Chennai under Order VII Rule 1 of the Civil Procedure Code, 1908, by M. Vinoth ("**Plaintiff**") against our Company ("**Defendants**") to pass a judgment and decree in the nature of permanent injunction, restraining the Defendants from interfering the peaceful possession of residence, under the guise of recovery of loan. In this case the Plaintiff had availed a personal loan facility of ₹50,000 from the defendants. The Plaintiff failed to pay the balance overdue interest, default charges, late charges, etc, thus recovery proceedings were initiated by the Defendants and to cease the same, Plaintiff has filed this petition for permanent injunction.

12. A writ petition dated August 17, 2022 has been filed before the High Court of Delhi under Section 482 of Code of Criminal Procedure, 1973 Act, by Rishi Pal Ruhil ("**Petitioner**") against our Company to challenge an order passed by Court of Additional Sessions Judge, Saket Court with respect to dismissal of revision petition filed by the Petitioner to challenge the order of Chief Metropolitan Magistrate, which gave a direction for the registration of FIR and consequent proceedings emanating therefrom under Section 156(3) of Code of Criminal Procedure, 1973 Act. Subsequently, FIR No. 32/2022 under Sections 406, 420, 468, 120B of Indian Penal Code, 1860 was registered at Police Station- Economic Offences Wing. The Petitioner is the former director of M/S Balaji Digital Solution Pvt. Ltd. **("Borrower")** and the Borrower availed a credit facility from us. The High Court of Delhi by order dated March 15, 2022 stayed the investigation in the aforesaid FIR No. 32/2022.

13. A civil suit dated July 5, 2022 has been filed before the Senior Civil Judge, Patiala House Court, New Delhi under Section 39 of Specific Relief Act, 1963 Act, by Hemant Chauhan ("**Plaintiff**") against our Company ("**Defendants**") for mandatory injunction, declaration of termination letter as null and void, and direction for reinstatement of the Plaintiff. The Plaintiff was terminated after thorough examination of complaints for gross misconduct as provided under Clause 13B of the offer letter. The Defendants have filed application under Order 1 Rule 10 of the Code of Civil Procedure for striking out the name of co-defendants, 1908 and another application under Order VII Rule 11 of the Code of Civil Procedure, 1908 for rejection of plaint. The plaintiff is yet to file to reply to these applications.

14. A petition dated April 4, 2021 has been filed before Madras High Court under Section 10 of Presidency-towns Insolvency Act, 1909 by M. Rajan ("**Petitioners**") against our Company & Ors to adjudicate itself as insolvent and to get discharged from all the financial liabilities due to crisis in business. The case is now listed for notice to the creditors.

15. A Securitization Application was filed before the Debt Recovery Tribunal, Aurangabad under Section 17 of SARFAESI Act, by Anjali Bodhak ("**Petitioner**") to challenge the part physical possession taken by our Company under Section 14 of SARFAESI Act. We had taken physical possession of the mortgaged property July 11, 2022 in pursuance to order dated January 1, 2022 passed by District Magistrate, Ahmednagar. The Petitioner herein has prayed to declare her as a lawful tenant of the property and to declare section 14 order dated January 12, 2022 as null and void. We have filed reply to the application and the case is now listed for arguments. Next date is awaited from the Court.

16. A special leave petition dated May 13, 2022 bearing number SLPI No. 008607 of 2022 has been filed before the Hon'ble Supreme Court of India by Mcleod Russel Private Limited and Ors. against our Company, challenging the order dated February 7, 2022 passed in FAO(OS)(COMM) No. 5/2021 by the Hon'ble Delhi High Court. No interim orders were passed and the petition was directed to be tagged along with Arbitration Petition No. 38 of 2020 which has been referred to a larger Bench of the Court by order dated May 6, 2022. The order passed in FAO(OS)(COMM) No. 5/2021 arose against an order under Section 9 of the Arbitration and Conciliation Act, 1996.

17. Sintex BAPL Limited ("**SBAPL**") was undergoing insolvency resolution under the provisions of the Insolvency

and Bankruptcy Code, 2016 ("**IBC**"), pursuant to an admission order passed by the National Company Law Tribunal ("**NCLT**")-Ahmedabad on December 18, 2020. However, SBAPL was released from insolvency by way of the NCLT-Ahmedabad's order dated June 29, 2021 ("**Withdrawal Order**"), basis a settlement with the operational creditor at whose behest SBAPL was admitted to insolvency on December 18, 2020. At the request of our Company, the Withdrawal Order was stayed for a limited period of time by the NCLT vide order dated June 30, 2021 ("**Stay on Withdrawal Order**"), to enable our Company to appeal against the Withdrawal Order before the National Company Law Appellate Tribunal ("**NCLAT**"). While the Stay on Withdrawal Order was operational, our Company approached the NCLAT under an appeal, challenging the Withdrawal Order, wherein the NCLAT passed an order of "Status Quo Ante" on July 12, 2021 ("**Status Quo Ante Order**"), thereby directing the continuation of corporate insolvency resolution process ("**CIRP**") of SBAPL. This appeal has been heard finally on December 14, 2022 by the NCLAT, and has been reserved for orders. Despite the Status Quo Ante Order, the NCLT proceeded to admit the Section 7 insolvency application filed by our Company (that was previously kept in abeyance) on July 19, 2021, thereby re-admitting SBAPL to CIRP. The re-admission of SBAPL to CIRP was challenged by SBAPL's Director, Mr. Amit Patel has also been finally heard by the NCLAT on December 14, 2022 and is currently reserved for orders. The appeal filed by Amit Patel is also pending final hearing. The two appeals filed by our Company and Amit Patel, along with other similarly placed appeals have been heard and are reserved for judgement.

18. Owing to the order passed by the NCLAT on January 4, 2021, staying the constitution of committee of creditors of SBAPL ("CoC") for a limited period. Hence, the Interim Resolution Professional of Sintex BAPL Limited ("**SBAPL**"), Mr. Ketul Patel ("**IRP**") did not constitute the CoC, since the stay over constitution of CoC was further extended by orders of the NCLT from time to time. However, the CIRP was ongoing since the NCLAT and NCLT, vide multiple orders directed the IRP to remain in control and management of SBAPL. In light of this, M/s. Mahatva Plastic Products and Building Materials Private Limited ("**Mahatva**"), one of the financial creditors of SBAPL, filed an application, before the NCLT-Ahmedabad seeking directions to the IRP to constitute the CoC. This was supported by other financial creditors of SBAPL including State Bank of India, Asset Reconstruction Company (India) Limited, and our Company. Mahatva's application was opposed by Amit Patel and Sintex Plastics Technology Limited ("**SPTL**"). Vide order dated June 29, 2022, the NCLT directed the IRP to constitute the CoC of SBAPL ("**CoC Constitution Order**"). SPTL alleged the CoC Constitution Order being violative of the NCLAT's directions and Status Quo Ante Order dated July 12, 2021, and filed another appeal on this aground before the NCLAT. The NCLAT directed that the appeal be tagged with the appeals filed by our Company, DSP Investment Managers, Amit Patel and Insolvency and Bankruptcy Board of India. This appeal has also been finally heard by the NCLAT on December 14, 2022 and is currently reserved for orders.

19. Sintex BAPL Limited ("**SBAPL**") was released from insolvency by way of the National Company Law Tribunal ("**NCLT**")-Ahmedabad's order dated June 29, 2021 ("**Withdrawal Order**"), and basis a settlement with the operational creditor the Withdrawal Order was stayed for a limited period of time by the NCLT vide order dated June 30, 2021 ("**Stay on Withdrawal Order**"). In the intervening period of 20 hours, when there was no stay, the State Bank of India ("**SBI**") Consortium appropriated an amount of ₹11,641 lakhs from the Trust and Retention Account ("**TRA**") of SBAPL. Despite the pronouncement of the Stay on Withdrawal Order by the NCLT and the Status Quo Ante Order by the National Company Law Appellate Tribunal ("**NCLAT**"), and multiple requests from the Interim Resolution Professional ("**IRP**"), the SBI Consortium refused to return the amounts to the TRA. The IRP filed an application before the NCLT seeking a refund of the amounts into the TRA, which was supported by our Company and other lenders. The NCLT decided in favour of the IRP and directed SBI to refund the amounts in the TRA vide order dated August 9, 2021. SBI filed an appeal before the NCLAT challenging the NCLT's order. The NCLAT refused to admit SBI's appeal and upheld the NCLT's directions vide order dated September 8, 2021. SBI field an appeal challenging the NCLAT's order before the Supreme Court. Vide order dated 13 December 2021, the Supreme Court admitted the appeal and directed SBI to deposit the disputed amounts in a separate account. The matter is currently pending before the Supreme Court at the stage of final hearing.

20. An original application dated October 26, 2020, has been filed before the Debt Recovery tribunal-Ahmedabad ("**DRT"**) by RBL Bank Limited against SBAPL, SBI, Yes Bank, HDFC Bank, Bank of Baroda. Axis Bank, and other lenders, including our Company, seeking directions to recognize its security over the NIEF Proceeds. The matter is currently pending before the DRT and has been kept in abeyance in light of the moratorium under Section 14 of the IBC being operational.

21. Sintex BAPL Limited ("**SBAPL**"), through its wholly owned subsidiary, Sintex Holdings B.V. ("**SHBV**") in Netherlands sold the shares of its step-down subsidiary in France, Sintex NP SAS ("**SNPSAS**"). The sale proceeds (approx. 100,000 lakhs) were first to be used in extinguishing the debt owed by SNPSAS (approx. ₹50,000 lakhs), and the balance amount (approx. ₹40,000 lakhs) was to be deposited in a 'specified account' towards payment of

debts owed to the consortium of financing lenders including our Company ("**Consortium**"). Unknown to the Consortium, SBAPL is alleged to have taken a loan from Axis Bank worth ₹25,000 lakhs. However, the Axis Bank loan was not reflected in the balance sheets of SBAPL for the year ending March 2019. Axis Bank relied upon an undertaking from SBAPL to allege its claim over the sale proceeds of SNPSAS, and approached the Small Causes Court, Ahmedabad for enforcing its right as an alleged secured creditor. None of the lenders of the Consortium were made party to this suit. Our Company had challenged the ex-parte orders passed by the Small Causes Court, Ahmedabad before the Gujarat High Court. The Gujarat High Court passed an order dated March 5, 2020 in favour of our Company; directing that our Company be made a party to the proceedings initiated by Axis Bank before the Small Causes Court, Ahmedabad. This order was subsequently challenged by Axis Bank before the Supreme Court. The Supreme Court did not admit the appeal filed by Axis Bank, and dismissed the same vide order dated August 7, 2020. In October 2020, the suit filed by Axis Bank was transferred to the Commercial Court, Ahmedabad basis change in pecuniary jurisdiction of the Small Causes Court. Pursuant to the transfer, Axis Bank amended the Suit and included our our Company as a party to the suit. The suit is currently pending before the Commercial Court, Ahmedabad and has been kept in abeyance in light of the moratorium under Section 14 of the IBC being operational.

Material Civil Litigation by our Company

1. An arbitration proceeding was initiated by our Company against Swami Vivekanand Vidya Prasarak Mandal ("**Borrower**") with respect to the loan facility availed by them for a claim amount of ₹2,60,52,966. InCred Financial Services Ltd. ("**IFSL**") had given a loan facility of ₹2,25,00,000 to Swami Vivekananda Vidya Prasarak Mandal ("**Borrower**"). However, the Borrower started committing defaults despite multiple reminders by IFSL. Subsequently, IFSL referred the dispute to arbitration and claim of ₹2,60,52,966 was filed against the Borrower. Notice of arbitration along with copies of Statement of Claim were duly served upon the Borrower but they failed to appear before the Arbitrator and therefore the matter was proceeded ex-parte. The Arbitrator had passed a final award directing the Borrower to pay a sum of ₹2,60,52,966 @15.85% p.a. from November 7, 2020 till realization of the dues.

2. An arbitration proceeding was initiated by our Company against Sri Devi Educational and Charitable Trust ("**Borrower**") with respect to the loan facility availed by them for a claim amount of ₹3,39,30,382. Due to non-payment of EMIs, we had issued a loan recall notice dated March 5, 2021 to the Borrower asking him to clear his loan outstanding. Subsequently, arbitration proceedings were initiated and multiple notices were issued to the Borrower for marking appearance in the arbitration proceedings. We had filed our statement of claim and the case is now listed for passing of Award.

3. An arbitration proceeding was initiated by our Company against Sri Varadarajan Educational Trust for a claim amount of ₹3,12,27,285. InCred Financial Services Ltd. ("**IFSL**") had given a loan facility of ₹3,17,77,547 to Sri Varadarajan Educational Trust ("**Borrower**"). However, the Borrower started committing defaults despite multiple reminders by IFSL. Subsequently, IFSL referred the dispute to arbitration and claim of ₹3,12,27,285 was filed against the Borrower. Notice of arbitration along with copies of Statement of Claim were duly served upon the Borrower but they failed to appear before the Arbitrator and therefore the matter was proceeded ex-parte. The Arbitrator had passed a final award directing the Borrower to pay a sum of ₹ 3,12,27,285 @14.75% p.a. from March 4, 2021 till realization of the dues.

4. An arbitration proceeding was initiated by our Company against Amman Educational Trust for a claim amount of ₹8,23,61,350. Amman Educational Trust ("**Borrower**") had availed a loan facility amounting to ₹8,00,00,000. However, the Borrower started committing defaults despite multiple reminders by our Company. Subsequently, we referred the dispute to arbitration and notice of arbitration along with copies of Statement of Claim were duly served wherein the Borrower through its counsel had marked their appearance. In one of the hearings, it was stated by the advocate for the Borrower that there have been no instruction from the Borrower regarding further steps or payment of Arbitrator fees, therefore the advocate wishes to withdraw his appearance. In subsequent hearings none appeared on behalf of the Borrower and the Arbitrator had passed a final award directing the Borrower to pay a sum of ₹8,23,61,350 @18% p.a. from November 6, 2019 till realization of the dues.

5. An arbitration proceeding was initiated by our Company against Madhav and Company ("**Borrower**") with respect to the loan facility availed by them for a claim amount of ₹4,09,29,890. The Borrower started committing defaults despite multiple reminders by our Company. Subsequently, we referred the dispute to arbitration and notice of arbitration along with copies of Statement of Claim were duly served. The Borrower thereafter had approached us for restructuring of his loan account and the proceedings have been put on hold.

6. An arbitration proceeding was initiated by our Company against Alpha Group ("**Borrower**") with respect to the

loan facility availed by them for a claim amount of ₹4,29,26,527. The Borrower started committing defaults despite multiple reminders by our Company. Subsequently, we referred the dispute to arbitration and notice of arbitration along with copies of Statement of Claim were duly served. The Borrower thereafter had approached us for restructuring of his loan account and the proceedings have been put on hold.

7. An arbitration proceeding was initiated by our Company against Arignar Anna Charitable Educational Trust ("**Borrower**") with respect to the loan facility availed by them for a claim amount of ₹2,69,85,342. The Borrower failed to adhere to the terms and conditions of the loan agreement and subsequently Arbitration proceedings were initiated. The case was referred to arbitration on February 2, 2022, however none had appeared on behalf of the Borrower despite repeated reminders and the matter was proceeded ex-parte and award was passed.

8. An arbitration proceeding was initiated by our Company against Chellammal Educational Charitable Trust ("**Borrower**") with respect to the loan facility availed by them for a claim amount of ₹4,72,22,542. Due to repeated nonpayment of monthly EMIs, a Loan Recall Notice dated January 24, 2022 was sent to the Borrower recalling the entire loan facility. We had filed our statement of claim and the proceedings are now listed for passing of award.

9. An arbitration proceeding was initiated by our Company against Sree Om Educational and Charitable Trust ("**Borrower**") with respect to the loan facility availed by the Borrower for a claim amount of ₹ 2,90,04,571. The Borrower failed to adhere to the repayment schedule and accordingly a loan recall notice dated January 24, 2022 was issued. Notices for appearing before the Arbitrator were issued to the Borrower, however they failed to appear and the matter was proceeded ex-parte. The Arbitrator considering the facts and issues involved had passed an Award.

10. An arbitration proceeding was initiated by our Company against Sri Vivekananda Educational Society ("**Borrower**") with respect to the loan facility availed by them for a claim amount of ₹3,92,21,637. Due to non-adherence to the repayment schedule the matter was referred to arbitration on February 2, 2022 and we had filed statement of claim. The Borrower failed to appear before the arbitrator and ex-parte award was passed.

11. An arbitration proceeding was initiated by our Company against Surabi Educational and Charitable Trust ("**Borrower**") with respect to the loan facility availed for a claim amount of ₹3,74,11,662. The Borrower had failed to adhere to the repayment schedule despite repeated reminders. Subsequently, we had issued a loan recall notice dated January 24, 2022 calling upon the Borrower to pay the entire loan dues. The Borrower failed to comply with the demands of the said notice and subsequently, arbitration proceedings were initiated. We had served the notices along with statement of claim to the borrower's last known address, however the respondents had failed to mark their appearance and file reply before the Ld. Arbitrator.

12. An arbitration proceeding was initiated by our Company against Mr. Satyanarayan Shah and Ors. (acting as guarantors) for a loan availed by Vinline Engineering ("**Borrower**") a claim amount of ₹3,10,50,561 as on February 2, 2022. The Borrower had availed a loan facility of ₹2,00,00,000 by entering into a Master Facility Agreement. The Borrower failed to maintain financial discipline with respect to the repayment structure and subsequently LRN dated July 25, 2019 was issued to the Borrower. We had issue a notice for invocation of arbitration on November 27, 2021 but the Borrower despite repeated reminders failed make any further payments.

13. An application dated January 17, 2022 has been filed before NCLT, Kolkata by our Company against Vinline Engineering Private Limited ("**Borrower**") under Section 7 of the Insolvency and Bankruptcy Code, 2016. The Borrower had availed a loan facility of ₹2,00,00,000 wherein they had failed to maintain financial discipline with respect to the repayment schedule. We had issued LRN dated August 19, 2019 recalling the entire loan amount due to continuous defaults. Subsequently, an application u/s 7 of IBC was filed claiming a total debt of ₹2,99,36,594.

14. An application dated June 20, 2022 has been filed before NCLT, Mumbai by our Company against Suumaya Lifestyle Industries ("**Borrower**") under Section 7 of the Insolvency and Bankruptcy Code, 2016 claiming an amount of ₹4,40,53,481. The Borrower had availed a working capital facility of ₹5,00,00,000 from us wherein the Borrower had started defaulting on December 4, 2021 and the loan account was declared as NPA on March 4, 2022. We had issued a LRN on June 2, 2022 to clear an outstanding of ₹4,61,51,697. The Borrower continued to commit defaults even after the issuance of LRN, therefore an application u/s 7 of IBC was preferred.

15. An application u/s 14 of SARFAESI Act, 2002 was filed before Chief Judicial Magistrate, Salem by our Company against Sri Devi Educational and Charitable Trust ("**Borrower**"). The Borrower had availed a loan facility of ₹3,00,00,000 wherein they had failed to adhere to the repayment schedule. A loan recall notice was issued to the Borrower on March 5, 2021 and he loan account was classified as NPA on March 24, 2021. Subsequently,

SARFAESI proceedings were initiated, and section 14 application was filed which now listed for filing of evidence.

16. An application u/s 14 of SARFAESI Act, 2002 was filed before Chief Judicial Magistrate, Coimbatore by our Company against Surabi Educational and Charitable Trust ("**Borrower**") under Section 14 of the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002. The Borrower had availed a loan facility of ₹3,00,00,000 wherein they had failed to adhere to the repayment schedule. The loan account of the Borrower was classified as NPA on June 16, 2021 and accordingly SARFAESI proceedings were initiated. Order has been passed against the Borrower and we have initiated Auction process.

17. A writ petition dated April 18, 2022 was filed before High Court, Delhi by our Company with respect to Kanva Education Trust and Kanva Star Resort ("**Borrowers**") under Article 226 of the Constitution of India challenging the attachment of mortgaged property by Enforcement Directorate. A secured loan facility of ₹3,00,00,000 was given to Kanva Education Trust and ₹2,55,00,000 to Kanva Star Resort and properties were mortgaged in favor of our Company. Due to certain money laundering allegations implicated towards the Borrowers, the mortgaged properties were attached by Enforcement Directorate. Therefore, we had preferred a Writ Petition praying that the mortgaged properties were not obtained by the Borrower directly or indirectly as a result of criminal conspiracy since the Borrower had purchased the mortgaged properties much prior to commission of the alleged offence.

18. An application dated June 7, 2022 has been filed before Chief Judicial Magistrate, Guntur by our Company against Sri Vivekananda Educational Society ("**Borrower**") under Section 14 of the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 200" ("**SARFAESI**"). The Borrower had availed a secured loan facility for business purposes. However, upon multiple defaults by the Borrower, InCred had initiated SARFAESI proceedings and accordingly issued demand notice u/s 13(2) of SARFARESI on January 15, 2022. Subsequently, InCred had preferred a section14 application wherein vide order dated October 27, 2022, the Chief Judicial Magistrate had appointed an advocate commissioner for attachment of the mortgaged property.

19. An appeal bearing number Civil Appeal No. 3606 of 2020 was filed before the Hon'ble Supreme Court challenging order dated August 24, 2020 passed by the Hon'ble National Company Law Appellate Tribunal at New Delhi in Company Appeal (AT) No. 703 of 2020. The issue in the dispute was premised on a specific undertaking to pay, built in the pledge agreement executed by Amtek Auto Limited in favour of Vistra coupled with monies being lent by our Company and L&T through group companies of Amtek Auto Limited for the end-use and benefit of Amtek Auto Limited on the ground that direct disbursal to the corporate debtor by a lender in any event is not a requirement provided in the applicable provisions under the Insolvency and Bankruptcy Code, 2016. Presently, the matter is reserved for orders by the Supreme Court.

20. An appeal was filed bearing Civil Appeal No. 6372-6373 of 2021 filed before the Hon'ble Supreme Court challenging order of the National Company Law Appellate Tribunal ("**NCLAT**") dated April 16, 2021 in Company Appeal (AT) (Ins) No. 654 of 2020 and Final Judgment and Order dated July 28, 2021 in I.A No. 915 of 2021 in Company Appeal (AT) (Ins) No. 654 of 2020. The primary ground for challenge was that any resolution that seeks to encumber an asset that does not belong to the corporate debtor and also dilutes the rights of a secured creditor (our Company and L&T) towards a security provided is illegal and as such cannot be made a part of any resolution plan. Presently, the matter is reserved for judgment by the Supreme Court by order dated January 25, 2022.

21. An application was filed under Section 14 of the SARFAESI Act, 2002 seeking possession of freehold industrial land owned by Gateway Impex Private Limited admeasuring 21.11 acres (equivalent to 88,432.17 Sq Metres) situated at Industrial Sector 9/10 Dharuhera Rewari, Haryana together with the structure comprising 5 sheds admeasuring a built up area of 19,037.95 Sq. Mtrs due to the default in repayment of ₹297,19,10,779 (Rupees Two hundred Ninety Seven Crores Nineteen Lacs Ten Thousands Seven Hundred Seventy Nine Only). The Application was filed before District Magistrate Rewari on September 30, 2020. the Resolution Professional filed its objections on September 22, 2021. The matter is pending in the District Court and the last date in the matter was December 2, 2022.

22. A claim bearing number CC Case No. 25692/HTG has been filed by our Company claiming amounts against Williamson Magor & Company Limited, Williamson Financial Services Limited, Amritanshu Khaitan, Aditya Khaitan, Mcnally Bharat Engineering Company Limited, Mcleod Russel India Limited, Eveready Industries India Limited, Babcock Borsig Limited.

23. NCLT ordered for initiation of liquidation of Kwality Limited ("**Kwality**") vide order dated January 11, 2021. Resolution Professional has been appointed as Liquidator of Kwality. The Liquidator has distributed the proceeds to the lenders as per the arrangement. Nominal amounts of about ₹200 lakhs is withheld due to litigations filed by

HDFC Bank Limited for vehicle loan and also interest for delays in payment by the bidder. Subsequently amount of ₹170 lakhs withheld for interest was also distributed to lenders in June 2022 post the order from NCLT. The matter is currently pending for execution of decree.

24. A complaint dated March 24, 2021 was filed by our Company which was part of a consortium of lenders to members of the Resonance group of companies. In light of defaults on these accounts, the lenders appointed BDO India LLP as a cash monitor. As a report by BDO India LLP found that certain funds had been siphoned off by the borrowers and the Promoter, the account was classified as a fraud account and, in terms of the Reserve Bank of India Master Circular on Fraud Reporting by Non-Banking Financial Companies, a complaint was filed with the local police alleging offences under sections 120B, 415, 416, 417, 418, 419 and 420 along with sections 405 and 406 of the IPC.

Material Criminal Litigation by our Company

1. A criminal complaint dated August 3, 2021 was filed before Chief Metropolitan Magistrate, Delhi by our Company against Sambandh Finserve Private Limited ("**Accused**") under Section 200 of CrPC for commission of offences punishable under section 406,420,468,469,470,471,34 and 120. The Respondent had availed a loan facility for an amount of 10,00,00,000 from our Company based on forged financial statements, had siphoned off funds and the same was evidenced through various documents. Therefore, we had prayed before the Court to direct the ACP, Economic Offence Wing, New Delhi to register FIR against the Accused, and their agents.

2. An FIR bearing number 0032/2022 dated February 21, 2022 has been filed before Economic Offences Wing, Delhi by our Company against Balaji Digital Solutions Private Limited ("**Accused**") under Section 406/420/468/120-B of Indian Penal Code, 1860. The Respondent had availed a loan facility for an amount of ₹10,00,00,000 from our Company which were later siphoned off to different manufacturers other than those mentioned under the loan agreement. The borrowers, co-borrowers along with personal guarantors had entered into criminal conspiracy and forged transactions for the purpose of cheating our Company, thereby causing wrongful loss. The purpose of availing the loan was to purchase mobile handsets and accessories but the accused with the intention to cheat had misappropriated the funds and converted the same for their own use.

3. There are 1414 cases filed by our Company pending before various forums across the country for an alleged offence under section 138 of the Negotiable Instruments Act, 1881 by the customers/ debtors of our Company which involves an aggregate sum of ₹2,07,92,91,354.

4. There are 47 cases filed by our Company pending before various forums across the country for an alleged offence under section 25C of the Payment and Settlement Systems Act, 2007 by the customers/ debtors of our Company which involves an aggregate sum of ₹1,44,86,466.

Actions Taken by Regulatory and Statutory Authorities against our Company

RBI has imposed, by an order dated May 05, 2022, a monetary penalty of ₹ 5.0 lakh (Rupees Five Lakh only) on InCred Financial Services Limited (formerly known as KKR India Financial Services Limited), for non-compliance with the 'Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016' issued by RBI. This penalty has been imposed in exercise of powers vested in RBI under the provisions of clause (b) of sub-section (1) of section 58 G read with clause (aa) of sub-section (5) of section 58 B of the Reserve Bank of India Act, 1934, taking into account the failure of the company to adhere to the aforesaid RBI Directions.

II. Litigation involving our Subsidiaries

Criminal Litigation against our Subsidiaries

NIL

Criminal Litigation by our Subsidiaries

NIL

Civil Litigation against our Subsidiaries

NIL

Civil Litigation by our Subsidiaries

NIL

Actions Taken by Regulatory and Statutory Authorities against our Subsidiaries

NIL

Compounding of offences in the last three years immediately preceding the year of this Prospectus involving our Subsidiaries

NIL

III. Litigation involving our Directors

Criminal Litigation against our Directors

NIL

Criminal Litigation by our Directors

NIL

Civil Litigation against our Directors

Bhupinder Singh

A civil suit dated July 5, 2022 has been filed before the Senior Civil Judge, Patiala House Court, New Delhi under Section 39 of Specific Relief Act, 1963 Act, by Hemant Chauhan ("**Plaintiff**") against our Company, Mr. Bhupinder Singh and Ms. Roopa Rajul Vora ("**Defendants**") for mandatory injunction, declaration of termination letter as null and void, and direction for reinstatement of the Plaintiff. The Plaintiff was terminated after thorough examination of complaints for gross misconduct as provided under Clause 13B of the offer letter. The Defendants have filed application under Order 1 Rule 10 of the Code of Civil Procedure for striking out the name of co-defendants, 1908 and another application under Order VII Rule 11 of the Code of Civil Procedure, 1908 for rejection of plaint. The plaintiff is yet to file to reply to these applications.

Rupa Rajul Vora

A civil suit has been filed against Rupa Rajul Vora. For further details, please refer to the to the paragraph above (*Civil Litigations against our Directors – Bhupinder Singh*).

Civil Litigation by our Directors

NIL

Actions Taken by Regulatory and Statutory Authorities against our Directors

NIL

IV. Material litigation or legal or regulatory actions involving our Promoter as on the date of this Prospectus

Criminal Litigation against our Promoters

NIL

Criminal Litigation by our Promoters

NIL

Civil Litigation against our Promoters

A civil suit dated July 5, 2022 has been filed before the Senior Civil Judge, Patiala House Court, New Delhi under Section 39 of Specific Relief Act, 1963 Act, by Hemant Chauhan ("**Plaintiff**") against our Company and Mr. Bhupinder Singh ("**Defendants**") for mandatory injunction, declaration of termination letter as null and void, and direction for reinstatement of the Plaintiff. The Plaintiff was terminated after thorough examination of complaints for gross misconduct as provided under Clause 13B of the offer letter. The Defendants have filed application under Order 1 Rule 10 of the Code of Civil Procedure for striking out the name of co-defendants, 1908 and another application under Order VII Rule 11 of the Code of Civil Procedure, 1908 for rejection of plaint. The plaintiff is yet to file to reply to these applications.

Civil Litigation by our Promoters

NIL

Regulatory proceedings against our Promoter

NIL

V. Litigation involving group companies

Criminal Litigation against our Group Companies

NIL

Criminal Litigation by our Group Companies

InCred Capital Financial Services Private Limited ("ICFSPL")

1. On TheGo Foods Pvt. Ltd. ("Borrower") had availed loan facility of ₹ 1,600 lakhs for its customer Cox and Kings wherein they had assured that the same would be repaid in a timely manner and accordingly InCred Capital Financial Services Private Limited. ("InCred Capital") had disbursed the loan amount. However, the Borrower had defaulted in the repayment of the loan facility and InCred Capital had deposited a post-dated cheque for an amount ₹ 1,585 lakhs. The said cheques were returned dishonoured post presentation due to insufficient funds. Therefore, InCred Capital has filed an application number SS/2989/2019 before the Additional Metropolitan Magistrate, Bhoiwada, Dadar, Mumbai under Section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheques.

2. Cox & Kings Limited ("Borrower") had availed loan facility of ₹ 1,600 lakhs wherein they had assured that the same would be repaid in a timely manner and accordingly InCred Capital Financial Services Private Limited ("InCred Capital") had disbursed the loan amount. However, the Borrower had defaulted in the repayment of the loan facility and InCred Capital had deposited a post-dated cheque for an amount ₹ 1,585 lakhs. The said cheques were returned dishonoured post presentation due to insufficient funds. Therefore, InCred Capital has filed an application number SS/2988/2019 before the Additional Metropolitan Magistrate, Bhoiwada, Dadar, Mumbai under Section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheques.

InCred Prime Finance Limited (Formerly known as InCred Financial Services Limited) ("InCred Prime")

1. There are 127 cases filed by InCred Prime pending before various forums across the country for an alleged offence under section 138 of the Negotiable Instruments Act, 1881 by the customers/ debtors of InCred Prime which involves an aggregate sum of ₹ 13,142.21 lakhs.

KKR India Finance Holding LLC

1. From time to time, KKR (including Global Atlantic) is involved in various legal proceedings, lawsuits, arbitration and claims incidental to the conduct of KKR's businesses. KKR's asset management and insurance businesses are also subject to extensive regulation, which may result in regulatory proceedings against them.

   In December 2017, KKR & Co. L.P. (which is now KKR & Co. Inc.) and its then Co-Chief Executive Officers were named as defendants in a lawsuit filed in Kentucky state court alleging, among other things, the violation of fiduciary

and other duties in connection with certain separately managed accounts that Prisma Capital Partners LP, a former subsidiary of KKR, manages for the Kentucky Retirement Systems. Also named as defendants in the lawsuit are certain current and former trustees and officers of the Kentucky Retirement Systems, Prisma Capital Partners LP, and various other service providers to the Kentucky Retirement Systems and their related persons. KKR and other defendants' motions to dismiss were denied by the trial court in November 2018, but in April 2019 the Kentucky Court of Appeals vacated the trial court's opinion and order denying the motions to dismiss the case for lack of standing. The decision of the Court of Appeals was appealed by plaintiffs to the Supreme Court of Kentucky. On July 9, 2020, the Supreme Court of Kentucky reversed the trial court's order and remanded the case to the trial court with direction to dismiss the complaint for lack of constitutional standing. On July 20, 2020, the Office of the Attorney General, on behalf of the Commonwealth of Kentucky, filed a motion to intervene as a plaintiff in the lawsuit and on July 21, 2020 filed a new lawsuit in the same Kentucky trial court making essentially the same allegations against the defendants, including KKR & Co. Inc. and Messrs. Kravis and Roberts. On July 29, 2020, certain private plaintiffs in the original lawsuit filed a motion to further amend their original complaint and to add new plaintiffs. On July 30, 2020, KKR and other defendants filed objections to the Attorney General's motion to intervene. On December 28, 2020, the trial court dismissed the complaint filed by the original plaintiffs and denied their motion to amend their original complaint and add new plaintiffs, but granted the Office of the Attorney General's motion to intervene. In January 2021, some of the attorneys for the private plaintiffs in the original lawsuit filed a new lawsuit, and a motion to intervene in the original lawsuit, on behalf of a new set of plaintiffs, who claim to be "Tier 3" members of Kentucky Retirement Systems, alleging substantially the same allegations as in the original lawsuit. The motion to intervene in the original lawsuit was denied. These "Tier 3" plaintiffs appealed the denial of their motion to intervene but then voluntarily dismissed their appeal on January 31, 2022. In addition, the Kentucky Retirement Systems had commissioned an investigation into certain matters alleged in the Attorney General's complaint. The trial court ordered that this investigation be completed by May 17, 2021, and the Attorney General was permitted to amend its complaint after reviewing the investigation's report within ten days of the Attorney General's receipt of it.

On May 24, 2021, the Attorney General filed a First Amended Complaint on behalf of the Commonwealth of Kentucky. This complaint continues to name KKR & Co. L.P. and its then Co-Chief Executive Officers, as defendants, and makes similar allegations against them. KKR and the other defendants moved to dismiss the First Amended Complaint on July 30, 2021. The court held oral argument on these motions to dismiss on December 14, 2021. On July 9, 2021, the individual plaintiffs served an amended complaint, which purports to assert, on behalf of a class of beneficiaries of Kentucky Retirement Systems, direct claims for breach of fiduciary duty and civil violations under the Racketeer Influenced and Corrupt Organizations Act ("**RICO**"). This complaint was removed to the U.S. District Court for the Eastern District of Kentucky, which has entered an order staying this case until the completion of the Attorney General's lawsuit on behalf of the Commonwealth. On August 20, 2021, the same and other individual plaintiffs filed a second complaint in Kentucky state court, purportedly on behalf of Kentucky Retirement Systems' funds, alleging the same claims against KKR & Co. Inc. and Messrs. Kravis and Roberts as in the July 9th amended complaint but without the RICO or class action allegations. KKR and the other defendants have moved to dismiss the August 20th complaint. On March 24, 2022, in a separate declaratory judgment action brought by the Commonwealth of Kentucky regarding the enforceability of certain indemnification provisions available to KKR & Co. Inc. and Prisma Capital Partners LP, the Kentucky state court found that it has personal jurisdiction over KKR & Co. Inc., and this finding is currently being appealed by KKR. On May 27, 2022, following a motion by KKR, the judge then adjudicating the lawsuits recused himself from the original 2017 action and the second Tier 3 action, and a new judge was assigned.

Kohlberg Kravis Roberts & Co. L.P.

There are litigation in relation to Kohlberg Kravis Roberts & Co. L.P. For detailed description, please refer to the paragraph for KKR India Finance Holding LLP above.

KKR India Advisors Private Limited

1. On September 30, 2020, KKR India Advisors Pvt Ltd. ("KIA") received an inquiry from India's Employees' State Insurance Corporation ("ESIC") requesting certain information about KIA's use of third party employees on a contracted basis. KIA provided all requested information and documents to ESIC on various dates in response to the initial inquiry and follow-up requests. On June 14, 2022, KIA received a decision from ESIC imposing a penalty of approximately USD 2,400 on KIA.
2. There are other litigation in relation to KKR India Advisors Private Limited. For detailed description, please refer to the paragraph for KKR India Finance Holding LLP above.

KKR Capital Markets LLC

There are other litigation in relation to KKR Capital Markets LLC. For detailed description, please refer to the paragraph for KKR India Finance Holding LLP above.

Civil Litigation by our Group Companies

InCred Capital Financial Services Private Limited ("ICFSPL")

InCred Capital Financial Services Private Limited ("InCred Capital" / "ICFSPL") had advanced a revolving bill discounting facility to OnTheGo Foods Pvt. Ltd. ("Borrower") wherein a Deed of Guarantee was executed by Urshila Kerkar and Ajit B. Kerkar ("Guarantors") along with a master facility agreement. There were multiple instances of default in repayment by the Borrower and subsequently a demand notice was issued to the Guarantors for payment of dues. The outstanding amount was not paid, therefore the Summary Suit under application number CS(COMM) 469/2019 was filed to pass an order and decree directing the Guarantors to pay an amount of ₹1,585 lakhs and to award cost in favor of InCred Capital including court fees and legal expenses.

Actions Taken by Regulatory and Statutory Authorities against our Group Companies

VI. Tax Litigation involving our Company

Details of tax proceedings against our Company, Promoters, Director, Subsidiary and Group Companies:

(i) Our Company

Please see below the table setting out details of tax proceeding against our Company:

(₹ in lakhs)

Entity	No. of Cases		Amount Involved	
	Direct	Indirect Tax	Direct Tax	Indirect Tax
InCred Financial Service Limited (earlier known as KKR India Financial Services Limited)	1	NIL	1,049.2	NIL

(ii) Our Promoters

Please see below the table setting out details of tax proceeding against our Promoters:

(₹ in lakhs)

Entity	No. of Cases		Amount Involved	
	Direct	Indirect Tax	Direct Tax	Indirect Tax
InCred Holdings Limited (Formerly known as KKR Capital Markets India Limited)	6	NIL	2,284.9	NIL
Bhupinder Singh	-	-	-	-

(iii) Our Directors

There are no outstanding tax litigations involving our Directors.

(iv) Our Subsidiary

Please see below the table setting out details of tax proceeding against our Subsidiaries:

(₹ in lakhs)

Entity	No. of Cases		Amount Involved	
	Direct	Indirect Tax	Direct Tax	Indirect Tax
InCred Management And Technology Services Private Limited	1	-	NIL	-

(v) Our group companies

Please see below the table setting out details of material tax proceeding against our Group Companies-

(₹ in lakhs)

Sr. No.	Entity	No. of Cases		Amount Involved	
		Direct Tax	Indirect Tax	Direct Tax	Indirect Tax
	InCred Capital Financial Services Private Limited (formerly known as *Proud Securities and Credit Private Limited*)	-	-	-	-
	InCred Wealth Private Limited (formerly known as InCred Capital Inclusion Advisory Private Limited)	-	-	-	-
	InCred Asset Management Private Limited (formerly known as InCred Capital Investment Advisors and Managers Private Limited)	-	-	-	-
	InCred Capital Wealth Portfolio Managers Private Limited (formerly known as BSH Corporate Advisors and Consultants Private Limited)	-	-	-	-
	InCred Research Services Private Limited (formerly known as Earnest Innovation Partners Private Limited)	-	-	-	-
	InCred Alternative Investments Private Limited	-	-	-	-
	InCred Prime Finance Limited (Formerly known as InCred Financial Services Limited)	1	-	NIL	-
	KKR India Finance Holding LLC	-	-	-	-
	Kohlberg Kravis Roberts & Co. L.P.	-	-	-	-
	KKR India Advisors Private Limited	-	-	-	-
	KKR Mauritius PE Investments I, Limited	-	-	-	-
	KKR Asia Limited	-	-	-	-
	KKR India Financial Investments Pte Limited	-	-	-	-
	KKR Capital Markets LLC	-	-	-	-

VII. Details of acts of material frauds committed against our Company and its subsidiaries in the last three years, if any, and if so, the action taken by our Company

The list of material frauds against the Company in the last three fiscals and half year ended September 30, 2022:

(amount in ₹ lakhs)

Sl. No.	Fiscal	Gross Amount	Modus Operandi	Recovery	Provisions	Action Taken by the Company
1	2019-20	21,935.0	Fraudulent encashment through manipulation of books of accounts, cheating and forgery, negligence and cash shortages, others	3,278.0	0	The Company has investigated the cases and have taken appropriate actions such as referring the case to court, NCLT, etc. However the action taken will differ from case to case basis
2	2020-21	93,153.7		11,284.0	0	
3	2021-22	93,153.7		17,030.0	0	
4	April 1, 2022-September 30, 2022	94,039.7		26.11	0	
5	October 1, 2022 – December 19, 2022	94,039.7		11,686.2	0	

The total amount involved in all acts of fraud committed against Pre-demerger KKR in the last three fiscals is set forth below:

(amount in lakhs)

Sl. No.	Fiscal	Gross Amount	Modus Operandi	Recovery	Provisions	Action Taken by the Company
1	2019-20	21,935.0	Fraudulent encashment through manipulation of books of accounts, cheating and forgery, negligence and cash shortages, others	3,278.0	0	The Company has investigated the cases and have taken appropriate actions such as referring the case to court, NCLT, etc. However the action taken will differ from case to case basis
2	2020-21	93,153.7		11,284.0	0	
3	2021-22	93,153.7		17,030.0	0	

The total amount involved in all acts of fraud committed against Pre-demerger InCred in the last three fiscals is set forth below:

(amount in lakhs)

Sl. No.	Fiscal	Gross Amount	Modus Operandi	Recovery	Provisions	Action Taken by the Company
1	2019-20	129.67	Modus Operandi will differ from case to case basis. However, cases are broadly reported under cheating and forgery, misrepresentation and criminal breach of trust	0	0	The Company has investigated the cases and have taken appropriate actions such as referring the case to Police/ Court, etc. However, the action taken will differ from case to case basis
2	2020-21	860.67		0	0	
3	2021-22	860.67		4.07	0	

VIII. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interests thereon; and loan from any bank or financial institutions and interest thereon

Our Company confirms that there has been no default in repayment of statutory dues; debentures and interests thereon; deposits and interests thereon; and loan from any bank or financial institutions and interest thereon.

IX. ***Details of disciplinary action taken by SEBI or Stock Exchanges against the Promoters / Group Companies in the last five financial years, including outstanding action***

Except as disclosed in this section "-*Outstanding Litigation and Other Confirmations*" on page 231, there are no disciplinary action taken by SEBI or Stock Exchanges against the Promoters/group companies in the last five financial years, including outstanding action.

OTHER CONFIRMATIONS

I. Summary of reservations, qualifications, emphasis of matter or adverse remarks of auditors during the last three financial years immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or emphasis of matter or adverse remarks

Our Company confirms that there was no modification in the (i) Interim Financial Statements as at and for the half year ended September 30, 2022; (ii) Reformatted Financial Information and (iii) Audited Financial Results of Pre-demerger InCred, except that there were certain Emphasis of Matter ('**EOM**'). The auditors for the relevant years have included certain emphasis of matters in their respective reports on the audited standalone and consolidated financial statements issued for the half year ended September 30, 2022, financial year ended March 31, 2021 and financial year ended March 31, 2020.

For details, please see "*Risk Factor - The statutory auditors of our Company have highlighted emphasis of matter to*

their half year audited financial statements ending September 30, 2022 and statutory auditors of Pre-demerger KKR have highlighted emphasis of matter to their respective audited financial statements for Financial Years ending 31 March 2022, 2021, and 2020, which may affect future financial results of our Company. Further, statutory auditors of Pre-demerger InCred have highlighted emphasis of matter to their respective audited financial statements for Financial Years ending 31 March, 2021, and 2020, of Pre-demerger InCred, which may affect our future financial results".

II. *Summary of other observations of the auditors during the last three financial years immediately preceding the year of issue of this Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said observation*:

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

"The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading."

Authority for the Issue

At the meeting of the Board of Directors of our Company held on December 14, 2022 the Directors approved the issue of NCDs to the public up to ₹ 17,500 lakh with an option to retain over-subscription up to ₹ 17, 500 lakh, aggregating up to ₹ 35,000 lakh which is within the approved borrowing limits of ₹ 8,00,000 lakh approved by the Board vide its resolution dated July 26, 2022. This Issue for an amount not exceeding ₹ 35,000 lakh has been pursuant to the resolution passed by the Board of Directors of the Company in its meeting dated December 14, 2022.

Further, the present Issue is within the borrowing limits of ₹ 8,00,000 lakh under Sections 180(1)(c) of the Companies Act, 2013 duly approved by the members of our Company vide their resolution passed at the Extraordinary General Meeting held on August 25, 2022.

The Issue is within the borrowing limit approved by the shareholders.

Prohibition by SEBI/ Eligibility of our Company for the Issue

Our Company, persons in control of our Company and/or the Promoter and/or our Promoter Group and/or the Directors have not been restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. None of our Directors and/or our Promoter, is a director or promoter of another company which has been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

None of our Directors and/or our Promoter has been declared as fugitive economic offenders.

The Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchanges pending to be paid by the Company as on the date of this Prospectus.

Our Company is not in default of payment of interest or repayment of principal amount in respect of non-convertible securities, for a period of more than six-months as on date of this Prospectus.

No regulatory action is pending against the issuer or its promoters or directors before the Board or the Reserve Bank of India.

None of the promoters or directors is a fugitive economic offender.

Willful Defaulter

Our Company, and/or Directors and/or our Promoter have not been categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI, ECGC or any government/regulatory authority. The issuer has not defaulted in payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six months. None of our Directors and/or our Promoter, is a whole-time director of another company which has been categorized as a wilful defaulter.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE

PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, JM FINANCIAL LIMITED, CONFIRM THAT COMMENTS RECEIVED ON THE DRAFT PROSPECTUS WILL BE SUITABLY ADDRESSED BEFORE FILING THIS PROSPECTUS, AND TO THIS EFFECT, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 30, 2022 WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMEN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-IS ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE WILL BE GIVEN.**

3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 199 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

5. **WE CONFIRM THAT NO COMMENTS/ COMPLAINTS WERE RECEIVED ON THE DRAFT PROSPECTUS DATED DECEMBER 22, 2022 FILED WITH THE STOCK EXHCNAGES. BSE LIMITED IS THE DESIGNATED STOCK EXCHANGE FOR THE ISSUE.**

DISCLAIMER CLAUSE OF BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS APPROVAL LETTER DATED DECEMBER 30, 2022 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

A. **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**

B. **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**

C. **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY

DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY ANY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

DISCLAIMER CLAUSE OF NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.: NSE/LIST/D/2022/0195 DATED DECEMBER 30, 2022 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

DISCLAIMER CLAUSE OF RBI

A COPY OF THIS PROSPECTUS HAS NOT BEEN FILED WITH OR SUBMITTED TO THE RESERVE BANK OF INDIA ("RBI"). IT IS DISTINCTLY UNDERSTOOD THAT THIS PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY RBI. RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE ISSUER OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE ISSUER AND FOR DISCHARGE OF LIABILITY BY THE ISSUER. RBI NEITHER ACCEPTS ANY RESPONSIBILITY NOR GUARANTEE FOR THE PAYMENT OF ANY AMOUNT DUE TO ANY INVESTOR IN RESPECT OF THE PROPOSED NCDS.

DISCLAIMER STATEMENT OF CRISIL RATINGS LIMITED (A SUBSIDIARY OF CRISIL LIMITED)

A RATING BY CRISIL RATINGS REFLECTS CRISIL RATINGS' CURRENT OPINION ON THE LIKELIHOOD OF TIMELY PAYMENT OF THE OBLIGATIONS UNDER THE RATED INSTRUMENT, AND DOES NOT CONSTITUTE AN AUDIT OF THE RATED ENTITY BY CRISIL RATINGS. OUR RATINGS ARE BASED ON INFORMATION PROVIDED BY THE ISSUER OR OBTAINED BY CRISIL RATINGS FROM SOURCES IT CONSIDERS RELIABLE. CRISIL RATINGS DOES NOT GUARANTEE THE COMPLETENESS OR ACCURACY OF THE INFORMATION ON WHICH THE RATING IS BASED. A RATING BY CRISIL RATINGS IS NOT A RECOMMENDATION TO BUY / SELL OR HOLD THE RATED INSTRUMENT; IT DOES NOT COMMENT ON THE MARKET PRICE OR SUITABILITY FOR A PARTICULAR INVESTOR. CRISIL RATINGS HAS A PRACTICE OF KEEPING ALL ITS RATINGS UNDER SURVEILLANCE AND RATINGS ARE REVISED AS AND WHEN CIRCUMSTANCES SO WARRANT. CRISIL RATINGS IS NOT RESPONSIBLE FOR ANY ERRORS AND ESPECIALLY STATES THAT IT HAS NO FINANCIAL LIABILITY WHATSOEVER TO THE SUBSCRIBERS / USERS / TRANSMITTERS / DISTRIBUTORS OF ITS RATINGS. CRISIL RATINGS' CRITERIA ARE AVAILABLE WITHOUT CHARGE TO THE PUBLIC ON THE WEB SITE, WWW.CRISILRATINGS.COM. CRISIL RATINGS OR ITS ASSOCIATES MAY HAVE OTHER COMMERCIAL TRANSACTIONS WITH THE COMPANY/ENTITY. FOR THE LATEST RATING INFORMATION ON ANY INSTRUMENT OF ANY

COMPANY RATED BY CRISIL RATINGS, PLEASE VISIT WWW.CRISILRATINGS.COM OR CONTACT CUSTOMER SERVICE HELPDESK AT CRISILRATINGDESK@CRISIL.COM OR AT 1800-267-1301

DISCLAIMER CLAUSE OF CARE ADVISORY RESEARCH AND TRAINING LIMITED ("CART")

ALL INFORMATION CONTAINED IN THE REPORT HAS BEEN OBTAINED BY SECONDARY SOURCES SUCH AS RBI STATISTICS, MOSPI, ETC BELIEVED BY TO BE RELIABLE. ALTHOUGH REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE INFORMATION THEREIN IS TRUE, SUCH INFORMATION IS PROVIDED 'AS IS' WITHOUT ANY WARRANTY OF ANY KIND, AND IN PARTICULAR, MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS OF ANY SUCH INFORMATION NOR DOES GIVE ANY GUARANTEE AND / OR ASSURANCE OF ITS CREDIBILITY OF BEING FIT FOR A PARTICULAR PURPOSE AND OBJECT. ALL INFORMATION CONTAINED THEREIN MUST BE CONSTRUED SOLELY AS STATEMENTS OF OPINION AND NOT ANY RECOMMENDATION FOR INVESTMENT. IN NO EVENT SHALL, CART BE LIABLE FOR ANY LOSSES INCURRED IN ANY FORM WHATSOEVER, BY USERS OR ANY OF THE PARTY PLACING RELIANCE AND FROM ANY USE OF THE REPORT OR ITS CONTENTS THEREOF.

DISCLAIMER STATEMENT FROM THE ISSUER

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS PROSPECTUS ISSUED BY OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER / THEIR OWN RISK.

DISCLAIMER STATEMENT FROM THE LEAD MANAGER

THE LEAD MANAGER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS PROSPECTUS OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER / THEIR OWN RISK.

DISCLAIMER IN RESPECT OF JURISDICTION

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, CATEGORY III AND CATEGORY IV. THE DRAFT PROSPECTUS, THIS PROSPECTUS WILL NOT, HOWEVER CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCDS OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THE DRAFT PROSPECTUS, THIS PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

UNDERTAKING BY THE ISSUER

INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE OFFER INCLUDING THE RISKS INVOLVED. THE NCDs HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. SPECIFIC ATTENTION OF INVESTORS IS INVITED TO THE STATEMENT OF THE "RISK FACTORS" CHAPTER ON PAGE 19 OF THIS PROSPECTUS.

THE ISSUER, HAVING MADE ALL REASONABLE INQUIRIES, ACCEPTS RESPONSIBILITY FOR, AND CONFIRMS THAT THIS PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS TRUE AND CORRECT IN ALL MATERIAL ASPECTS AND IS NOT MISLEADING IN ANY MATERIAL RESPECT, THAT THE OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND THAT THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKE THIS PROSPECTUS AS A WHOLE OR ANY OF SUCH INFORMATION OR THE EXPRESSION OF ANY SUCH OPINIONS OR INTENTIONS MISLEADING IN ANY MATERIAL RESPECT.

THE ISSUER HAS NO SIDE LETTER WITH ANY DEBT SECURITIES HOLDER EXCEPT THE ONE(S)

DISCLOSED IN THIS PROSPECTUS. ANY COVENANTS LATER ADDED SHALL BE DISCLOSED ON THE STOCK EXCHANGE'S WEBSITES WHERE THE DEBT IS LISTED.

OUR COMPANY DECLARES THAT NOTHING IN THIS PROSPECTUS IS CONTRARY TO THE PROVISIONS OF COMPANIES ACT, 2013 (18 OF 2013), THE SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES AND REGULATIONS MADE THEREUNDER.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager	Website
JM Financial Limited	www.jmfl.com

Listing

The NCDs proposed to be offered through this Issue are proposed to be listed on BSE and NSE. BSE has been appointed as the Designated Stock Exchange. An application will be made to the Stock Exchanges for permission to deal in and for an official quotation of our NCDs.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange(s), our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 6 Working Days from the date of closure of this Issue.

For the avoidance of doubt, it is hereby clarified that in the event of under subscription, NCDs shall not be listed and in the event of zero subscription to any one or more of the series, such NCDs with series shall not be listed.

Our Company shall pay interest at 15% (fifteen) per annum if allotment is not made and refund orders/allotment letters are not dispatched and/or demat credits are not made to investors within five Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. In case listing permission is not granted by the Stock Exchange(s) to our Company and if such money is not repaid within the day our Company becomes liable to repay it on such account, our Company and every officer in default shall, on and from expiry of such date, be liable to repay the money with interest at the rate of 15% as prescribed under Rule 3 of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 26 of the 2013 Act, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Consents

Consents in writing of: (a) Our Directors, (b)Company Secretary and Compliance Officer, (c) Chief Financial Officer, (d) Lead Manager, (e) the Registrar to the Issue, (f) Legal Advisor to the Issue; (g) Bankers to Company; (h) CRISIL Ratings Limited; (i) the Debenture Trustee for the Issue; (j) Consortium Member; (k) Public Issue Account Bank, Refund Bank and Sponsor Bank; (l) CareEdge Research as the agency issuing the CareEdge Report, (m) Lenders, to act in their respective capacities, have been obtained from them and the same will be filed along with a copy of this Prospectus with the ROC as required under Section 26 of the Companies Act, 2013. Further, such consents have not been withdrawn up to the time of delivery of this Prospectus with the Stock Exchanges.

Expert Opinion

Except for the following, our Company has not obtained any expert opinions in connection with this Prospectus:

Our Company has received the written consent dated December 22, 2022 from S.R. Batliboi & Associates LLP our Statutory Auditor, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of (i) their report dated December 14, 2022 on the Interim Consolidated Financial Statements as at and for the half year ended September 30, 2022, (ii) the report dated December 14, 2022 on the Interim Standalone Financial Statements as at and for the half year ended September 30, 2022, (iii) the report dated December 21, 2022 on the Reformatted Financial Information included in this Prospectus, and (iv) their report dated December 21, 2022 on the statement of special tax benefits included in this Prospectus, and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act, 1993.

The above experts have given their written consent to the Company as stated in the paragraph above and has not withdrawn such consent before the filing of this Prospectus with the Stock Exchanges and SEBI.

Common form of Transfer

Our Company undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 applicable as on the date of this Prospectus and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 Working Days from the Issue Closing Date or such time as may be specified by SEBI provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 8 Working Days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate of 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Operational Circular.

Filing of the Draft Prospectus

A copy of the Draft Prospectus has been filed with the Stock Exchanges in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website(s) prior to the opening of the Issue. The Draft Prospectus has also been displayed on the website of the Company and the Lead Manager.

Filing of the Prospectus with the RoC

A copy of this Prospectus is being filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

Debenture Redemption Reserve ("DRR")

In accordance with amendments to the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with the SEBI NCS Regulations, an NBFC registered with RBI under section 45-IA of the Reserve Bank of India Act, 1934 is not required to create a DRR for the purpose of redemption of debentures. Pursuant to the amendment to the Companies (Share Capital & Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Prospectus, our Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue.

Our Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for

redemption of debentures maturing during the year referred above.

Recovery Expense Fund

Our Company shall create a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 (read along with SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022) as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and has informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Kindly note, any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at each respective International Securities Identification Number level assigned to the respective Option(s) of NCDs issued.

Reservation

No portion of the Issue has been reserved.

Underwriting

This Issue will not be underwritten.

Disclosures in accordance with the DT Circular

Appointment of Debenture Trustee

The Company has appointed the Debenture Trustee in accordance with the terms of the Debenture Trustee Agreement.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

Separately, the Company and the Debenture Trustee have agreed the payment of an acceptance fee of ₹ 5.0 lakh plus applicable taxes and a service charge of ₹ 7.5 lakh on an annual basis, plus applicable taxes in terms of the letter dated September 26, 2022.

Debenture Trustee Agreement provides for, *inter alia*, the following terms and conditions:

1. The Debenture Trustee, either through itself or its agents, advisors, consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Offer Documents / Debenture Trust Deed, has been obtained. For the purpose of carrying out the due diligence as required under Applicable Law. The Debenture Trustee, either through itself or its agents, advisors, consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors, valuers, consultants, lawyers, technical experts or management consultants appointed by the Debenture Trustee. Prior to appointment of any agents, advisors, consultants, the Debenture Trustee shall obtain necessary confirmation from the said agents, advisors or consultants that they do not have any conflict-of-interest in conducting the diligence under the transaction.

2. The Company shall provide all assistance to the Debenture Trustee to enable verification from the ROC, sub-registrar of assurances (as applicable), Central Registry of Securitization Asset Reconstruction and Security Interest of India ("**CERSAI**"), depositories, information utility ("**IU**") registered with Insolvency and Bankruptcy Board of India ("**IBBI**") or any other authority, as may be required, where the assets and/or encumbrances in relation to the assets of the Company or any third-party security provider for securing the Debentures, are registered / disclosed.

3. Further, in the event that existing charge holders of any trustee on behalf of the existing charge holders, have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

4. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information,

representations., confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with applicable law.

5. The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, traveling and other costs shall be solely borne by the Company.

6. The Debenture Trustee shall make the disclosures on its website as specified under SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/230 dated November 12, 2020 as amended/updated by SEBI Circular No. SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022.

7. The Debenture Trustee shall take necessary steps to bring the investor charter, as provided in the SEBI Circular No: SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/675 dated November 30, 2021:

   i. Disseminating the investor charter on Debenture Trustee's website and through e-mail.
   ii. Displaying the investor charter at prominent places in offices etc.

8. The Debenture Trustee shall intimate stock exchange and depositories the status of payment of debt securities within 9 working days of the maturity / redemption date, in case the issuer fails to intimate the status of payment of the debt securities within stipulated timelines, then debenture trustee(s) shall seek status of payment from issuer and/ or conduct independent assessment banks, investors, rating agencies, etc.) to determine the same.

Terms of carrying out due diligence

As per the SEBI Circular "SEBI/HO/MIRSD/CRADT/CIR/P/2020/218" dated November 3, 2020 titled "*Creation of Security in issuance of listed debt securities and due diligence by debenture trustee(s)*", SEBI Circular "SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2021/618" dated March 29, 2022 titled "Operational guidelines for 'Security and Covenant Monitoring' using Distributed Ledger Technology (DLT)" and SEBI Circular "SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/106" dated August 4, 2022 titled "Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence", as amended and/ or supplemented from time to time, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

(a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document and other applicable laws has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

(b) The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third-party security provider are registered / disclosed.

(c) Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any, if Company is required to do so under the respective financing documents executed with the said existing charge holders.

(d) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to

carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

(e) The Debenture Trustee shall have the power to either independently appoint or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

(f) In addition to the above terms of carrying out the due diligence, the Debenture Trustee Agreement provides for, *inter alia*, the following terms and conditions:

i. The Company undertakes to promptly furnish all and any information as may be required by the Debenture Trustee in terms of the Companies Act and the Debenture Trust Deed on a regular basis, including without limitation the following documents, as may be applicable;

ii. The Debenture Trustee does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by investors for the NCDs.

Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per SEBI (Debenture Trustees) Regulations, 1993, SEBI NCS Regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("**CA**") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.
- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrances or necessary permission / consent / NOC has been obtained from all existing charge holders.
- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.
- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.
- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchange.
- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission / commission on the part of the Issuer.

While the Debt Security is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.]

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI circulars titled (i) "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 3, 2020; (ii) "Monitoring and Disclosures by Debenture Trustee(s)" dated November 12, 2020 as amended/modified by SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022; (iii) "Operational guidelines for 'Security and Covenant Monitoring' using Distributed Ledger Technology (DLT)" dated March 29, 2022; and (iv) "Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence" dated August 4, 2022.

The Debenture Trustee undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

CATALYST TRUSTEESHIP LIMITED HAVE FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED DECEMBER 22, 2022 AS PER THE FORMAT SPECIFIED IN ANNEXURE A TO THE CIRCULAR NO. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 ISSUED BY SEBI ON NOVEMBER 3, 2020, AS AMENDED FROM TIME TO TIME AND SCHEDULE IV OF THE SEBI NCS REGULATIONS WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED DOCUMENTS PERTAINING TO THE SAID ISSUE AND OTHER SUCH RELEVANT DOCUMENTS.

(2) ON THE BASIS OF SUCH EXAMINATION AND OF THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND OF INDEPENDENT VERIFICATION OF THE VARIOUS RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS:

WE CONFIRM THAT:

a) THE ISSUER HAS MADE ADEQUATE PROVISIONS FOR AND/OR HAS TAKEN STEPS TO PROVIDE FOR ADEQUATE SECURITY FOR THE DEBT SECURITIES TO BE ISSUED.

b) THE ISSUER HAS OBTAINED THE PERMISSIONS / CONSENTS NECESSARY FOR CREATING SECURITY ON THE SAID PROPERTY(IES).

c) THE ISSUER HAS MADE ALL THE RELEVANT DISCLOSURES ABOUT THE SECURITY AND ALSO ITS CONTINUED OBLIGATIONS TOWARDS THE HOLDERS OF DEBT SECURITIES.

d) ISSUER HAS ADEQUATELY DISCLOSED ALL CONSENTS/ PERMISSIONS REQUIRED FOR CREATION OF FURTHER CHARGE ON ASSETS IN OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM WITH RESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSES OF DEBENTURE TRUSTEE AGREEMENT.

e) ISSUER HAS GIVEN AN UNDERTAKING THAT CHARGE SHALL BE CREATED IN FAVOUR OF DEBENTURE TRUSTEE AS PER TERMS OF ISSUE BEFORE FILING OF LISTING APPLICATION.

f) ISSUER HAS DISCLOSED ALL COVENANTS PROPOSED TO BE INCLUDED IN DEBENTURE TRUST DEED (INCLUDING ANY SIDE LETTER, ACCELERATED PAYMENT CLAUSE ETC.), OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM AND GIVEN AN UNDERTAKING THAT DEBENTURE TRUST DEED WOULD BE EXECUTED BEFORE FILING OF LISTING APPLICATION.

g) ALL DISCLOSURES MADE IN THE OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM WITH RESPECT TO THE DEBT SECURITIES ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

WE HAVE SATISFIED OURSELVES ABOUT THE ABILITY OF THE ISSUER TO SERVICE THE DEBT SECURITIES.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchanges as per format specified in **Annexure A** of the DT Circular.

Debenture Trust Deed

Our Company and the Debenture Trustee will execute a Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us, as per the extant SEBI regulations applicable for the proposed NCD Issue.

Issue Related Expenses

The expenses of the Issue include, *inter alia*, lead management fees and selling commission to the Lead Manager, Consortium Member, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, fees payable to the sponsor bank, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for the Issue shall be as specified in this Prospectus. Please see section titled "*Objects of the Issue*" on page 62.

Utilization of Issue Proceeds

Our Board of Directors certifies that:

(i) all monies received out of the Issue of the NCDs to the public shall be transferred to a separate bank account maintained with a scheduled bank, other than the bank account referred to in section 40(3) of the Companies Act and the SEBI NCS Regulations, and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's bank account after receipt of listing and trading approvals;

(ii) details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised;

(iii) details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance indicating the form of financial assets in which such unutilised monies have been invested;

(iv) we shall utilize the Issue proceeds only upon creation of security as stated in this Prospectus in the section titled *"Terms of the Issue"* on page 277 and after (a) permissions or consents for creation of *pari passu* charge have been obtained from the creditors who have *pari passu* charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue Size pertaining to the Issue; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of NCDs and (e) receipt of listing and trading approval from Stock Exchanges;

(v) the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any property;

(vi) the allotment letter shall be issued, or application money shall be refunded in accordance with the Applicable Law failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

(vii) the Issue proceeds shall be utilized in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time. Further the Issue proceeds shall be utilised only for the purpose and objects stated in the Offer Documents; and

(viii) If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 8 Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws.

Previous Issues

Public / Rights Issues of Equity Shares and non-convertible debentures in the last three years from this Prospectus

Public Issue of non-convertible debentures by our Company.

Particulars	
ISIN	INE945W07381
Date of opening	24 January 2022
Date of closing	14 February 2022
Total issue size (₹ in Lakhs)	5,212.7
Date of allotment	18 February 2022
Date of refunds/ unblocking of funds	17 February 2022
Date of listing	26 February 2022
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07399
Date of opening	24 January 2022
Date of closing	14 February 2022
Total issue size (₹ in Lakhs)	4,154.8
Date of allotment	18 February 2022
Date of refunds/ unblocking of funds	17 February 2022
Date of listing	26 February 2022

Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07407
Date of opening	24 January 2022
Date of closing	14 February 2022
Total issue size (₹ in Lakhs)	1,076.7
Date of allotment	18 February 2022
Date of refunds/ unblocking of funds	17 February 2022
Date of listing	26 February 2022
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Public issue of equity shares

Our Company has not undertaken any public issue of equity shares in last three years.

Rights Issue by our Company

Our Company has not undertaken any rights issue of equity shares in the last three years.

Private Placements by our Company

Other than as disclosed in the section titled "*Financial Indebtedness*" on page 166, our Company has not undertaken any private placements prior to the date of this Prospectus.

Utilisation of issue proceeds of previous issues

The proceeds from the previous issuance of non-convertible debentures by the Company have been and/or are being utilized in accordance with the use of proceeds set out in the respective offer documents and/or information memorandums under which such non-convertible debentures were issued which include, *inter alia*, to augment long-term resources of the Company, for on-lending and for general corporate purposes in accordance with the object clause of the Memorandum of Association of the Company.

For FY 2020-21:

Particulars	
ISIN	INE945W07134
Date of opening	22 June 2020
Date of closing	22 June 2020
Total issue size (₹ In lakh)	5000.0
Date of allotment	22 June 2020
Date of refunds/ unblocking of funds	NA
Date of listing	July 8, 2020
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07159
Date of opening	25 June 2020
Date of closing	25 June 2020
Total issue size (₹ In lakh)	10000.0
Date of allotment	26 June 2020
Date of refunds/ unblocking of funds	NA
Date of listing	July 8, 2020
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07183
Date of opening	01 September 2020
Date of closing	03 September 2020
Total issue size (₹ In lakh)	1760.0
Date of allotment	03 September 2020

Date of refunds/ unblocking of funds	NA
Date of listing	September 17, 2020
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07183
Date of opening	20 October 2020
Date of closing	30 November 2020
Total issue size (₹ In lakh)	860.0
Date of allotment	30 November 2020
Date of refunds/ unblocking of funds	NA
Date of listing	December 18, 2020
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07183
Date of opening	24 November 2020
Date of closing	26 November 2020
Total issue size (₹ In lakh)	1300.0
Date of allotment	26 November 2020
Date of refunds/ unblocking of funds	NA
Date of listing	December 14, 2020
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07183
Date of opening	07 December 2020
Date of closing	07 December 2020
Total issue size (₹ In lakh)	790.0
Date of allotment	07 December 2020
Date of refunds/ unblocking of funds	NA
Date of listing	December 14, 2020
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07241
Date of opening	27 January 2021
Date of closing	29 January 2021
Total issue size (₹ In lakh)	1500.0
Date of allotment	29 January 2021
Date of refunds/ unblocking of funds	NA
Date of listing	04 February 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

For FY 2021-22:

Particulars	
ISIN	INE945W07258
Date of opening	20 April 2021
Date of closing	23 April 2021
Total issue size (₹ In lakh)	3720.0
Date of allotment	23 April 2021
Date of refunds/ unblocking of funds	NA
Date of listing	28 April 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07266
Date of opening	04 May 2021
Date of closing	05 May 2021
Total issue size (₹ In lakh)	10000.0
Date of allotment	05 May 2021
Date of refunds/ unblocking of funds	NA
Date of listing	11 May 2021

Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07274
Date of opening	27 May 2021
Date of closing	27 May 2021
Total issue size (₹ In lakh)	1540.0
Date of allotment	27 May 2021
Date of refunds/ unblocking of funds	NA
Date of listing	02 June 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07282
Date of opening	28 May 2021
Date of closing	01 June 2021
Total issue size (₹ In lakh)	1390.0
Date of allotment	01 June 2021
Date of refunds/ unblocking of funds	NA
Date of listing	04 June 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07290
Date of opening	01 July 2021
Date of closing	02 July 2021
Total issue size (₹ In lakh)	7500.0
Date of allotment	02 July 2021
Date of refunds/ unblocking of funds	NA
Date of listing	08 July 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07308
Date of opening	19 July 2021
Date of closing	20 July 2021
Total issue size (₹ In lakh)	1500.0
Date of allotment	20 July 2021
Date of refunds/ unblocking of funds	NA
Date of listing	26 July 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07316
Date of opening	21 July 2021
Date of closing	27 July 2021
Total issue size (₹ In lakh)	11500.0
Date of allotment	27 July 2021
Date of refunds/ unblocking of funds	NA
Date of listing	02 August 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07324
Date of opening	29 July 2021
Date of closing	29 July 2021
Total issue size (₹ In lakh)	2000.0
Date of allotment	29 July 2021
Date of refunds/ unblocking of funds	NA
Date of listing	04 August 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07332
Date of opening	29 July 2021
Date of closing	29 July 2021
Total issue size (₹ In lakh)	2000.0
Date of allotment	29 July 2021
Date of refunds/ unblocking of funds	NA
Date of listing	04 August 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07340
Date of opening	22 September 2021
Date of closing	23 September 2021
Total issue size (₹ In lakh)	3200.0
Date of allotment	23 September 2021
Date of refunds/ unblocking of funds	NA
Date of listing	09 September 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07365
Date of opening	29 September 2021
Date of closing	29 September 2021
Total issue size (₹ In lakh)	7500.0
Date of allotment	29 September 2021
Date of refunds/ unblocking of funds	NA
Date of listing	05 October 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07373
Date of opening	22 December 2021
Date of closing	23 December 2021
Total issue size (₹ In lakh)	4000.0
Date of allotment	23 December 2021
Date of refunds/ unblocking of funds	NA
Date of listing	28 December 2021
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07415
Date of opening	18 January 2022
Date of closing	19 January 2022
Total issue size (₹ In lakh)	1730.0
Date of allotment	19 January 2022
Date of refunds/ unblocking of funds	NA
Date of listing	24 January 2022
Utilisation of proceeds	As mentioned under the object clause of the issue documents

For FY 2022-23:

Particulars	
ISIN	INE945W07241
Date of opening	13 May 2022
Date of closing	13 May 2022
Total issue size (₹ In lakh)	2200.0
Date of allotment	13 May 2022
Date of refunds/ unblocking of funds	NA
Date of listing	18 May 2022
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07340
Date of opening	28 June 2022
Date of closing	29 June 2022
Total issue size (₹ In lakh)	10100.0
Date of allotment	29 June 2022
Date of refunds/ unblocking of funds	NA
Date of listing	05 July 2022
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07332
Date of opening	18 July 2022
Date of closing	19 July 2022
Total issue size (₹ In lakh)	1890.0
Date of allotment	19 July 2022
Date of refunds/ unblocking of funds	NA
Date of listing	22 July 2022
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE945W07423
Date of opening	25 July 2022
Date of closing	25 July 2022
Total issue size (₹ In lakh)	1170.0
Date of allotment	25 July 2022
Date of refunds/ unblocking of funds	NA
Date of listing	28 July 2022
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE321N07251
Date of opening	30 August 2022
Date of closing	30 August 2022
Total issue size (₹ In lakh)	3500.0
Date of allotment	30 August 2022
Date of refunds/ unblocking of funds	NA
Date of listing	06 September 2022
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE321N07269
Date of opening	21 September 2022
Date of closing	22 September 2022
Total issue size (₹ In lakh)	2500.0
Date of allotment	22 September 2022
Date of refunds/ unblocking of funds	NA
Date of listing	28 September 2022
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Public Issue (to the public) by our Subsidiaries in the last three years from this Prospectus

Our Subsidiaries have not undertaken any public issues in the last three years from the date of this Prospectus.

Private Placements by our Subsidiaries:

Our Subsidiaries have not undertaken any private placement prior to the date of this Prospectus:

Public / Rights Issues (to public shareholders) by our Group Companies in the last three years from this Prospectus*:*

Other than as disclosed below, our Group Companies have not undertaken any rights issue of equity shares in the last three years. None of the Rights issues were made to public:

i. InCred Asset Management Private Limited

Date of allotment	No. of Equity Shares	Issue price (₹)	Consideration in cash/Other than cash	Cumulative			Details of Utilisation
				No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
March 31, 2020	59,90,000	10	Consideration in cash	59,90,000	5,99,00,000	0	Operational activities
February 24, 2021	40,00,000	10	Consideration in cash	99,90,000	9,99,00,000	0	
February 02, 2022	1,90,00,000	10	Consideration in cash	2,89,90,000	28,99,00,000	0	

ii. InCred Capital Wealth Portfolio Managers Private Limited

Date of allotment	No. of Equity Shares	Issue price (₹)	Consideration in cash/Other than cash	Cumulative			Details of Utilisation
				No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
June 15, 2020	75,00,000	10	Consideration in cash	75,00,000	7,50,00,000	0	Operational activities
February 12, 2021	2,00,00,000	10	Consideration in cash	2,75,00,000	27,50,00,000	0	
March 30, 2022	2,00,00,000	10	Consideration in cash	4,75,00,000	47,50,00,000	0	

iii. InCred Wealth Private Limited

Date of allotment	No. of Equity Shares	Issue price (₹)	Consideration in cash/ Other than cash	Cumulative			Details of Utilisation
				No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
May 27, 2021	41,546	10	Consideration in cash	41,546	4,15,460	0	Operational activities

iv. InCred Research Services Private Limited

Date of allotment	No. of Equity Shares	Issue price (₹)	Consideration in cash/ Other than cash	Cumulative			Details of Utilisation
				No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
July 24, 2020	60,00,000	10	Consideration in cash	60,00,000	6,00,00,000	0	Operational activities
March 30, 2022	1,22,50,000	10	Consideration in cash	1,82,50,000	18,25,00,000	0	

v. InCred Management and Technology Services Private Limited

Date of allotment	No. of Equity Shares	Issue price (₹)	Consideration in cash/ Other than cash	Cumulative			Details of Utilisation
				No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
April 20, 2020	1,80,00,000	10	Consideration in cash	1,80,00,000	18,00,00,000	0	Operational activities

vi. Booth Fintech Private Limited

Date of allotment	No. of Equity Shares	Issue price (₹)	Consideration in cash/ Other than cash	Cumulative			Details of Utilisation
				No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
September 16, 2019	514	38950.15	Consideration in cash	514	2,00,20,377.1	2,00,15,237.1	Operational activities
September 20, 2021	4,294	23285.25	Consideration in cash	4,808	12,00,07,240.6	11,99,59,160.6	
May 21, 2022	14,601	12464.886	Consideration in cash	19,409	30,20,07,041.1	30,18,12,951.1	

vii. mValu Technology Services Private Limited

Date of allotment	No. of Equity Shares	Issue price (₹)	Consideration in cash/ Other than cash	Cumulative			Details of Utilisation
				No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
September 24, 2021	17,250	5797	Consideration in cash	17,250	9,99,98,250	9,98,25,750	Operational Activities

Other than as disclosed below, our Group Companies have not undertaken any private placements prior to the date of this Prospectus.

InCred Capital Financial Services Private Limited - For Fiscal Year 2022-23

Particulars	
ISIN	INE01WI07011
Date of opening	May 11, 2022
Date of closing	May 13, 2022
Total issue size (₹ In Lakhs)	2770.0
Date of allotment	May 13, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	NA
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE01WI07029
Date of opening	June 10, 2022
Date of closing	June 14, 2022
Total issue size (₹ In Lakhs)	1900.0
Date of allotment	June 14, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	NA
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE01WI07037
Date of opening	August 30, 2022
Date of closing	August 30, 2022
Total issue size (₹ In Lakhs)	2,300.0
Date of allotment	August 30, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	NA
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE01WI07045
Date of opening	September 27, 2022
Date of closing	September 27, 2022
Total issue size (₹ In Lakhs)	930.0
Date of allotment	September 27, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	NA
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Particulars	
ISIN	INE01WI07052
Date of opening	November 3, 2022
Date of closing	November 4, 2022
Total issue size (₹ In Lakhs)	870.0
Date of allotment	November 4, 2022
Date of refunds/ unblocking of funds	NA
Date of listing	NA
Utilisation of proceeds	As mentioned under the object clause of the issue documents

Benefit/ interest accruing to Promoter/ Directors out of the Object of the Issue

Neither the Promoter nor the Directors of our Company are interested in the Objects of the Issue.

Details regarding the Company and other listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, which made any capital issue during the last three years

There are no public or rights or composite issue of capital by listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act, 1956 during the last three years.

Utilisation of proceeds of the Issue by our Group Companies

No proceeds of the Issue will be paid to our Group Companies.

Delay in listing

There has been no delay in the listing of any non-convertible securities issued by our Company.

Refusal of listing of any security of the issuer during last three years by any of the stock exchanges in India or abroad.

There has been no refusal of listing of any security of our Company during the last three years prior to the date of this Prospectus by any Stock Exchange in India.

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

As on September 30, 2022, our Company has outstanding non-convertible debentures. For further details see chapter titled "*Financial Indebtedness*" on page 166.

Our Company has not undertaken any issue of preference shares as of September 30, 2022.

Further, save and except as mentioned in this Prospectus, our Company has not issued any other outstanding debentures or bonds.

Dividend

Our Company has not declared any dividend over the last three years:

Revaluation of assets

Nil

Mechanism for redressal of investor grievances

Link Intime India Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

The Registrar Agreement dated December 21, 2022 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least eight years from the last date of dispatch of the Allotment Advice, demat credit and refund through unblocking to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or details of Member of Syndicate or Trading Member of the Stock Exchanges where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchanges, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchanges or through their Trading Members. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

The contact details of Registrar to the Issue are as follows:

LINK INTIME INDIA PRIVATE LIMITED
C-101, 1st Floor, 247 Park, L.B.S. Marg,
Vikhroli West, Mumbai 400 083,
Maharashtra, India
Tel.: +91 810 811 4949
Email: incred.ncd2@linkintime.co.in
Attention: Shanti Gopalkrishnan
Investor Grievance Email: incred.ncd2@linkintime.co.
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer: B. N. Ramakrishnan
SEBI Registration Number: INR000004058
CIN: U67190MH1999PTC118368

The Registrar shall endeavour to redress complaints of the investors within seven (7) days of receipt of the complaint and continue to do so during the period it is required to maintain records under the RTA Regulations and our Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed seven (7) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a quarterly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Company Secretary and Compliance Officer for the purposes of the Issue are set out below:

Name: Gajendra Thakur
Unit No. 1203, 12th floor, B Wing
The Capital, Plot No. C - 70,
G Block, Bandra Kurla Complex
Mumbai -400051
Tel: +91 22 6844 6100
E-mail: incred.compliance@incred.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit or unblocking etc.

Details of Auditors to the Issuer:

Names of the Statutory Auditor	Address	Auditor since
M/s. S. R. Batliboi & Associates LLP	12th Floor, The Ruby, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028	August 5, 2022

Change in auditors of our Company during the last three years

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of Resignation, if applicable
M/s MSKA & Associates, Chartered Accountants	Floor 3, Enterprise Centre, Nehru Road, Near Domestic Airport, Vile Parle (East), Mumbai 400099	September 30, 2019	NA	September 28, 2021
M/s V. C. Shah & Co.	205-206, 2nd Floor, Regent Chambers, Jamnalal Bajaj Road, Nariman Point, Mumbai 400021	September 30, 2021	NA	August 5, 2022

Details of overall lending by our Company

Lending Policy

For lending policy in relation to each of the products of our Company, please see "*Our Business – Lending Policy*" at page 105.

A. Loans given by the Company

The Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of private placements or public issues of debentures.

B. Type of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on September 30, 2022 is as follows:

(₹ in lakh)

No.	Type of Loans	Amount
1.	Secured	1,92,510.8
2.	Unsecured	2,94,242.7
Total loans and advances (Loan Book)*		**4,86,753.5**

** Information disclosed is at borrower level and includes off balance sheet items*

C. *Denomination of loans outstanding by LTV as on September 30, 2022**

No.	LTV (at the time of origination)	Percentage of Loan Book
1.	Upto 40%	16.2%
2.	40-50%	7.2%
3.	50 – 60%	5.0%
4.	60 – 70%	6.8%
5.	70 – 80%	9.1%
6.	80 – 90%	7.4%
7.	Above 90%	48.3%
	Total	**100%**

** Information disclosed is at borrower level and includes off balance sheet items*

D. ***Sectoral Exposure as on September 30, 2022***

Sr. No	Segment wise break up of AUM (Gross book)	Percentage of Loan Book
1.	**Retail**	
A	Mortgages (home loans and loans against property)	1.7%
B	Gold loans	-
C	Vehicle Finance	-
D	MFI	-
E	MSME	12.3%
F	Capital market funding (loans against shares, margin funding)	-
G	Others	53.1%
2.	**Wholesale**	
A	Infrastructure	-
B	Real estate (including builder loans)	-
C	Promoter funding	-
D	Any other sector (as applicable)	10.7%
E	Others	22.2%
	Total	**100%**

** Information disclosed is at borrower level and includes off balance sheet items*

E. ***Denomination of the loans outstanding by ticket size as on September 30, 2022****

No.	Ticket size (at time of origination)	Percentage of Loan Book
1.	Upto ₹ 2 lakh	21.4%
2.	₹ 2-5 lakh	15.0%
3.	₹ 5-10 lakh	4.6%
4.	₹ 10-25 lakh	9.2%
5.	₹ 25-50 lakh	7.8%
6.	₹ 50 lakh- 100 lakh	4.6%
7.	₹ 1 - 500 lakh	13.9%
8.	₹ 5 - 2500 lakh	15.9%
9.	₹ 25 - 10000 lakh	3.1%
10.	> ₹ 10000 lakh	4.5%
Total		**100%**

**The details provided are as per borrower and not as per loan account.*

F. ***Geographical classification of the borrowers as on September 30, 2022***

Top 5 state wise borrowers

No.	Top 5 states	Percentage of Loan Book
1.	Maharashtra	28%
2.	Delhi	24%
3.	Telangana	16%
4.	Karnataka	13%
5.	Tamil Nadu	12%
	Total	**93%**

G. ***Details of loans overdue and classified as non-performing as on September 30, 2022***

(₹ in lakh)

Movement of gross NPA#	Amount
Opening gross NPA	10,811.3
- Additions during the year	4,318.6
- Reductions during the year	3,065.9
Closing balance of gross NPA	11,686.1*
Movement of net NPA	
Opening net NPA	5,404.5

Movement of gross NPA#	Amount
- Additions during the year	1,938.3
- Reductions during the year	1,780.0
Closing balance of net NPA	5,368.9^
Movement of provisions for NPA	
Opening balance	5,406.9
- Provisions made during the year	2,380.3
- Write-off / write-back of excess provisions	1,285.9
Closing balance	6,317.2$

 # represent Stage 3 loans as per IND AS

** Company has made other adjustments of ₹ (377.9) lakh to gross NPA during the period towards loans transferred to InCred Prime Finance Limited*

^ Company has made other adjustments of ₹ (193.9) lakh to net NPA during the period towards loans transferred to InCred Prime Finance Limited

$ Company has made other adjustments of ₹ (184.1) lakh to provisions for NPA during the period towards provision on loans transferred to InCred Prime Finance Limited

Segment-wise gross NPA as on September 30, 2022

No.	Segment wise break up of gross NPA#	Gross NPA (%)*
1.	**Retail**	
a.	Mortgages (home loans and loans against property)	0.1%
b.	Gold Loans	-
c.	Vehicle Finance	-
d.	MFI	-
e.	MSME	0.4%
f.	Capital market funding (loans against shares, margin funding)	-
g.	Others	0.7%
2.	**Wholesale**	
a.	Infrastructure	-
b.	Real Estate (including builder loans)	-
c.	Promoter funding	-
d.	Any other sector (as applicable)	-
e.	Others	1.2%
Total Gross NPA		2.4%

** Gross NPA means percentage of NPAs in a sector to the total advances*

H. ***Residual Maturity Profile of Assets and Liabilities as on September 30, 2022***

(₹ in lakh)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	28,260.6	31,916.7	27,741.1	45,698.2	65,007.6	1,47,159.6	42,686.1	84,490.0	4,72,959.9
Investments	11,676.3	42.1	26.1	78.3	52.1	282.0	-	4,245.2	16,402.1
Borrowings*	19,846.3	6,050.6	16,246.2	47,102.5	95,264.8	1,50,700.3	23,287.4	-	3,58,498.1
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities**	5.5	-	-	17.5	-	5,694.2	-	-	5,717.2

**Total borrowings (excluding foreign currency liabilities)*

***includes foreign currency denominated external commercial borrowing*

Residual Maturity Profile of Assets and Liabilities as on October 31, 2022

(₹ in lakh)

	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances	27,996.4	33,186.2	25,277.2	45,191.1	66,249.0	1,48,085.5	42,640.7	93,557.9	**4,82,184.0**
Investments	22,506.6	26.1	9,418.8	78.3	37.3	270.6	-	4,245.2	**36,582.9**
Borrowing*	8,304.8	17,560.9	15,601.3	64,243.5	64,463.9	1,56,130.9	22,103.3	-	**3,48,408.6**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities**	-	-	-	-	-	5,694.2	-	-	**5,694.2**

**Total borrowings (excluding foreign currency liabilities)*

***includes foreign currency denominated external commercial borrowing*

I. ***Details of top 20 borrowers with respect to concentration of advances as on September 30, 2022***

Particulars	Amount
Total advances to twenty largest borrowers* *(₹ in lakh)*	48,986.9
Percentage of Advances to twenty largest borrowers to Total Advances to the Company (in %)	10.1%

******* *Includes loans and advances, interest accrued thereon*

J. ***Details of aggregate exposure to the top 20 borrowers with respect to concentration of exposure as on September 30, 2022***

Particulars	Amount
Total exposure to twenty largest borrowers* *(₹ in lakh)*	48,986. 9
Percentage of exposure to twenty largest borrowers to Total exposure to the Company (in %)	9.4%

******* *Includes loans and advances, interest accrued thereon*

K. ***Classification of loans/advances given to associates, entities/ person relating to board, senior management, promoters, others, etc.;] as on September 30, 2022:***

Nil.

Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability

Standalone Contingent Liability as per IND AS 37 as at September 30, 2022

(₹ in lakh)

Sr. No.	Particulars	Nature of Liability	Amount as on September 30, 2022
1	Commitments	Undrawn committed credit lines to customers	31,833.0
2	Commitments	Obligation on investments in partly paid up preference shares	181.8
		Total	**32,014.8**

Consolidated Contingent Liability as per IND AS 37 as at September 30, 2022

(₹ in lakh)

Sr. No.	Particulars	Nature of Liability	Amount as on September 30, 2022
1	Tax Proceedings	Income tax demand disputed in appeal	2.0
2	Commitments	Undrawn committed credit lines to customers	31833.0
3	Commitments	Obligation on investments in partly paid up preference shares	181.8
		Total	**32016.8**

In addition, the Company is involved in other legal proceedings and claims, which have arisen in the ordinary course of business. The management believes that the ultimate outcome of these proceedings ’ill not have a material adverse effect on the Company's financial position and result of operations.

Promoter Shareholding

Please see “Capital Structure” beginning on page 51 for details with respect to Promoter shareholding in our Company as on the date of this Prospectus.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement in compliance with Regulation 30(1) of the SEBI NCS Regulations on or before the Issue Opening Date of this Issue. The Advertisement will contain the information as prescribed under the SEBI NCS Regulations and Section 30 of the Companies Act. Material updates, if any, between the date of filing of the Draft Prospectus and/ or this Prospectus with the ROC and the date of the release of the statutory advertisement will be included in the statutory advertisement.

Auditors’ Remarks

Other than as disclosed in the chapter titled “*Risk Factors*”, on page 19, there are no reservations or qualifications or adverse remarks in the financial statements of our Company in the last three Fiscals and the half year ended September 30, 2022.

Trading

The non-convertible debentures of our Company are currently listed on BSE and NSE.

Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him, or any other person in a fictitious name shall be liable for action under section 447.”

Disclaimer in respect of Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in "*Terms of the Issue*" beginning on page 277.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Listing Agreement, SEBI Listing Regulations, and the Companies Act, 2013, the RBI Act, the terms of this Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the Government of India, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the NCDs / term sheet are as follows:

Issuer	InCred Financial Services Limited (*formerly known as KKR India Financial Services Limited*)
Type of instrument	Secured, Redeemable, Non-Convertible Debentures
Nature of the Instrument	Secured, Redeemable, Non-Convertible Debentures
Mode of the Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Lead Manager	JM Financial Limited
Debenture Trustee	Catalyst Trusteeship Limited
Depositories	NSDL and CDSL
Registrar to the Issue	Link Intime India Private Limited
Issue	Public issue of Secured, Redeemable, Non-Convertible Debentures of face value of ₹1,000 each aggregating up to ₹ 17,500 lakh, with an option to retain over-subscription up to ₹ 17,500 lakh, on the terms and in the manner set forth herein
Minimum Subscription	₹ 13,125 lakh
Seniority	Senior Secured
Issue Size	₹ 35,000 lakh
Base Issue Size	₹ 17,500 lakh
Option to Retain Oversubscription (Amount)	₹ 17,500 lakh
Eligible Investors	Please see "*Issue Procedure – Who can apply?"* on page 296
Objects of the Issue / Purpose for which there is requirement of funds	Please see "*Object of the Issue*" on page 61
Details of Utilization of the Proceeds	Please see "*Objects of the Issue*" on page 61.
Coupon rate	Please see *"- Specific terms for NCDs"* on page 275
Coupon Payment Date	Please see *"- Specific terms for NCDs"* on page 275
Coupon Type	Please see *"- Specific terms for NCDs"* on page 275
Coupon reset process	Please see *"- Specific terms for NCDs"* on page 275
Interest Rate on each category of investor	Please see *"- Specific terms for NCDs"* on page 275
Step up/ Step Down Coupon rates	Not Applicable
Coupon payment frequency	Please see *"- Specific terms for NCDs"* on page 275
Day count basis	Actual / Actual
Interest on application money	NA
Default Coupon rate	Our Company shall pay interest, over and above the agreed coupon rate, in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws. Our Company shall pay at least two percent per annum to the debenture holder, over

	and above the agreed coupon rate, till the execution of the trust deed if our Company fails to execute the trust deed within such period as prescribed under applicable law.
Tenor	Please see "*Issue Structure* – terms and conditions of the NCDs" on page 271.
Redemption Date	Please see "*Issue Structure* – terms and conditions of the NCDs" on page 271.
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date
Redemption Premium/ Discount	Not Applicable
Face Value	₹ 1,000 per NCD
Issue Price	₹ 1,000 per NCD
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
Transaction Documents	Transaction Documents shall mean the Draft Prospectus, this Prospectus, Abridged Prospectus, Application Form read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed, the Deed of Hypothecation and other documents, if applicable, the letters issued by the Rating Agency, the Debenture Trustee and/or the Registrar; and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Manager and/or other intermediaries for the purpose of the Issue including but not limited to the Issue Agreement, the Debenture Trustee Agreement, the Tripartite Agreements, the Public Issue Account and Sponsor Bank Agreement, the Registrar Agreement and the Consortium Agreement, and any other document that may be designated as a Transaction Document by the Debenture Trustee. For further details see, "*Material Contracts and Document for Inspection*" on page 371.
Put option date	Not Applicable
Put option price	Not Applicable
Call option date	Not Applicable
Call option price	Not Applicable
Put notification time	Not Applicable
Call notification time	Not Applicable
Minimum Application size and in multiples of NCD thereafter	₹ 10,000 (10 NCD) and in multiple of ₹ 1,000 (1 NCD) thereafter.
Market Lot / Trading Lot	One NCD
Pay-in date	Application Date. The entire Application Amount is payable on Application
Credit Ratings / Rating of the instrument	The NCDs proposed to be issued under the Issue have been rated 'CRISIL A+/Stable' for an amount of ₹ 35,000 lakh by CRISIL Ratings Limited *vide* their rating letter dated November 30, 2022 and further revalidated *vide* letter dated December 26, 2022.
Stock Exchange/s proposed for listing of the NCDs	BSE Limited and National Stock Exchange of India Limited
Listing and timeline for listing	The NCDs are proposed to be listed on BSE and NSE. The NCDs shall be listed within six Working Days from the date of Issue Closure. BSE has been appointed as the Designated Stock Exchange. For more information see "*Other Regulatory and Statutory Disclosures*" on page 246
Modes of payment	Please see *"Issue Structure – Terms of Payment"* on page 275.
Issue opening date	Monday, January 9, 2023
Issue closing date**	Friday, January 27, 2023
Record date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) trading days prior to the date on which interest is due and payable, and/or the date of redemption or such other date under this Prospectus as may be determined by the Company. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case Record Date falls on a day when Stock Exchanges are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange will be deemed as the Record Date

Settlement mode of instrument	Please refer to the chapter titled "*Terms of Issue – Payment on Redemption*" on page 290.
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	Debt/Equity <=4.0x Gross NPA <6% Capital Adequacy Ratio >20% or such higher threshold as may be prescribed by the RBI from time to time. The Company shall maintain a capital adequacy ratio of (i) Tier I Capital and Tier II Capital (as defined by RBI under the relevant prudential guidelines applicable to the Company) to (ii) aggregate of risk weighted assets on-balance sheet and risk adjusted value of off-balance sheet items, of at least 20% (Twenty Percent) during the term of the Debentures; provided that in the event the minimum ratio prescribed by RBI is higher than the ratio stipulated hereinabove, the Company shall ensure compliance with such higher ratio; The Company shall ensure that ratio of its Debt to Equity is not more than 4:1. For the purposes of this clause, 'Debt' shall mean aggregate financial indebtedness of the Company and 'Equity' shall mean paid up equity share capital of the Company along with free reserves excluding revaluation reserve. The Company shall ensure that its Gross non-performing assets (NPA) of the Company forming part of the Company's AUM shall not exceed 6% (Six Percent) of its Assets Under Management. Gross NPA means percentage of NPAs to the total advances. The covenants identified in this Clause shall be tested on annual basis and the Company shall submit to the Debenture Trustee on annual basis, within 120 (one hundred twenty) days from the end of every Financial Year, certificates signed by a director or the Chief Financial Officer of the Company, confirming the Company's compliance on the basis of standalone audited balance sheet of the Company for the relevant Financial Year. As may be detailed out in the Debenture Trust Deed.
Issue Schedule	The Issue shall be open from Monday, January 9, 2023 to Friday, January 27, 2023 with an option to close earlier as may be determined by the Board or a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/date of closure up to maximum period permitted under applicable law from the date of this Prospectus.
Description regarding security (where applicable) including type of security (movable/ immovable/ tangible etc.) type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed this Prospectus	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by exclusive first charge over certain identified receivables, , as specifically set out in and fully described in the Debenture Trust Deed, such that a security cover to the extent of 1.05 times of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Maturity Date. Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in this Prospectus, till the execution of the Debenture Trust Deed. The security shall be created prior to making the listing application for the NCDs with the Stock Exchange(s). For further details on date of creation of security/likely date of creation of security minimum security cover etc., please see "*Terms of the Issue – Security*" on page 277.
Security Cover	Our Company shall maintain a minimum 1.05 times security cover on the outstanding balance of the NCDs plus accrued interest thereon.
Condition precedent to the Issue	Other than the conditions set out in the Debenture Trust Deed and as specified in the

	SEBI NCS Regulations, there are no conditions precedents to the Issue.
Condition subsequent to the Issue	Other than the conditions set out in the Debenture Trust Deed and as specified in the SEBI NCS Regulations, there are no conditions subsequent to the Issue.
Events of default (including manner of voting/ conditions of joining Inter Creditor Agreement)	Please see "*Terms of the Issue – Events of Default*" on page 278.
Creation of recovery expense fund	Our Company shall transfer the required amount towards recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 as amended from time to time and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding transfer of amount toward such fund.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Upon occurrence of any default in the performance or observance of any term, covenant, condition or provision contained in term sheet and the Debenture Trust Deed and, except where the Debenture Trustee certifies that such default is in its opinion incapable of remedy within the cure period, as set out in the Debenture Trust Deed (in which case no notice shall be required), it shall constitute an event of default. The Debenture Trustee may, at any time, waive, on such terms and conditions as to it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Debenture Trustee in respect of any subsequent breach thereof. Please see "*Terms of the Issue - Events of default*" on page 278.
Deemed date of Allotment	The date on which the Board of Directors/or the Finance Committee of the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Finance Committee of the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment
Roles and responsibilities of the Debenture Trustee	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, Companies Act, the Listing Agreement, and the Debenture Trust Deed, each as amended from time to time. Please see section titled "*Terms of the Issue- Trustees for the NCD Holders*" on page 278.
Risk factors pertaining to the Issue	Please see section titled "*Risk Factors*" on page 19.
Cross Default Clause	As per the Debenture Trust Deed to be executed in accordance with applicable law.
Governing law and Jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively.
Working day convention / Day count convention / Effect of holidays on payment	Working Day means all days on which commercial banks in Mumbai are open for business. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the dates of the future interest payments would continue to be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Notes:

**In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. Trading in NCDs shall be compulsorily in dematerialized form.*

***The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Board of Directors of our Company or the Finance Committee of the Board. In the event of such early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in all newspapers in which pre-issue advertisement for opening of this Issue has been given and a regional daily with wide circulation where the registered office of the Company is located on or before such earlier date or extended date of closure. Applications Forms for the Issue will be*

accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time), on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. For further details please see "General Information" on page 42.
For the list of documents executed/ to be executed, please see "Material Contracts and Documents for Inspection" on page 371.
While the NCDs are secured to the tune of 1.05 times of the principal and interest thereon in favour of Debenture Trustee, it is it the duty of the Debenture Trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.
Debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

Specific terms for NCDs

Series	**I**	**II**	**III**	**IV***
Frequency of Interest Payment	Quarterly	Annual	Quarterly	Annual
Minimum Application	₹ 10,000 (10 NCDs) across all series			
In Multiples of thereafter (₹)	₹ 1,000 (1 NCD)			
Face Value / Issue Price of NCDs (₹/ NCD)	₹ 1,000			
Type of Instrument	Secured NCDs			
Tenor	27 Months	27 Months	39 Months	39 Months
Coupon (% per annum) for NCD Holders in Category I, Category II, Category III & Category IV	9.45%	9.80%	9.65%	10.00%
Effective Yield (% per annum) for NCD Holders in Category I, Category II, Category III & Category IV	9.78%	9.82%	10.00%	10.02%
Mode of Interest Payment	Through Various Modes available			
Amount (₹ / NCD) on Maturity for NCD Holders in Category I, Category II, Category III & Category IV	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
Maturity / Redemption Date (from the Deemed Date of Allotment)	27 Months	27 Months	39 Months	39 Months
Put and Call Option	Not Applicable			

**Our Company shall allocate and allot Series IV NCDs wherein the Applicants have not indicated the choice of the relevant NCD Series.*

With respect to Series where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under annual Series will be made at the time of redemption of the NCDs.

With respect to Series where interest is to be paid on quarterly basis, relevant interest will be paid on the same date of relevant month from the Deemed Date of Allotment on the face value of the NCDs.

The last interest payment under annual and quarterly series will be made at the time of redemption of the NCDs.

Subject to applicable tax deducted at source, if any. For further details, please see "*Statement of Possible Tax Benefits*" on page 64.

Please refer to "**Annexure C**" of this Prospectus, for details pertaining to the cash flows of the Company in accordance with the SEBI Operational Circular.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue. For further details, please see "*Issue Procedure*" and "*Terms of Issue*" on page 296 and 277.

Terms of payment

The entire face value per NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants

that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms specified in "*Terms of the Issue – Manner of Payment of Interest/ Refund"* on page 288.

Participation by any of the above-mentioned Investor classes in the Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form.

This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Day Count Convention

Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Operational Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory Permissions / consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

For further details, see the section titled "*Issue Procedure*" on page 296.

TERMS OF THE ISSUE

Authority for the Issue

At the meeting of the Board of Directors of our Company held on December 14, 2022, the Board of Directors approved the issuance of NCDs of the face value ₹ 1,000 each, for an amount up to ₹ 17,500 lakh with an option to retain over-subscription up to ₹ 17,500 lakh, aggregating up to ₹ 35,000 lakh. Further, the present borrowing is within the borrowing limits of ₹ 8,00,000 lakh under Section 180(1)(c) of the Companies Act, 2013 duly approved by the members of our Company vide their resolution passed at the Extra-Ordinary General Meeting held on August 25, 2022.

The NCDs pursuant to this Issue will be issued on terms and conditions as set out in this Prospectus.

Principal Terms & Conditions of the Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the relevant provisions of the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Abridged Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE/NSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs would constitute secured and senior obligations of our Company and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, thereof shall be secured by way of exclusive first charge over certain identified receivables, as specifically set out in and fully described in the Debenture Trust Deed, such that a security cover to the extent of 1.05 times of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for creating an exclusive charge in favour of the Debenture Trustee in relation to the NCDs.

Our Company is required to obtain permissions or consents from the prior creditors for proceeding with this Issue. Pursuant to SEBI Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020, our Company undertakes, *inter alia*, that the assets on which charge is created are free from any encumbrances and if the assets are already charged, the permissions or consent to create exclusive second or pari passu charge on the assets of the Issuer have been obtained from the earlier creditors. Our Company has applied to the prior creditors/charge holders for such permissions or consents and has received such permissions or consents from all prior creditors.

Security

The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by way of exclusive first charge over certain identified receivables, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, such that a security cover to the extent of 1.05 times of the outstanding principal amounts of the NCDs and all interest due and payable thereon in respect of the NCDs is maintained at all times as security until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for creating an exclusive charge in favour of the Debenture Trustee in relation to the NCDs.

Our Company intends to enter into an indenture/deed with the Debenture Trustee, (**"Debenture Trust Deed"**) terms of which will govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution of the Debenture Trust Deed and documents for creation of Security within the stipulated timeframe and shall utilize the funds only after the stipulated security has been created. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in this Prospectus and in the Debenture Trust Deed. The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset/receivables of the same or a higher value.

Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above

the interest rate on the NCDs specified in this Prospectus, till the execution of the Debenture Trust Deed.

Debenture Redemption Reserve

In accordance with the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with Rule 16 of the SEBI NCS Regulations, any non-banking finance company that intends to issue debentures to the public is not required to create a DRR for the purpose of redemption of debentures.

Our Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Face Value

The face value of each NCD shall be ₹1,000.

Trustees for the NCD Holders

Our Company has appointed Catalyst Trusteeship Services Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. Our Company and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Indicative list of Events of Default:

1. default in redemption of the debentures together with redemption premium, if any, interest accrued thereon as and when the same shall have become due and payable or payment of any other amounts in terms of the Debenture Trust Deed;
2. default is committed in payment of the principal amount of the NCDs on the due date(s);

3. default is committed in payment of any interest on the NCDs on the due date(s);
4. Default is committed in the performance of any other covenants, conditions or agreements on the part of the Company under the Debenture Trust Deed or the other Transaction Documents or deeds entered into between the Company and the Debenture Holder(s)/ Beneficial Owner(s)/ Debenture Trustee and such default shall have continued for a period of thirty (30) days after notice in writing thereof been given to the Company by the Debenture Holder(s)/ Beneficial Owner(s)/ Debenture Trustee for remedying such default;
5. Default is committed if any information given to the Company in the Draft Prospectus, this Prospectus, the Transaction Documents and/or other information furnished and/or the representations and warranties given/deemed to have been given by the Company to the Debenture Holder(s)/ Beneficial Owner(s) for financial assistance by way of subscription to the Debenture is or proves to be misleading or incorrect in any material respect or is found to be incorrect;
6. Default is committed if the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent court;
7. The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or suffered any action to be taken for its reorganisation, liquidation or dissolution;
8. Default is committed if any extraordinary circumstances have occurred which makes it impossible for the Company to fulfil its obligations under the Debenture Trust Deed and/or the Debentures; If the Company is unable to pay its debts
9. The Company ceases to carry on its business or gives notice of its intention to do so;
10. If it is certified by an accountant or a firm of accountants appointed by the Debenture Trustee that the liabilities of the Company exceed its assets;
11. Default is committed if any of the necessary clearances required or desirable in relation to the Company or the Debentures in accordance with any of the Transaction Documents is not received or is revoked or terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect which shall, in the reasonable opinion of Debenture Holder(s)/ Beneficial Owner(s), have material adverse effect on the Company or the Debentures;
12. Default is committed if the company enters into any arrangement or composition with its creditors or commits any acts of insolvency or winding up of the Company;
13. If the Company files a petition for reorganisation, arrangement, adjustment, winding up or composition of debts of the Company or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding (other than a proceeding commenced voluntarily by the Company is not stayed, quashed or dismissed);
14. If the Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors;
15. If it becomes unlawful for the company to perform any of its obligations under any transaction document;
16. Default is committed if the occurrence of any event or condition which in the Debenture Trustee/ Beneficial Owner(s) reasonable opinion can constitute a material adverse effect;
17. Any security created at any time, any circumstance or event occurs which is prejudicial to or impairs or imperils or jeopardize or endangers any hypothecated properties or any part thereof or any event occurs which causes the Debenture Deed or any related agreement to become ineffective; and
18. Any other event described as an Event of Default in the Draft Prospectus, this Prospectus and the Transaction Documents.

Any event of default shall be called by the Debenture Trustee, upon request in writing of or by way of resolution passed by holders of 75% (seventy five percent) of the outstanding nominal value of all NCDs at any point of time, as set out in the Debenture Trust Deed.

In accordance with the circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) dated October 13, 2020 issued by SEBI on "Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities", post the occurrence of a "default", the consent of the NCD Holders for entering into an inter-creditor agreement (the "**ICA**")/enforcement of security shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the NCD Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level.

Regulation 51 read with the Explanation to Clause A (11) in Part B of Schedule III of the SEBI Listing Regulations, defines 'default' as non-payment of interest or principal amount in full on the pre-agreed date which shall be recognized at the first instance of delay in the servicing of any interest or principal on debt.

It is hereby confirmed, in case of an occurrence of a "default", the Debenture Trustee shall abide and comply with the procedures mentioned in the abovementioned circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) dated October 13, 2020 issued by SEBI.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration.

2. In terms of Section 136 (1) of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed during business hours.

3. Subject to the above and the applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

4. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

5. The NCDs are subject to the provisions of the SEBI NCS Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Prospectus the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

6. For the NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the NCDs in dematerialized Form. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD holders.

7. Subject to compliance with RBI requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing 15 days prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of this Prospectus and the Debenture Trust Deed.

Nomination facility to NCD Holder

In accordance with Section 72 of the Companies Act, 2013 (read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, the sole NCD holder, or first NCD holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the **Form No. SH.13,** any one person with whom, in the event of the death of Applicant the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 72 (read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014), any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the NCD Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, Maharashtra.

Application in the Issue

Applicants shall apply in the Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in the Issue shall be made through the ASBA facility only (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 7 of the SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchanges shall be in dematerialized form only in multiples of 1 (one) NCD ("**Market Lot**"). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment see "*Issue Procedure*" beginning on page 296.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by the Depositories and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Please see "*Terms of the Issue – Interest*" on page 284 for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non-Individual Investors on the Record Date.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**") and SEBI circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022 dated January 25, 2022, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. Any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Title

In case of:

- NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and
- the NCDs held in physical form pursuant to rematerialization, the person for the time being appearing in the register of NCD Holders shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person, as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the consolidated NCD certificates issued in respect of the NCDs and no person will be liable for so treating the NCD holder.

No transfer of title of an NCD will be valid unless and until entered on the register of NCD holders or the register of beneficial owners maintained by the Depositories prior to the Record Date. In the absence of transfer being registered, interest and/or maturity amount, as the case may be, will be paid to the person, whose name appears first in the register of the NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the relevant provisions of the Companies Act, 2013, shall apply, mutatis mutandis (to the extent applicable) to the NCD(s) as well.

Procedure for rematerialisation of NCDs

Subject to SEBI circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022 dated January 25, 2022, NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of the NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the Depository Participant. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**") and SEBI circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022 dated January 25, 2022, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. Any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Register of NCD Holders

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders (for re materialized NCDs) or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Redemption Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar.The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to the Issue. However, NCDs held in physical form, pursuant to any re-materialisation, as above, cannot be transferred. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach our Company to register his name as successor of the deceased NCD Holder. The successor of the deceased NCD Holder shall approach the respective Depository Participant for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles of Association.

Period of subscription

ISSUE PROGRAMME	
ISSUE OPENS ON	Monday, January 9, 2023
ISSUE CLOSES ON	Friday, January 27, 2023
PAY IN DATE	Application Date. The entire Application Amount is payable on Application

ISSUE PROGRAMME	
DEEMED DATE OF ALLOTMENT	The date on which our Board of Directors or the committee thereof approves the Allotment of the NCDs for the Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the deemed date of allotment.

** The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in this Prospectus, except that the Issue may close on such earlier date or extended date (subject to a maximum period of 30 days from the date of Prospectus) as may be decided by the Board of Directors and Finance Committee of our Company, subject to relevant approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. For further details please see "General Information" on page 42.*

*Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(Indian Standard Time) ("**Bidding Period**"), during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchange. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange. It is clarified that the Applications not uploaded on the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. on one Working Day after the Issue Closing Date.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. As per the SEBI Operational Circular, the allotment in this Issue is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

Interest/Premium and Payment of Interest/ Premium

Interest/ Coupon on NCDs

Interest and Payment of Interest

Quarterly interest payment options

Interest would be paid quarterly under Series I and III at the following rates of interest in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of NCD Holders	Coupon (per annum) for following Series	
	Series I	Series III
All Categories	9.45%	9.65%

Series I and III NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 27 months and 39 months respectively from the Deemed Date of Allotment.

For Series I and III where in the interest is to be paid on a **quarterly** basis, relevant interest will be paid on the same date of the relevant month from the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under quarterly Series will be made at the time of redemption of the NCDs. Subject to applicable tax deducted at source, if any. For further details, please see "Statement of Possible Tax Benefits" on page 64.

Annual interest payment options

Interest would be paid annually under Series II and IV at the following rates of interest in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of NCD Holders	Coupon (per annum) for following Series	
	Series II	Series IV
All Categories	9.80%	10.00%

Series II and IV NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 27 months and 39 months respectively from the Deemed Date of Allotment.

For Series II and Series IV where in interest is to be paid on an **annual** basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under annual Series will be made at the time of redemption of the NCDs.

Basis of payment of Interest

The Tenor, Coupon Rate / Yield and Redemption Amount applicable for each Series of NCDs shall be determined at the time of Allotment of NCDs pursuant to this Prospectus. NCDs once allotted under any particular Series of NCDs shall continue to bear the applicable Tenor, Coupon/ Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/ yield and redemption amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see "*Manner of Payment of Interest / Refund*" at page *288.*

Amount of interest payable shall be rounded off to the nearest Rupee. In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 1,837.50 then the amount shall be rounded off to ₹ 1,838.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor, if such interest does not exceed ₹ 5,000 in any Fiscal. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted at the office of the Registrar to the Issue quoting the

name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, at least seven days prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original with the Assessing Officer for each Fiscal during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by our Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day, in accordance with the Working Day Convention. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force, as applicable.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated in the section titled "Issue Procedure" on page 296, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Mode of payment of Interest to NCD Holders

Payment of interest will be made (i) in case of NCDs in dematerialised form, to the persons who, for the time being appear in the register of beneficial owners of the NCDs as per the Depositories, as on the Record Date and (ii) in case of NCDs in physical form on account of re-materialization, to the persons whose names appear in the register of debenture holders maintained by us (or to first holder in case of joint-holders) as on the Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the NCD Holders. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to effect payments to NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. For further details, see the "*Terms of the Issue - Manner of Payment of Interest / Refund / Redemption*" beginning on page 288.

Day Count Convention

Interest shall be computed on an actual/actual basis on the principal outstanding on the NCDs as per the SEBI Operational Circular.

Effect of holidays on payments

If the Interest Payment Date falls on a day other than a Working Day (Sundays or holidays of commercial banks in Mumbai), the interest payment as due and payable on such day shall be made by our Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact as per the originally stipulated schedule and shall not be changed because of postponement of such interest payment on account of it falling on a non-Working Day. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force, as applicable.

If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by our Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

Illustration for guidance in respect of the day count convention and effect of holidays on payments:

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Operational Circular will be disclosed in this Prospectus.

Maturity and Redemption

The relevant interest will be paid in the manner set out in *"Issue Structure"* on page 271. The last interest payment will be made at the time of redemption of the NCDs.

Series	Maturity Period/ Redemption (as applicable)
Series I	27 Months
Series II	27 Months
Series III	39 Months
Series IV	39 Months

Put / Call Option

Not applicable.

Deemed Date of Allotment

The date on which our Board of Directors or the committee thereof approves the Allotment of the NCDs for the Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the deemed date of allotment.

Application in the Issue

NCDs being issued through this Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 7 of SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in the terms of Section 8(1) of the Depositories Act, our Company at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, trading of the NCDs shall be compulsorily in dematerialised form only.

Application Size

Each Application should be for a minimum of 10 NCDs across all series collectively and multiples of one NCD thereof (for all series of NCDs taken individually or collectively). The minimum application size for each application for NCDs would be ₹10,000 across all series collectively and in multiples of ₹1,000 thereafter. Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Prospectus(es).

Record Date

The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) trading days prior to the date on which interest is due and payable, and/or the date of redemption or such other date under this Prospectus as may be determined by the Company.

Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be.

In case Record Date falls on a day when Stock Exchanges are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange will be deemed as the Record Date.

Manner of Payment of Interest / Refund / Redemption*

The manner of payment of interest / refund / redemption in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Manager, our Company or the Registrar shall have no responsibility and undertake no liability for the same.

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see "*Procedure for Re-materialisation of NCDs*" on page 282.

The Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to unblocked for the Applicants.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. Direct Credit

   Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Bank.

2. NACH

   National Automated Clearing House which is a consolidated system of ECS. Payment would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition ("MICR") code wherever applicable from the depository. Payments through NACH are mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get payments through NEFT or Direct Credit or RTGS.

3. RTGS

   Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amounts exceed ₹ 200,000, or such amount as may be fixed by RBI from time to time, have the option to receive payments through RTGS. Such eligible Applicants who indicate their preference to receive interest payment/ refund/ redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

4. NEFT

   Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants' banks have been assigned the Indian Financial System Code ("IFSC"), which can be linked to a MICR, if any, available to that particular bank branch. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

5. Registered Post/Speed Post

   For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/registered post.

   Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

   Please note that our Company shall not be responsible to the holder of NCDs, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

   In case of ASBA Applicants, the Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to be refunded to the Applicants.

6. The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Printing of Bank Particulars on Interest/redemption Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the NCD Holders are advised to submit their bank account details with our Company/ Registrar to the Issue at least seven days prior to the Record Date failing which the orders/ warrants. Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Form and Denomination of NCDs

In case of NCDs held in physical form on account of rematerialisation, a single certificate will be issued to the NCD Holder for the aggregate amount of the NCDs held ("**Consolidated Certificate**"). The Applicant can also request for the issue of NCD certificates in denomination of one NCD ("**Market Lot**"). In case of NCDs held under different Options, by an NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the NCDs held under each Option.

It is, however, distinctly to be understood that the NCDs pursuant to this issue shall be traded only in dematerialized form.

In respect of Consolidated Certificates, only upon receipt of a request from the NCD Holder, the Consolidated Certificates would be split into smaller denominations, subject to the minimum of Market Lot. No fee would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for

splitting should be accompanied by the original NCD certificate, which would then be treated as cancelled.

Procedure for redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in electronic form

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialization

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques/ pay orders, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to NCD Holders towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the NCD Holders.

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to Reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Transfer/ Transmission of NCDs

For NCDs held in physical form on account of rematerialisation

Subject to SEBI circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022 dated January 25, 2022, the NCDs shall be

transferred or transmitted freely in accordance with the applicable provisions of Companies Act, 2013 applicable as on the date of this Prospectus and all other applicable laws. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the relevant provisions of the Companies Act, 2013 applicable as on the date of this Prospectus, and all applicable laws including FEMA and the rules and regulations thereunder, shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCDs as well. In respect of the NCDs held in physical form on account of rematerialisation, a common form of transfer shall be used for the same. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor and the transferee and any other applicable laws and rules notified in respect thereof. The transferees should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the register of debenture holders or the records as maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferors and not with the Issuer or Registrar.

For NCDs held in electronic form

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his depository participant.

In case the transferee does not have a Depository Participant account, the transferor can rematerialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter these NCDs can be transferred in the manner as stated above for transfer of NCDs held in physical form.

Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Sharing of Information

Our Company may, at its option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper at the place where the registered office of the Company is situated and/or will be sent by speed post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Future Borrowings

Our Company will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner by creating a charge on any assets, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, or as may be required under applicable law or existing financing agreements, including any intimation, if applicable under the Transaction Documents, provided stipulated security cover is maintained on the NCDs and the company is in compliance of all the terms of the Transaction Documents.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section(1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh

or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in this Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement have been given.

Minimum subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 Working Days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 8 Working Days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in the SEBI Operational Circular.

Market Lot and Trading Lot

The NCDs shall be allotted in dematerialized form. As per the SEBI NCS Regulations, the trading of the NCDs is in dematerialised form and the tradable lot is one NCD.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such NCDs) prior to redemption of the NCDs.

Allotment in this Issue will be in electronic form multiples of one NCD. For further details of Allotment, see the "*Issue Procedure*" beginning on page 296.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in separate bank account(s) and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deeds and on receipt of listing and trading approval from the Stock Exchanges as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

(a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

(b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

(d) Our Company shall utilize the Issue proceeds only up on (i) receipt of minimum subscription; (ii) completion of Allotment in compliance with Section 40 of the Companies Act, 2013; (ii) receipt of listing and trading approval from Stock Exchanges and (iii) only upon execution of the documents for creation of security.

(e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

(f) Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

Filing of the Prospectus with the RoC

A copy of this Prospectus is being filed with the RoC, in accordance with Section 26 of Companies Act, 2013.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will be issued in compliance with the Regulation 30(1) of SEBI NCS Regulations and shall contain the information as prescribed in the SEBI NCS Regulations and Section 30 of the Companies Act, 2013.

Material updates, if any, between the date of filing of this Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement information as prescribed under SEBI NCS Regulations.

Payment of Interest

If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount will be unblocked within the time prescribed under applicable law, failing which interest may be due to be paid to the Applicants, for the delayed period, as prescribed in applicable law. Our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. For further details, see "*Issue Procedure - Rejection of Applications*" beginning on page 320.

Listing

The NCDs offered through this Prospectus are proposed to be listed on BSE and the NSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter bearing reference number DCS/BM/PI-BOND/020/22-23 dated December 30, 2022 and from NSE *vide* their letter bearing reference number NSE/LIST/D/2022/0195 dated December 30, 2022. For the purposes of the Issue, BSE shall be the Designated Stock Exchange. Final Application for listing of the NCDs will be made to the Stock Exchanges in terms of SEBI NCS Regulations and the SEBI Operational Circular.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Prospectus.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

Guarantee/ Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Audit Committee shall monitor the utilization of the proceeds of the Issue. For the relevant quarters, our Company will disclose in our quarterly financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Lien

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD Holder to our Company.

Lien on Pledge of NCDs

Subject to applicable law, our Company, at its discretion, may record a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

Recovery Expense Fund

Our Company shall create a recovery expense fund in the manner as specified by SEBI in circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 as amended from time to time and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

ISSUE PROCEDURE

This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Operational Circular, which provides, inter-alia, that for all public issues of debt securities all Applicants shall mandatorily use the ASBA facility for participating in the Issue. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. Further in terms of the SEBI Operational Circular retail individual investor may use the Unified Payment Interface ("UPI") to participate in the public issue for an amount up to ₹ 5,00,000 through the app/web interface of the Stock Exchanges or through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants).

Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

Please note that this section has been prepared based on the SEBI Operational Circular and the notifications issued by BSE, in relation to the UPI Mechanism.

Specific attention is drawn to the SEBI Operational Circular which provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application.

Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws.

Further, the Company and the Lead Manager are not liable for any adverse occurrences consequent to the UPI Mechanism for application in the Issue.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGER, THE CONSORTIUM MEMBER AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN RESPECT OF THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE WILL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS/DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term "Working Day" shall mean all days on which the commercial banks in Mumbai are open for business, except with reference to the Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holidays on which commercial banks in Mumbai are open for business. Furthermore, for the purpose the time period between the bid/ issue closing date and the listing of the NCDs, Working Days shall mean all trading days of the stock exchanges excluding Saturdays, Sundays and bank holidays as specified by SEBI.

The information below is given for the benefit of the investors. Our Company and the Members of Consortium are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date

of this Prospectus.

PROCEDURE FOR APPLICATION

Who can apply?

The following categories of persons are eligible to apply in the Issue.

Category I (Institutional Investors)

- Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds each with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 50000 lakh as per the last audited financial statements;
- National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and
- Mutual funds registered with SEBI.

Category II (Non-Institutional Investors)

- Companies within the meaning of Section 2(20) of the Companies Act, 2013;
- Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;
- Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009).
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons.

Category III (High Net-worth Individual Investors)

- Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Issue

Category IV (Retail Individual Investors)

- Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10,00,000 across all Options/ Series of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹5,00,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.

Please note that it is clarified that persons resident outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.

Note: Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or

entities.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

The Members of Consortium and its respective associates and affiliates are permitted to subscribe in the Issue.

Applications cannot be made by:

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

a. Minors without a guardian name* (A guardian may apply on behalf of a minor. However, the name of the guardian will also need to be mentioned on the Application Form);
b. Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
c. Persons resident outside India and other foreign entities;
d. Foreign Institutional Investors;
e. Foreign Portfolio Investors;
f. Non Resident Indians;
g. Qualified Foreign Investors;
h. Overseas Corporate Bodies**;
i. Foreign Venture Capital Funds; and
j. Persons ineligible to contract under applicable statutory/ regulatory requirements.

** Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*
The Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Designated Intermediaries.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

***The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.*

The information below is given for the benefit of Applicants. Our Company and the Lead Manager is not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

How to apply?

Availability of the Draft Prospectus, this Prospectus, Abridged Prospectus and Application Forms.

Physical copies of the Abridged Prospectus containing the salient features of this Prospectus together with Application Forms and copies of the Draft Prospectus / Prospectus may be obtained from:

a. Our Registered Office,
b. Any other office of the Company
c. Office of the Lead Manager,
d. Office of the Consortium Member,
e. Registrar to the Issue,
f. Designated RTA Locations for RTAs,

g. Designated CDP Locations for CDPs and
h. Designated Branches of the SCSBs.

Additionally, Electronic copies the Draft Prospectus, this Prospectus, along with the downloadable version of the Application Forms will be available.

a. for download on the website of BSE at www.bseindia.com, NSE at www.nseindia.com and the website of the Lead Manager at www.jmfl.com
b. at the designated branches of the SCSBs and the Syndicate Members at the Specified Locations.

Electronic copies of this Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchanges, SEBI and SCSBs

Electronic Application Forms will also be available on the website of the Stock Exchange Exchanges and on the websites of the SCSBs that permit the submission of Applications electronically. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Manager and the SCSBs. Further, Application Forms will also be provided to Designated Intermediaries at their request. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchanges. Further, Application Forms will also be provided to Designated Intermediaries at their request.

Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

Please note that there is a single Application Form for, persons resident in India.

Please note that only ASBA Applicants shall be permitted to make an application for the NCDs.

Method of Application

In terms of the SEBI Operational Circular an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the SEBI Operational Circular, SEBI has mandated issuers to provide, through a recognized Stock Exchanges which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**").

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchanges and submit these Application Forms with the SCSB (except Application Form from RIBs using the UPI Mechanism) with whom the relevant ASBA Accounts are maintained.

For RIBs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. An Applicant shall submit the Application Form, in physical form, the Application Form shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. Further, the Application may also be submitted through the app or web interface developed by Stock Exchanges wherein the Application is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism, as applicable.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the relevant Stock Exchanges.

In terms of the SEBI Operational Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. *Self-Certified Syndicate Bank (SCSB) or intermediaries (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)*

    a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchanges bidding platform and blocking of funds in investors account by the SCSB would continue.

    b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchanges bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

    c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹5 Lakh or less. The intermediary shall upload the bid on the Stock Exchanges bidding platform. The application amount would be blocked through the UPI mechanism in this case.

2. *Through Stock Exchanges*

    a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchanges (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchanges bidding platform and the amount is blocked using the UPI Mechanism.

    b. The Stock Exchanges have extended their web-based platforms i.e. 'BSE Direct' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 5 Lakh. To place bid through 'BSEDirect' platform and NSE goBID platform / mobile app the eligible investor is required to register himself/ herself with BSE Direct/ NSE goBID.

    c. An investor may use the following links to access the web-based interface developed by the Stock Exchanges to bid using the UPI Mechanism: BSE: https://www.bsedirect.com; and NSE: https://www.nseindiaipo.com.

    d. The BSE Direct and NSE goBID mobile application can be downloaded from play store in android phones. Kindly search for 'BSEdirect' or 'NSE goBID' on Google Playstore for downloading mobile applications.

e. To further clarify the submission of bids through the App or web interface, the BSE has issued operational guidelines and circulars dated December 28, 2020 available at https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61. Similar circulars by NSE can be found here: x https://www1.nseindia.com/content/circulars/IPO46907.zip x https://www1.nseindia.com/content/circulars/IPO46867.zipFurther, NSE has allowed its 'GoBid' mobile application which is currently available for placing bids for non-competitive bidding shall also be available for applications of public issues of debt securities.

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof.

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019 ("**SEBI Circular 2019**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme. Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees. A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories.

Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (iv) a letter of authorisation.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non-Banking Financial Companies can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) their memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising

investments; and (ii) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Insurance Companies

Insurance companies registered with the IRDAI can apply in the Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. The Application Form must be accompanied by certified true copies of their (i) i) certificate registered with IRDAI, (ii) memorandum and articles of association/charter of constitution; (iii) power of attorney; (iv) resolution authorising investments/containing operating instructions; and (v) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by Indian Alternative Investments Funds

Applications made by 'alternative investment funds' eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/ or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefore.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or statutory corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any Act/ Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications made by Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications made by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications under a power of attorney by limited companies, corporate bodies and registered societies

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.
In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form.

Failing this our Company, in consultation with the Lead Manager, reserves the right to reject such Applications. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his or her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Investment Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by Systematically Important Non-banking financial companies

Applications made by systematically important non-banking financial companies registered with the RBI and under other applicable laws in India must be accompanied by certified true copies of: (i) memorandum and articles of association/charter of constitution; (ii) power of attorney;(iii) board Resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

The Lead Manager and the Consortium Member and their respective associates and affiliates are permitted to subscribe in the Issue.

Payment instructions

Payment mechanism for Applicants

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form.

An Applicant may submit the completed Application Form to designated intermediaries along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Designated Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

An Applicant (belonging to Category IV) may also submit the Application Form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹5 lakh or less. The intermediary shall upload the bid on the Stock Exchanges bidding platform. The application amount would be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant in this case.

An Applicant may submit the Application Form through the App or web interface developed by Stock Exchanges wherein the bid is automatically uploaded onto the Stock Exchanges bidding platform and the amount is blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account and Sponsor Bank Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB within 5 (five) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application, as the case may be.

For ASBA Applications submitted to the Lead Manager or Consortium Member or Trading Members of the Stock Exchanges at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchanges and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Manager or Trading Members of the Stock Exchanges, as the case may be (a list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchanges. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Lead Manager or Consortium Member or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue shall send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to NCDs allotted to the successful Applicants to the Public Issue Account(s). The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 5 Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Payment mechanism for Direct Online Applicants

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges. In the event the Direct Online Application facility is implemented by the Stock Exchanges, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number ("**UAN**") and an SMS or an email confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant's bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

As per the SEBI Operational Circular, the availability of the Direct Online Applications facility is subject to the Stock Exchanges putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI. The Stock Exchanges have

confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for the Issue**.**

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.
2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
3. Applications should be submitted on the Application Form only. In the event that physical Application Form do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.
4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 and the circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 05, 2021 before investing through the through the app/ web interface of Stock Exchange(s).

Kindly note, the Stock Exchange(s) shall be responsible for addressing investor grievances arising from Applications submitted online through the App based/ web interface platform of Stock Exchanges or through their Trading Members.

Further, the collecting bank shall be responsible for addressing any investor grievances arising from non confirmation of funds to the Registrar despite successful realization/blocking of funds, or any delay or operational lapse by the collecting bank in sending the Application forms to the Registrar to the Issue.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI NCS Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of this Prospectus and the date of release of the statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

1. Applications must be made in the prescribed Application Form.
2. Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Prospectus and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Designated Intermediaries will not be liable for errors in data entry due to incomplete or illegible Application Forms.
3. Applications are required to be for a minimum of such NCDs and in multiples of one NCD thereafter as specified in the Issue Documents.
4. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
5. Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details and Applications should be made by Karta in case the Applicant is an HUF. Applicants are required to ensure that the PAN Details of the HUF are mentioned and not those of the Karta.
6. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
7. Applicants applying for Allotment must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchanges by the Designated Intermediaries, as the case may be, the Registrar to the Issue will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
8. Applicants must ensure that their Application Forms are made in a single name.

9. The minimum number of Applications and minimum application size shall be of 10 NCDs. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
10. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
11. Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.
12. All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.
13. Applications for all the series of the NCDs may be made in a single Application Form only.

Additional Instructions for Retail Individual Investors using the UPI mechanism:

1. Before submission of the application form with the Designated Intermediary, the Retail Individual Investor shall download the mobile app for UPI and create a UPI ID (xyz@bankname) of not more than 45 characters with its bank and link it to his/ her bank account where the funds equivalent to the application amount is available.
2. The Retail Individual Investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchange App/ Web interface.
3. The Designated Intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the Stock Exchange(s) bidding platform using appropriate protocols.
4. Once the bid has been entered in the bidding platform, the Stock Exchange(s) shall undertake validation of the PAN and Demat account combination details of investor with the depository.
5. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to Stock Exchange(s) which would be shared by the Stock Exchange(s) with the Designated Intermediaries through its platform, for corrections, if any.
6. Once the bid details are uploaded on the Stock Exchange(s) platform, the Stock Exchange(s) shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next Working Day.
7. Post undertaking validation with the Depository, the Stock Exchange(s) shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the Company.
8. The Sponsor Bank shall initiate a mandate request on the investor i.e. request the investor to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.
9. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.
10. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the bid details submitted by such investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by the Sponsor Bank would be a one-time mandate for each application in the Issue.
11. The investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the Issue period or any other modified closure date of the Issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next Working Day.
12. The investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.
13. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 (T being the Issue Closing Date) modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 (T being the Issue Closing Date) day till 1 pm
14. The facility of Re-initiation/ Resending the UPI mandate shall be available only till 5 pm on the day of bidding.
15. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.
16. The information containing status of block request (e.g., accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange(s). The block request status would also be displayed on the Stock Exchange(s) platform for information of the intermediary.
17. The information received from Sponsor Bank, would be shared by Stock Exchange(s) with the Registrar to the Issue in the form of a file for the purpose of reconciliation.
18. Post closure of the Issue, the Stock Exchange(s) shall share the bid details with the Registrar to the Issue. Further, the Stock Exchange(s) shall also provide the Registrar to the Issue, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications

made using UPI ID.

19. The allotment of debt securities shall be done as per SEBI Operational Circular.
20. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.
21. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.
22. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.
23. Thereafter, Stock Exchange will issue the listing and trading approval.
24. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 the investor shall also be responsible for the following:

    i. Investor shall check the Issue details before placing desired bids;
    ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;
    iii. The receipt of the SMS for mandate acceptance is dependent upon the system response/integration of UPI on Debt Public Issue System;
    iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;
    v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;
    vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and
    vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.

25. Further, in accordance with circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 5, 2021 the investor shall also be responsible for the following:

    i. After successful registration & log-in, the investors shall view and check the active Debt IPO's available from IPO dashboard.
    ii. Investors shall check the issue/series details. Existing registered users of NSE goBID shall also be able to access once they accept the updated terms and condition.
    iii. After successfully bidding on the platform, investors shall check the NSE goBID app/psp/sms for receipt of mandate & take necessary action.
    iv. UPI mandate can be accepted latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next working day.
    v. For UPI bid the facility of re-initiation/ resending the UPI mandate shall be available only till 5 pm on the day of bidding.
    vi. Investors can use the re-initiation/ resending facility only once in case of any issue in receipt/acceptance of mandate.

The series, mode of allotment, PAN, demat account number, etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Members of the Consortium nor the other Designated Intermediaries, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms. Our Company would allot the NCDs, as specified in this Prospectus for the Issue to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, CLIENT ID, PAN AND UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM) IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID PAN AND UPI ID GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID, PAN AND UPI ID AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID, PAN and UPI ID provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds, if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds, if any, to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Consortium nor the Designated Intermediaries, nor the Registrar, nor the Banker(s) to the Issue, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchanges by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and for refunds (if any) as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

By signing the Application Form, Applicants applying for the NCDs would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Allotment Advice would be mailed by post or e-mail at the address of the Applicants in accordance with the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Banker(s) to the Issue, Registrar to the Issue nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on and mailing of the Allotment Advice through post, the Demographic Details obtained from the Depository of the Applicant shall be used.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of the Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the four parameters, namely, DP ID, Client ID,PAN and UPI ID then such Applications are liable to be rejected.

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for Retail Individual Investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALIZED FORM

Submission of Applications

Applicants can apply for NCDs only using the ASBA facility pursuant to SEBI Operational Circular. ASBA Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of ASBA Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the electronic system of the Stock Exchanges. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchanges. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application in the electronic mode, the Applicant shall submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly register such ASBA Applications.

(b) Physically through the Consortium Member, Lead Manager, or Trading Members of the Stock Exchanges only at the Specified Cities i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Consortium Member, Lead Manager or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Consortium Member, Lead Manager or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹ 5 lakh, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchanges' bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchanges' bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchanges and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Designated Intermediaries (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries). Upon receipt of the ASBA Application, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

In case of Application involving an Application by an RIB through UPI Mechanism, if an Applicant submits the Application Form with a Designated Intermediary and uses his/ her bank account linked UPI ID for the purpose of blocking of funds, where the application value is up to UPI Application Limit, the Application Amount will be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant and the Designated Intermediary shall upload the Application on the bidding platform developed by the Stock Exchange. If an

Applicant submits the Application Form through the application or web interface developed by Stock Exchange, the bid will automatically be uploaded onto the Stock Exchange bidding platform and the amount will be blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Lead Manager and Trading Members of the Stock Exchanges at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept ASBA Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Manager or Trading Members of the Stock Exchanges, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please see section titled "*Issue Related Information*" on page 271.

(c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Manager or Consortium Member or Trading Members of the Stock Exchanges, as the case maybe, if not, the same shall be rejected. Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Applicants should ensure that their Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the stock exchange(s) at the Specified Cities, and not directly to the escrow collecting banks (assuming that such bank is not a SCSB) or to the Company or the Registrar to the Issue.
- Applications through Syndicate ASBA, before submitting the physical Application Form to the Members of the Syndicate or Trading Members of the stock exchange(s), ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at-least one branch in that Specified City for the Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, to deposit ASBA Forms (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/ Recognised-Intermediaries)
- Application Forms must be completed in block letters in English, as per the instructions contained in the Draft Prospectus, this Prospectus the Abridged Prospectus and the Application Form.
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applicants must apply for Allotment in dematerialised form and must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts,

suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.

- The minimum number of Applications and minimum application size shall be ₹10,000. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
- Applications must be for a minimum of 10 (Ten) NCDs and in multiples of 1 NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 (Ten) NCDs, an Applicant may choose to apply for 10 (Ten) NCDs or more in a single Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Lead Manager, Consortium Member, Trading Members of the Stock Exchanges or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Manager, Consortium Member, Trading Member of the Stock Exchanges or the Designated Branch of the SCSBs, as the case may be.
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be.
- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form and submit the same. Applicant without PAN is liable to be rejected, irrespective of the amount.
- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form.
- ASBA will be the default "Mode of Application" as per the SEBI Operational Circular.
- Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.
- Applicants must provide details of valid and active DP ID, UPI ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, UPI ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five Applications can be made from one single ASBA Account
- For Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchanges on the prescribed Application Form. SCSBs may provide the electronic mode for making Application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for Application and blocking funds in the ASBA Account;
- Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchanges, Designated Intermediaries and/or Designated Branch of the SCSB. Application Forms which do not bear the stamp will be rejected.
- Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Manager,

Consortium Member, Trading Member of the Stock Exchanges in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Designated Intermediaries nor SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

Our Company would allot the Series IV of NCDs, as specified in this Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

B. Applicant's Beneficiary Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM), CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, UPI ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, UPI ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

Applicants applying for Allotment in dematerialized form must mention their DP ID ,Client ID, PAN and UPI ID (in case applying through UPI Mechanism) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialized form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchanges do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialized form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialized form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchanges, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition ("**MICR**") Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NACH, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither our Company, the Lead Manager, Trading Members of the Stock Exchanges, Public Issue Account Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchanges by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

The Demographic Details would be used for correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders, or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders (as applicable) would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Applicants sole risk and neither our Company, the Lead Manager, Trading Members of the Stock Exchanges, Public Issue Account Banks, SCSBs, Registrar to the Issue nor the Stock Exchanges shall be liable to compensate the

Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used. By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for retail individual investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

C. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

D. Joint Applications

Applications can be made in joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to first named in the Application whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form

E. Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs, for the same or other Options of NCDs, subject to a minimum application size of ₹10,000 and in multiples of ₹1,000 thereafter. Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹1,000,000 shall be deem such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by

any person in his individual capacity and an Application made by such person in his capacity as a karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN of the sole or the first Applicant is one and the same.

F. Unified Payments Interface (UPI)

Pursuant to the SEBI Operational Circular, the UPI Mechanism is an applicable payment mechanism for public debt issues (in addition to the mechanism of blocking funds maintained with SCSBs under ASBA) for applications by retail individual bidders through Designated Intermediaries. All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. The Company will be required to appoint one SCSB as a Sponsor Bank to act as a conduit between the Stock Exchange and National Payments Corporation of India in order to facilitate the collection of requests and/or payment instructions of the investors.

Electronic registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchanges. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchanges. The Lead Manager, our Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) Applications accepted and uploaded by Trading members of the Stock Exchanges or (vi) the Applications accepted by and/or uploaded by and/or accepted but not uploaded by Consortium Member, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms. In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for allotment/rejection of Application.

(b) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, Designated Intermediaries and Designated Branches of SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Syndicate Members and the other Designated Intermediaries on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*Issue Structure*" on page 271.

(c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchanges, would be made available at the Application centres as provided in the Application Form during the Issue Period.

(d) At the time of registering each Application, the Designated Intermediaries, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchanges.

(e) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, other than Direct Online Applications, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:
• Application Form number

• PAN (of the first Applicant, in case of more than one Applicant)
• Investor category and sub-category
• DP ID
• Client ID
• UPI ID (if applicable)
• Number of NCDs applied for
• Price per NCD
• Bank code for the SCSB where the ASBA Account is maintained
• Bank account number
• Application amount

(f) With respect to Applications submitted to the Designated Intermediaries at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
• Application Form number
• PAN (of the first Applicant, in case of more than one Applicant)
• Investor category and sub-category
• DP ID
• Client ID
• UPI ID (if applicable)
• Number of NCDs applied for
• Price per NCD
• Bank code for the SCSB where the ASBA Account is maintained
• Location
• Application amount

(g) A system generated Acknowledgement Slip will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the Acknowledgement Slip from the Syndicate Members or the other Designated Intermediaries, as the case may be. The registration of the Applications by the Designated Intermediaries does not guarantee that the NCDs shall be allocated/ Allotted by our Company. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind.

(h) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.

(i) In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form numbers in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.

(j) Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for Allotment. The Designated Intermediaries shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchanges. In order that the data so captured is accurate, Designated Intermediaries will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

General Instructions

Do's and Don'ts Applicants are advised to take note of the following while filling and submitting the Application Form.

Do's

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law;
2. Read all the instructions carefully and complete the Application Form in the prescribed form;
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to

apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue;

4. Ensure that the DP ID and Client ID and PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details shall be mandatory for all Applicants;
5. Ensure that you have mentioned the correct ASBA Account number (i.e., bank account number or UPI ID, as applicable) in the Application Form;
6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder;
7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be;
8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Bidding Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediaries/Designated branch of the SCSB as the case may be;
9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Bidding Centre;
10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
11. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchanges, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes;
12. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
13. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;
14. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchanges, match with the DP ID, Client ID and PAN available in the Depository database;
15. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN of the HUF should be mentioned in the Application Form and not that of the Karta;
16. Ensure that the Applications are submitted to the Lead Manager, Consortium Member, Trading Members of the Stock Exchanges or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see the section titled "*Issue Related Information*" on page 271;
17. Ensure that the Demographic Details including PAN are updated, true and correct in all respects;
18. Ensure that you have correctly signed the authorisation /undertaking box in the Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Application Form, as the case may be, at the time of submission of the Bid. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
19. Permanent Account Number: Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;
20. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
21. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and
22. Tick the series of NCDs in the Application Form that you wish to apply for.

23. Check if you are eligible to Apply under ASBA;
24. Retail individual investors using the UPI Mechanism to ensure that they submit bids upto the application value of ₹ 500,000 of upto the UPI Application Limit as applicable and as prescribed by SEBI from time to time;
25. Investor using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form;
26. Investors bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue and submit the application with any of the intermediaries or through the Stock Exchanges' App/ Web interface
27. Ensure that you give the correct details of your ASBA Account including bank account number/ bank name and branch;
28. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
29. Retail Individual Investors submitting Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40
30. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

In terms of SEBI Operational Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

SEBI Operational Circular stipulates the time between closure of the Issue and listing at six Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Don'ts:

1. Do not apply for lower than the minimum application size;
2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest;
3. Do not send Application Forms by post; instead submit the same to the Consortium Member, sub-consortium member, Trading Members of the Stock Exchanges or Designated Branches of the SCSBs, as the case may be;
4. Do not submit the Application Form to any non-SCSB bank or our Company;
5. Do not submit an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be;
6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
8. Do not submit incorrect details of the DP ID, Client ID, UPI ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
9. Do not submit the Application Forms without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;
10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;
12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;
13. Do not submit Application Forms to a Designated Intermediary at a location other than Collection Centers;
14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;
15. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by Persons Resident Outside India, NRI (*inter*-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA); and
16. Do not make an application of the NCD on multiple copies taken of a single form.
17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;
18. Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead

Manager or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities; and

19. Do not submit more than five Application Forms per ASBA Account.
20. If you are a Retail Individual Investor who is submitting the ASBA Application with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third-party linked bank account UPI ID;
21. Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI;
22. Do not submit a bid using UPI ID, if you are not a Retail Individual Investor and if the Application is for an amount more than ₹ 5,00,000 of upto the UPI application limit as applicable and as prescribed by SEBI from time to time;

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Please see "*Rejection of Applications*" on page 320 for information on rejection of Applications.

Submission of completed Application Forms

For details in relation to the manner of submission of Application Forms, see "*Issue Procedure*" beginning on page 296.

OTHER INSTRUCTIONS

Depository Arrangements

Our Company has made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

1. Tripartite Agreements dated August 1, 2022 between us, the Registrar to the Issue and CDSL for offering depository option to the Applicants.
2. Tripartite Agreements dated August 8, 2022 between us, the Registrar to the Issue and NSDL for offering depository option to the Applicants.
3. An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
4. The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
5. NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
6. Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to the Issue.
7. It may be noted that NCDs in electronic form can be traded only on Stock Exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges have connectivity with NSDL and CDSL.
8. Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
9. The trading of the NCDs on the floor of the Stock Exchanges shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGES SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, please see the section titled "*Issue Procedure*" on page 296.

Communications

All future communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue related problems and/or Post-Issue related problems such as non-receipt of Allotment Advice non-credit of NCDs in depository's beneficiary account/ etc. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchanges in case of any Post-Issue related problems, such as non-receipt of Allotment Advice / non-credit of NCDs in depository's beneficiary account/ etc.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchanges.

Interest in case of Delay

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by our Company

(a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013.
(b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;
(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
(d) the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
(e) we shall utilize the Issue proceeds only upon creation of security as stated in the section titled "*Terms of the Issue*" on page 277 and after (a) permissions or consents for creation of exclusive charge have been obtained from the creditors who have pari passu charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue amount; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of NCDs and (e) receipt of listing and trading approval from the Stock Exchanges;
(f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.
(g) The allotment letter shall be issued, or application money shall be unblocked within 15 days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;
(h) The Experts named in this Prospectus are not, and has not been, engaged or interested in the formation or promotion or management, of the Company.

Other Undertakings by our Company

Our Company undertakes that:

(a) Complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Designated Intermediaries) will be attended to by our Company expeditiously and satisfactorily;
(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of the Issue Closing Date;
(d) Funds required for dispatch of Allotment Advice will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the current statutory auditor, to the Debenture Trustee as per applicable law;
(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in this Prospectus.
(g) We shall make necessary disclosures/reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

(h) We undertake that the assets / receivables on which charge is created, are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor, wherever applicable.
(i) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report.

Rejection of Applications

As set out below or if all required information is not provided or the Application Form is incomplete in any respect, the Board of Directors and/or any committee of our Company reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;
- Applications not being signed by the sole/joint Applicant(s);
- Applications not made through the ASBA facility;
- Number of NCDs applied for or Applications for an amount being less than the minimum Application size;
- Applications submitted without blocking of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- Investor Category in the Application Form not being ticked;
- Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum application size;
- ASBA Bank account details to block Application Amount not provided in the Application Form;
- Applications where a registered address in India is not provided for the Applicant;
- In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partners(s);
- Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian when PAN of the Applicant is not mentioned;
- DP ID and Client ID not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications by OCBs;
- Applications for an amount below the minimum application size;
- Submission of more than five ASBA Forms per ASBA Account;
- Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., submitted without relevant documents;
- Applications accompanied by Stock invest/ cheque/ money order/ postal order/ cash;
- Signature of sole Applicant missing or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form.
- Application Forms not being signed by the ASBA Account holder if the account holder is different from the

Applicant.

- If the signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB Bank's records where the ASBA Account mentioned in the Application Form is maintained;
- Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediaries, as the case may be;
- ASBA Applications not having details of the ASBA Account to be blocked;
- In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID, UPI ID and PAN or if PAN is not available in the Depository database;
- Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- If an authorization to the SCSB or Sponsor Bank for blocking funds in the ASBA Account or acceptance of UPI Mandate Request raised has not been provided;
- The UPI Mandate Request is not approved by the Retail Individual Investor;
- SCSB making an ASBA application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
- Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- Authorization to the SCSB for blocking funds in the ASBA Account not provided or acceptance of UPI Mandate Request raised has not been provided;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by any person outside India;
- Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;
- Applications not uploaded on the online platform of the Stock Exchanges;
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable;
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Prospectus; and as per the instructions in the Application Form;
- Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchanges, are not as per the records of the Depositories;
- Applications providing an inoperative demat account number;
- ASBA Applications submitted to the Designated Intermediaries, at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and Applications submitted directly to the Banker to the Issue (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- Investor Category not ticked;
- Forms not uploaded on the electronic software of the Stock Exchanges;
- In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Prospectus and as per the instructions in the Application Form;
- UPI Mandate Request is not approved by Retail Individual Investors.

Kindly note that ASBA Applications submitted to the Lead Manager, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Manager, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please see below "*Issue Procedure-Information for Applicants*".

Information for Applicants

In case of ASBA Applications submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchanges and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of Applicants submitted to the Lead Manager, Consortium Member and Trading Members of the Stock Exchanges at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Mode of making refunds

The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Our Company and the Registrar to the Issue shall credit the allotted NCDs to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret by registered post/speed post at the Applicant's sole risk, within six Working Days from the Issue Closing Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT/NACH.

Further,

(a) Allotment of NCDs in this Issue shall be made within the time period stipulated by SEBI;
(b) Credit to dematerialized accounts will be given within one Working Day from the Date of Allotment;
(c) Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund effected within five Working days from the Issue Closing Date, for the delay beyond five Working days; and
(d) Our Company will provide adequate funds to the Registrar to the Issue for this purpose.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue Size.

Basis of Allotment

The Registrar to the Issue will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid Applications for the purpose of drawing the Basis of Allotment. Grouping of the Applications received will be then done in the following manner:

Grouping of Applications and allocation ratio

For the purposes of the basis of allotment:

A. Applications received from Category I Applicants: Applications received from Applicants belonging to Category I

shall be grouped together, ("**Institutional Portion**");

B. Applications received from Category II Applicants: Applications received from Applicants belonging to Category II, shall be grouped together, ("**Non-Institutional Portion**").

C. Applications received from Category III Applicants: Applications received from Applicants belonging to Category III shall be grouped together, ("**High Net Worth Individual Investors Portion**").

D. Applications received from Category IV Applicants: Applications received from Applicants belonging to Category IV shall be grouped together, ("**Retail Individual Investors Portion**").

For removal of doubt, the terms "**Institutional Portion**", "**Non-Institutional Portion**", "**High Net Worth Individual Investors Portion**" and "**Retail Individual Investors Portion**" are individually referred to as "**Portion**" and collectively referred to as "**Portions**".

For the purposes of determining the number of Secured NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of Secured NCDs to be allotted over and above the Base Issue, in case our Company opts to retain any oversubscription in the Issue upto an amount specified under this Prospectus.

Allocation Ratio

Institutional Portion	Non-Institutional Portion	High Net Worth Individual Investors Portion	Retail Individual Investors Portion
20%	20%	30%	30%

(a) **Allotments in the first instance**:

(i) Applicants belonging to the Institutional Portion, in the first instance, will be allocated NCDs upto 20% of Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges;

(ii) Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated NCDs upto 20% of the Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges;

(iii) Applicants belonging to the High Net Worth Individual Investors Portion, in the first instance, will be allocated NCDs up to 30% of Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges;

(iv) Applicants belonging to the Retail Individual Investors Portion, in the first instance, will be allocated NCDs up to 30% of Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges.

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis, based on the date of upload of each Application in to the Electronic Book with Stock Exchanges, in each Portion subject to the Allocation Ratio indicated herein above.

As per the SEBI Operational Circular, the allotment in this Prospectus is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

(b) **Under Subscription**

(i) If there is any under subscription in any Category, priority in Allotments will be given to the Retail Individual Investors Portion, High Net Worth Individual Investors Portion, and balance, if any, shall be first made to applicants of the Non Institutional Portion, followed by the Institutional Portion on a first come first serve basis, on proportionate basis. If there is under subscription in the Issue Size due to undersubscription in each Portion, all valid Applications received till the end of last day of the Issue Closure day shall be grouped together in each

Portion and full and firm Allotments will be made to all valid Applications in each Portion.

(ii) For each Category, all Applications uploaded on the same day onto the electronic platform of the Stock Exchanges would be treated at par with each other. Allotment would be on proportionate basis, where NCDs uploaded into the platform of the Stock Exchanges exceeds NCDs to be Allotted for each portion respectively from the date of oversubscription and thereafter.

(iii) Minimum Allotments of 10 NCD and in multiples of 1 NCD thereafter would be made in case of each valid Application to all Applicants.

(c) **Allotments in case of oversubscription**

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of the NCDs to the Applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the applicants on the date of oversubscription and thereafter (based on the date of upload of each Application on the electronic platform of the Stock Exchanges, in each Portion).

For the purpose of clarity, in case of oversubscription please see the below indicative scenarios:

(i) In case of an oversubscription in all Portions resulting in an oversubscription in the Issue Size, Allotments to the maximum permissible limit, as possible, will be made on a first-come first serve basis and thereafter on proportionate basis, i.e. full allotment of the NCDs to the Applicants on a first come first serve basis up to the date falling 1 (one) day prior to the date of oversubscription to respective Portion and proportionate allotment of NCDs to the Applicants from the date of oversubscription and thereafter in respective Portion (based on the date of upload of each Application on the electronic platform of the Stock Exchanges in each Portion).

(ii) In case there is oversubscription in Issue Size, however there is under subscription in one or more Portion(s), Allotments will be made in the following order:

a. All valid Applications in the undersubscribed Portion(s) uploaded on the electronic platform of the Stock Exchanges till the end of the last day of the Issue Period, shall receive full and firm allotment.

b. In case of Portion(s) that are oversubscribed, allotment shall be made to valid Applications received on a first come first serve basis, based on the date of upload of each Application in to the electronic platform of the Stock Exchanges. Priority for allocation of the remaining undersubscribed Portion(s) shall be given to day wise Applications received in the Retail Individual Investors Portion followed by High Net Worth Individual Investors Portion, next Non-Institutional Portion and lastly Institutional Portion each according to the day of upload of Applications to the Electronic Book with Stock Exchange during the Issue period.

c. For the sake of clarity, once full and firm allotment has been made to all the valid Applications in the undersubscribed portion, the remaining balance in the undersubscribed Portion will be Allocated to the oversubscribed Portion(s) and proportionate allotments shall be made to all valid Applications in the oversubscribed Portion(s) uploaded on the date of oversubscription and thereafter on the remaining days of the Issue Period.

(d) **Proportionate Allotments:**

For each Portion, from the date of oversubscription and thereafter:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.

(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.

(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution

referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

Applicant applying for more than one Series of NCDs

If an Applicant has applied for more than one Series of NCDs and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Series-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Series, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with the Lead Manager and the Designated Stock Exchange. Further, in the aforesaid scenario, wherein the Applicant has applied for all the four Series and in case such Applicant cannot be allotted all the four Series, then the Applicant would be allotted NCDs, at the discretion of the Company, the Registrar and the Lead Manager wherein the NCDs with the least tenor i.e. Allotment of NCDs with tenor of 27 months followed by Allotment of NCDs with tenor of 39 months.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus. Any other queries / issues in connection with the Applications will be appropriately dealt with and decided upon by our Company in consultation with the Lead Manager.

Information for Applicants

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within 6 (six) Working Days of the Issue Closing Date.

Our Company would allot Series IV NCDs to all valid applications, wherein the applicants have selected only NCDs, but have not indicated their choice of the relevant Series of the NCDs.

Applications where the Application Amount received is greater than the minimum Application Amount, and the Application Amount paid does not tally with the number of NCDs applied for may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹ 1,000.

Payment of Refunds

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within the applicable regulatory timelines.

Issuance of Allotment Advice

Our Company shall ensure dispatch of Allotment Advice as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made within 5 Working Days of the Issue Closing Date

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities and approvals for the commencement of trading at the Stock Exchanges where the NCDs are proposed to be listed are taken within 5 Working Days from the Issue Closing Date.

Allotment Advices shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be unblocked in the ASBA Accounts of the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent. Per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants are allowed to withdraw their Applications at any time prior to the Issue Closing Date.

Withdrawal of Applications after the Issue Period: In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar prior to the finalization of the Basis of Allotment but not later than 2 (two) Working days from the Issue Closing Date or early closure date, as applicable.

Pre-closure/ Early Closure: Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue before the Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Issue Closing Date of the Issue, as applicable, through advertisement(s) in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of this issue have been given.

Further, the Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue before the Issue Closing Date.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount has not been subscribed or received, as applicable, within the specified period, the application money received is to be unblocked/credited only to the bank account in/from which the subscription was blocked/remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or the Registrar will follow the guidelines prescribed by SEBI in this regard.

If our Company does not receive the minimum subscription of 75% of Base Issue Size prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 (eight) working days from the Issue Closing Date, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 (six) working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Revision of Applications

As per the notice no: 20120831-22 dated August 31, 2012 issued by BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. However, please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchanges(s), by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchanges, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries will be given up to one Working Day after the Issue Closing Date (till 1:00 PM) to modify/ verify certain selected fields uploaded in the

online system during the Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

SECTION VIII – SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION

1. Regulations contained in Table 'F' in the First Schedule of the Companies Act, 2013, to the extent applicable and relevant, shall apply to the Company so far only as they are not inconsistent with any of the provisions contained in these Articles.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions. In these Articles, unless the context otherwise requires, the following words and expressions when used herein in capitalised form shall have the following meanings:

(1) "Accounting Standards" shall mean the generally accepted accounting standards and principles which are recommended by the Institute of Chartered Accountants of India and required to be used or adopted by the Company in the preparation of its financial statements from time to time and consistently applied and shall also include such other accounting standards and principles as may be made applicable from time to time, including Indian Accounting Standards.

(2) "Affiliate":

(a) in respect of KKR, shall mean, KKR & Co. Inc. (that is, the ultimate parent company of KKR) and all Persons directly or indirectly Controlling, Controlled by, or under direct or indirect common Control, with KKR & Co. Inc., including any funds or investment vehicles owned, managed, advised or Controlled by any of the foregoing persons through investment management or similar contractual arrangements, but excluding any portfolio companies of any of the foregoing which are not investment vehicles;

(b) in respect of Green Emerald, all Persons directly or indirectly Controlling, Controlled by, or under direct or indirect common Control of the Abu Dhabi Investment Authority and/or the Government of Abu Dhabi;

(c) in respect of any member of the Promoter Group, shall mean each member of the Promoter Larger Group;

(d) in respect of any other Person who is not a natural Person and is a Financial Investor, shall mean, any other Person directly or indirectly Controlling, Controlled by or under direct or indirect common Control with, such Person, including any investment vehicles/ funds owned, managed, advised or Controlled by any of the foregoing persons through investment management or similar contractual arrangements, but excluding any portfolio companies of any of the foregoing which are not investment vehicles;

(e) in respect of any other Person who is not a natural Person and is not a Financial Investor, shall mean, any other Person directly or indirectly Controlling, Controlled by or under direct or indirect common Control with, such Person; and

(f) in respect of any other Person who is a natural Person, shall mean: (i) any Relative of such Person; (ii) any Person directly or indirectly Controlled by such Person; and (iii) any trust or settlement, the sole trustees and beneficiaries of which are such natural Person or any Persons referred to in (i) or (ii) above.

(3) "Affirmative Vote Matters" shall mean: (a) in respect of KKR, the KKR Affirmative Vote Matters and the KKR and Major Investor Affirmative Vote Matters; (b) in respect of the Major Investors, the KKR and Major Investor Affirmative Vote Matters; and (c) in respect of the Promoter/ Promoter Group, the Promoter Affirmative Vote Matters; as the context may require.

(4) "Agreed Period" shall mean the period of 5 (five) years commencing on and from the Effective Date.

(5) "Applicable AML Laws" means all laws and regulations of India, United Kingdom, United States of America and any other laws and regulations applying to the subject entity prohibiting money laundering, including but not limited to attempting to conceal or disguise the identity of illegally obtained proceeds.

(6) "Applicable Anti-Corruption Laws" means the (Indian) Prevention of Corruption Act 1988 ("PCA"), the Foreign Corrupt Practices Act 1977 ("FCPA"), the UK Bribery Act 2010 ("UKBA"), and any other Applicable Laws and regulations applying to the subject entity, prohibiting bribery or some other form of corruption, including but not limited to fraud and tax evasion.

(7) "Applicable FMV" shall mean: (a) at any time following the completion of the first Funding Round, the valuation of the KCM Share Capital, or where applicable, the valuation of any KCM Securities, derived from

the price per security ascribed to the KCM Securities in the Funding Round that has been most recently completed prior to the date on which such valuation is required to be determined; and (b) from the Effective Date and until completion of the first Funding Round, the price per security ascribed to the KCM Securities for the transaction consummated pursuant to the Transaction Scheme.

(8) "Applicable Law" shall mean all applicable provisions of all: (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any Governmental Authority, (b) Governmental Approvals, (c) orders, decisions, directions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority, (d) rules of any stock exchange, (e) international treaties, conventions and protocols, and (f) Accounting Standards or any other generally accepted accounting principles.

(9) "Articles" shall mean these articles of association of the Company, as amended from time to time.

(10) "Assets" shall mean any assets or properties of every kind, nature, character and description (whether immovable, movable, tangible, intangible, absolute, accrued, fixed or otherwise), operated, hired, rented, owned or leased by a Person from time to time, including cash, cash equivalents, receivables, securities, accounts and notes receivable, real estate, plant and machinery, equipment, patents, copyrights, domain names, trademarks, brands, other intellectual property, raw materials, inventory, finished goods, furniture, fixtures and insurance.

(11) "BFPL" shall mean Booth Fintech Private Limited, a company incorporated under the laws of India (CIN U67190MH2015PTC355907), and having its registered office at Unit No. 1203, 12th Floor, B- Wing, The Capital, Bandra Kurla Complex Mumbai.

(12) "Board" shall mean the board of directors of the Company, as constituted from time to time, in accordance with Applicable Laws and these Articles.

(13) "Board Meeting" shall mean a duly convened meeting of the Board.

(14) "Books and Records" shall mean all files, documents, instruments, papers, books and records relating to the Business, the Company and the Investee Entities including without limitation financial statements, Tax returns, business activity statements and related work papers, letters from accountants, budgets, pricing guidelines, ledgers, journals, deeds, title policies, stock certificates and books, share transfer ledgers, all statutory books of the Company and the Investee Entities, all minute books, registrations and filings with any Governmental Authority, contracts, licenses, customer lists, computer files and programs, retrieval programs, operating data and plans and environmental studies and plans.

(15) "Business" shall mean collectively:

(a) the business of: (i) providing all forms of credit or financing facilities to all categories of borrowers, including without limitation retail lending, lending to micro, small and medium enterprises, wholesale lending to corporate enterprises, digital and non-digital financing, and (ii) such other business as may be undertaken by the Company, at the relevant point of time, in accordance with the provisions of these Articles, the Memorandum, the KCM Articles, and as agreed between the Parties in writing;

(b) on and from the Effective Date, the InCred Demerged Undertaking (which term shall have the meaning as agreed to between the Parties in writing), including for the avoidance of doubt, all businesses, activities, operations, Assets, liabilities and employees of IMTS, BFPL and InCred.AI.

(16) "Business Day" shall mean any day on which banks in Mumbai (India), Singapore, New York (United States of America), and Mauritius (only to the extent any timeline/ period relates to or involves ocean), are generally open for general commercial business.

(17) "Business Plan" shall mean any business plan of KCM and the Company and shall include details of the operational planning of KCM and the Company and the other Investee Entities along with a statement of objectives, contingency planning, strategic planning (including in respect of sales, customers, revenues and financing of KCM, the Company and the other Investee Entities), from time to time, prepared in accordance with Article 17.1, and substantially in the form as agreed between the Parties in writing.

(18) "CEO" shall mean the chief executive officer of the Company and KCM.

(19) "CEO Employment Agreement" shall mean the employment agreement 26 July 2022 entered into between the Promoter, KCM and the Company, effective from the Effective Date, in the manner and form agreed between the relevant Parties in writing.

(20) "Chairman" shall mean the chairman of the Board, and as applicable chairman of a Shareholder Meeting.

(21) "Charter Documents" shall mean the Articles and the Memorandum.

(22) "Claims" shall mean in relation to a Person, any action, demand, legal action, claim, proceeding, suit, litigation, prosecution, mediation or arbitration, whether civil, criminal, administrative or investigative and whether formal or informal, made or brought, by or against the Person.

(23) "Companies Act", or "Act", shall mean: (a) the (Indian) Companies Act, 2013, to the extent notified, and the rules made thereunder to the extent notified and in force, as may be amended or modified or repealed from time to time; or (b) the (Indian) Companies Act, 1956, to the extent not repealed, and the rules made thereunder to the extent notified and in force, as applicable.

(24) "Company" shall mean InCred Financial Services Limited (formerly known as KKR India Financial Services Limited).

(25) "Consent" shall mean any notice, consent, approval, authorization, waiver, permit, grant, concession, clearance, license, certificate, exemption, order, registration declaration, filing, report or notice, of, with or to, as the case may be, by any Person (including any Governmental Authority).

(26) "Control" (together with its correlative meanings, "Controlled by" and "under common Control with") means, with respect to any Person: (a) the ownership or control (whether directly or indirectly) of more than 50% (fifty per cent) of the total equity share capital of, or voting interests in, the relevant entity; and/or (b) the right to control the management or policy decisions or the like of the relevant entity; and/or (c) control over, or the power to control, the composition of the majority of the board of directors or equivalent or analogous body of the relevant entity; in each case, whether by shareholding or contract or otherwise exercisable, by a Person individually or collectively with such Person's Affiliates.

(27) "Corporate Action" shall mean any event altering the KCM Share Capital or Share Capital of the Company (as applicable), including an issue of bonus securities, stock split, sub-division, consolidation or any similar corporate action.

(28) "Debt Asset Classes" shall mean: (a) structured credit assets, (b) corporate loans or corporate debt financing products, (c) collateralized loan obligations (CLO), collateralized bond obligations (CBO) and/or collateralized debt obligations (CDO), (d) securitization assets, (e) corporate mezzanine debt/ financing, and (f) distressed debt assets.

(29) "Deed of Undertaking" have the meaning ascribed to it under the KCM Articles.

(30) "Determined CEO Cause Event" shall have such meaning as agreed in writing between the Parties.

(31) "Determined KMP Cause Event" shall have such meaning as agreed in writing between the Parties.

(32) "Director" shall mean a director of the Company.

(33) "Disclose" shall mean fully, accurately, specifically and fairly disclosed in such manner and in such detail to enable a Person to make a reasonably informed assessment of the nature and scope of the fact, matter, event or circumstance disclosed, and the term "Disclosure" shall be construed accordingly.

(34) "Economic Sanctions Laws" means all laws relating to sanctions and trade embargos, including any sanctions administered or enforced by the United States (including the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of Commerce and the U.S. State Department), the United Nations, the European Union, the United Kingdom (including Her Majesty's Treasury), India, or any member state thereof, or any other relevant sanctions authority.

(35) "Effective Date" shall mean 'Effective Date', as such term is defined in the Transaction Scheme, being the date on which the Transaction Scheme takes effect in accordance with its terms. The Effective Date shall be on or after April 1, 2022.

(36) "Effective Date Major Investor" shall have such meaning as agreed in writing between the Parties.

(37) "Effective Date Other Investor" shall have such meaning as agreed in writing between the Parties.

(38) "Encumbrance" shall mean: (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law; (b) any voting agreement, interest, option, right of first offer, right of first refusal or transfer restriction, including any non-disposal of undertaking or lock-in, in favour of any Person; and (c) any adverse Claim as to title, possession or use, and the term "Encumber" shall be construed accordingly.

(39) "KCM Equity Shares" shall mean the fully paid-up equity shares of KCM, each having a par value of INR 10 (Indian Rupees ten).

(40) "EOD 1 Drag Exercising Investors" shall have the meaning ascribed to it under the KCM Articles;

(41) "EOD 1 Drag Notice" shall have the meaning ascribed to it under the KCM Articles.

(42) "EOD 1 Drag Purchaser" shall have the meaning ascribed to it under the KCM Articles.

(43) "EOD 1 Drag Securities" shall have the meaning ascribed to it under the KCM Articles.

(44) "EOD 2 Drag Exercising Investors" shall have the meaning ascribed to it under the KCM Articles.

(45) "EOD 2 Drag Notice" shall have the meaning ascribed to it under the KCM Articles.

(46) "EOD 2 Drag Purchaser" shall have the meaning ascribed to it under the KCM Articles.

(47) "EOD 2 Drag Securities" shall have the meaning ascribed to it under the KCM Articles.

(48) "Equity Shares" shall mean the fully paid-up equity shares of the Company, each having a par value of INR 10 (Indian Rupees ten).

(49) "Financial Investor" shall mean any Fund, or other institution, or investment vertical within an institution or Governmental Authority, and including in each case, each of their respective investment vehicles, which are engaged in the business of making private equity, hedge, venture or other financial or proprietary investments.

(50) "Financial Year" shall mean the financial year of the Company or the relevant Investee Entity (as applicable), which commences on April 1 of each calendar year and ends on March 31 of the next calendar year.

(51) "Fully Diluted Basis" shall mean, in reference to any calculation, that the calculation should be made in relation to the equity share capital of any Person, assuming that all outstanding convertible preference shares or debentures, options (and in the case of employee stock options, only options that have vested but not any unvested options), warrants and other equity securities convertible into or exercisable or exchangeable for equity shares of that Person (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of equity shares possible in accordance with the terms of the relevant securities.

(52) "Fund" shall mean any private equity fund, hedge fund, venture capital fund, sovereign wealth fund, development or impact investment fund, and including in each case, each of their respective investment vehicles.

(53) "Funding Round" shall mean any transaction involving the acquisition, by any Person other than the Promoter Group or any Related Party of the Promoter Group or KCM, of KCM Securities representing such percentage of KCM Share Capital or aggregate investment amount as agreed between the Parties in writing, in each case, whether by way of a primary subscription of, or secondary acquisition of, such KCM Securities.

(54) "Government Official" means any: (a) employee, official or any person acting for or on behalf of: (i) a Governmental Authority; (ii) an instrumentality of a Governmental Authority, any state-owned or state-controlled entity, or any state-owned or state-controlled enterprise, government agency or government advisor; or (iii) a public international organization; or (iv) political party; or (b) candidate for political office.

(55) "Governmental Approval" shall mean any Consent, grant, franchise, concession, agreement, license, certificate, exemption, order, registration, declaration, of, with or to, as the case may be, any Governmental Authority.

(56) "Governmental Authority" shall mean any government (local, provincial, state, national or supranational (including the European Union and its successor entities)), any department, agency, instrumentality, officer or minister of any government, quasi-governmental or private body exercising any regulatory or governmental authority, judicial authority, quasi-judicial authority, arbitrator or such other law, rule or regulation-making entity having jurisdiction, including any Tax Authority, court, tribunal and any securities exchange or body or authority regulating such securities exchange.

(57) "Green Emerald" shall mean Green Emerald B Trustee 2014 Limited, a company organized under the laws of Jersey and having its registered office at Equity Trust House, 28-30 The Parade, St Helier, Jersey JE1 1EQ, in its capacity as trustee of Green Lotus A 2015 Trust, a trust established under the laws of Jersey by deed of settlement dated November 18, 2015 between Abu Dhabi Investment Authority and Green Emerald B Trustee 2014 Limited.

(58) "Identified Entities" shall mean: (a) an Investee Entity; (b) such entity in which an Investee Entity holds securities; and (c) the relevant Resultant Entities; in each case as are mutually agreed in writing between the relevant Parties in relation to an Identified Transaction.

(59) "Identified Transaction" shall mean such transaction, relating to or involving the Investee Entities or any entity in which an Investee Entity holds any securities, as may be mutually agreed in writing between the Parties.

(60) "IFSL" shall mean InCred Prime Finance Limited (formerly known as Incred Financial Services Limited), a company incorporated under the laws of India bearing CIN U74899MH1991PLC340312, and having its registered office at Unit No. 1203, 12th floor, B Wing, The Capital Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra 400051.

(61) "IMTS" shall mean Incred Management and Technology Services Private Limited, a company incorporated under the laws of India bearing CIN U72900MH2016PTC273211, and having its registered office at Unit No. 1203, 12th floor, B Wing The Capital, Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai City MH 400051.

(62) "Incred.AI" shall mean Incred.AI Limited, a company incorporated under the laws of India bearing CIN U74999MH2021PLC358271, and having its registered office at 1203, 12 Floor, B Wing, The Capital, C-70, G Block behind ICICI Bank, Bandra Kurla Complex, Mumbai City 400051.

(63) "Incred Brand" shall have such meaning as agreed in writing between the Parties.

(64) "Incred Capital" shall mean InCred Capital Financial Services Private Limited, a private limited company incorporated and existing under the laws of India bearing CIN U67120MH1996PTC355036, and having its registered office at Unit No. 1203, 12th Floor, B Wing, The Capital, Bandra Kurla Complex Mumbai City MH 400051.

(65) "Indebtedness" means, in respect of any Person: (a) any obligation (whether present or future, actual or contingent (including guarantee), secured or unsecured, and whether as principal or surety) for the payment, or repayment, of money (whether in respect of interest (including accrued but unpaid interest), principal or otherwise) incurred in respect of monies borrowed or raised; (b) any obligation evidenced by any bond, note, debentures, loan stock or similar instrument; any acceptance credit, bill discounting, note to purchase, factoring or documentary credit; (c) any finance lease, capital lease, bond, commercial paper, subordinate debt, letter of credit or other instrument issued in connection with the performance of any contract; (d) any interest rate or currency swap agreement or any other hedging or derivative instrument or agreement; and (e) any indemnity or insurance against financial loss in respect of the obligation of any other Person falling within any of the foregoing.

(66) "Independent Director" shall mean a Director who would be considered to be an 'independent director' as per Applicable Law.

(67) "Initial Business Plan" shall mean the initial business plan for KCM, the Company, and each of the other Investee Entities for a period commencing on and from the Effective Date and up to the end of the first 3 (three) complete Financial Years following the Effective Date, adopted on and from the Effective Date, in the form agreed between the Parties in writing.

(68) "INR" shall mean the Indian Rupees, the lawful currency of India.

(69) "Investee Entities" shall mean collectively, (a) the Company, (b)Subsidiary of KCM, and (c) any Person directly or indirectly Controlled by KCM, other than mValu, IFSL and any Person Controlled by IFSL.

(70) "Investor Nominee Director" shall mean a Major Investor Nominee Director and/or a KKR Nominee Director (as the case may be).

(71) "Investors" shall mean collectively, at any time, all Major Investors and Other Investors of KCM at such time.

(72) "IPO" shall mean an initial public offering of the KCM Equity Shares, undertaken in accordance with Applicable Law, and on terms agreed by the Parties in writing.

(73) "KCM" shall mean Incred Holdings Limited (formerly known as KKR Capital Markets India Limited).

(74) "KCM Articles" shall mean the articles of association of KCM, as in force from time to time.

(75) "Key Managerial Personnel" shall have the meaning ascribed to it under the Companies Act and shall include persons holding equivalent designations or performing functions that are ordinarily discharged by such persons.

(76) "KKR" means KKR India Financial Investments Pte. Ltd.

(77) "KKR and Major Investors' Collective Supermajority" shall mean a 3/4th (three-fourth) majority of KKR and the Major Investors determined on the basis of their inter-se shareholding in the KCM Share Capital, as on the date of such determination.

By way of illustration, if X and Y are the Major Investors of KCM, respectively holding 8% (eight per cent) and 9% (nine per cent) shareholding in the KCM Share Capital and KKR holds 36% (thirty six per cent), then KKR and Major Investors' Collective Supermajority shall be deemed to be constituted by such of KKR and the Major Investors holding a 3/4th (three-fourth) majority of the inter se shareholding of KKR and the Major Investors, that is, more than 39.75% (thirty nine point seven five per cent) of the KCM Share Capital.

(78) "KKR Block" shall mean collectively, (a) KKR, Kohlberg Kravis Roberts & Co. L.P., and its Affiliates, and (b) for as long as KKR SPN Investments L.P. is Controlled and/or managed by one or more Affiliates of Kohlberg Kravis Roberts & Co. L.P., KKR SPN Investments L.P., in each case, to the extent that such Persons hold any shares or securities in KKR and/or any KCM Securities.

(79) "KMP" shall mean, the persons holding the designations listed out in Schedule 4 in the Company, from time to time. Provided that: (a) the designations set out in Schedule 4 are illustrative, and any Person holding a different designation but carrying out the functions that are primarily discharged by the designations set out in Schedule 4 will be deemed to be a KMP, and (b) the Promoter shall not, for the purposes of these Articles, be considered as a KMP.

(80) "KMP Employment Agreement" shall mean the employment agreement entered into between each KMP and the Company in the form agreed between the Parties in writing.

(81) "Loss" shall mean all direct and actual losses, Claims, costs, penalties, fines, Taxes, expenses, damages, judgments, awards, settlements or demands that are imposed upon or otherwise incurred, suffered or sustained by the relevant Party including interest with respect thereto, and reasonable out-of-pocket expenses, including with respect to reasonable expenses for attorneys, accountants, consultants or experts, and excluding any indirect or consequential losses.

(82) "Major Investor" shall mean:

(a) on the Effective Date, each of the Effective Date Major Investors, subject to such Effective Date Major Investor and its Affiliates collectively holding at least 6% (six per cent) of the KCM Share Capital, on a Fully Diluted Basis, on the Effective Date, and for as long as such Effective Date Major Investor and its Affiliates collectively hold at least 6% (six per cent) of the KCM Share Capital, on a Fully Diluted Basis; and

(b) from the Effective Date, each KCM Shareholder (other than the KKR Block, KKR, its Affiliates and its Permitted Transferees, and other than the Promoter Group and their Affiliates) that holds, collectively with its Affiliates, at least 6% (six per cent) of the KCM Share Capital, on a Fully Diluted Basis on the relevant date.

(83) "Major Investors' Supermajority" shall mean a ¾th (three-fourth) majority of the Major Investors determined on the basis of their inter-se shareholding in the KCM Share Capital, as on the date of such determination.

By way of illustration if X, Y and Z are the Major Investors of KCM, respectively holding 15% (fifteen per cent), 10% (ten per cent) and 11% (eleven per cent) shareholding in the KCM Share Capital, the Major Investors' Supermajority shall be deemed to be constituted by the Major Investors holding more than ¾th (three-fourth) of the inter-se shareholding of such Major Investors, that is, more than 27% (twenty seven per cent) of the KCM Share Capital.

(84) "Memorandum" shall mean the memorandum of association of the Company.

(85) "mValu" shall mean mValu Technology Services Private Limited, a private limited company incorporated under the Companies Act, 2013, bearing CIN U74999MH2018PTC313289, and having its registered office at Unit No. 1203, 12th floor, B Wing The Capital, Plot No. C - 70, G Block, Bandra Kurla Complex, Mumbai City MH 400051.

(86) "Oaks" shall mean Oaks Asset Management Private Limited, a company incorporated and existing under the laws of India and having its registered office at 56, Maker Chambers VI, Nariman Point, Mumbai 400 021, being a portfolio manager registered with SEBI on behalf of its clients (such clients are referred to herein as the "Oaks Nominees").

(87) "Ordinary Course of Business" shall mean, in the context of any Person, the ordinary course of business consistent with past custom and business practice of the relevant Person, but only to the extent consistent with Applicable Law; provided that in respect of a series of related transactions which, if taken together, would not be deemed to be in the Ordinary Course of Business, no transaction forming a part of such series shall be considered to be in the Ordinary Course of Business.

(88) "Other Investor" shall mean:

(a) on the Effective Date, each of the Effective Date Other Investors, subject to such Effective Date Other

Investor and its Affiliates collectively holding at least 1% (one per cent) but less than 6% (six per cent) of the KCM Share Capital, on a Fully Diluted Basis, on the Effective Date, and for as long as such Effective Date Other Investor and its Affiliates collectively hold at least 1% (one per cent) but less than 6% (six per cent) of the KCM Share Capital, on a Fully Diluted Basis; and

(b) from the Effective Date, each KCM Shareholder (other than the KKR Block, KKR, its Affiliates and its Permitted Transferees, and other than the Promoter Group and their Affiliates) that holds, collectively with its Affiliates, at least 1% (one per cent) but less than 6% (six per cent) of the KCM Share Capital, on a Fully Diluted Basis on the relevant date.

(89) "Party" shall mean each of the Company, KCM, KKR, Promoter, Promoter Group, each Effective Date Major Investor, each Effective Date Other Investor, IFSL and such other Persons that may be agreed in writing between the Parties.

(90) "Permanent Disability" shall mean any disability of whatsoever nature, be it physical, mental or otherwise, which permanently incapacitates or prevents or handicaps the relevant Person from performing any specific job, work or task in connection with the employment of such Person with the Company/ KCM, and which such Person was capable of performing immediately before such disability.

(91) "Permitted Business" shall mean: (a) wealth management (including margin funding), asset management (including alternative asset management), investment banking and capital markets (including credit trading and debt origination and syndication) businesses in India and/or overseas, including high net worth individual (HNI) financing, loans against securities (LAS) business and initial public offering financing business; and (b) any other Restricted Business to the extent approved in writing as a "Permitted Business" by KKR and Major Investors' Collective Supermajority.

(92) "Permitted Transferee":

(a) in relation to KKR and each of its shareholders, shall mean: (i) each Affiliate of KKR; (ii) for as long as Green Lotus A 2015 Trust is a shareholder of KKR and an Affiliate of the Abu Dhabi Investment Authority, the Abu Dhabi Investment Authority and each Affiliate of the Abu Dhabi Investment Authority; and (iii) for as long as KKR SPN Investments L.P. is a shareholder of KKR and is managed by one or more Affiliates of Kohlberg Kravis Roberts & Co. L.P., KKR SPN Investments L.P.;

(b) in relation to any member of the Promoter Group, shall mean each member of the Promoter Larger Group; and

(c) in relation to any KCM Shareholder other than KKR and the Promoter Group, shall mean each Affiliate of such KCM Shareholder.

(93) "Person" shall mean any individual, sole proprietorship, unincorporated association, unincorporated organisation, body corporate, corporation, company, partnership, limited liability company, joint venture, Governmental Authority or trust or any other entity or organisation (whether registered or not and whether or not having separate legal personality).

(94) "Promoter" means Mr. Bhupinder Singh.

(95) "Promoter Affirmative Vote Matter" shall mean any one or more of the Promoter Operational Affirmative Vote Matters, the Promoter Shareholding Affirmative Vote Matters or the Promoter's affirmative vote matters under Article 16.1.2, as the context may require.

(96) "Promoter Group" shall mean, at any time, any of or collectively (as the case may be), (a) the Promoter, (b) the Promoter Relatives who hold any KCM Securities at such time, (c) the Promoter Group Entities that hold any KCM Securities, and/or (d) any trust or settlement, the sole trustees and beneficiaries of which are the Persons mentioned in (a), (b) and (c), to the extent that such trust/ settlement holds any KCM Securities.

(97) "Promoter Group Entities" shall mean any of or collectively (as the case may be), all Persons wholly owned by the Promoter and/or the Promoter Relatives.

(98) "Promoter Larger Group" shall mean, at any time, any of or collectively (as the case may be), (a) the Promoter, (b) each member of the Promoter Group, (c) each Promoter Relative, (d) each Promoter Group Entities and/or (e) any trust or settlement, the sole trustees and beneficiaries which are the Persons mentioned in (a), (b), (c) and (d).

(99) "Promoter Relative" shall mean the Promoter's wife, father, mother, son or daughter.

(100) Put Exit Investors" shall have the meaning ascribed to it under the KCM Articles.

(101) "Put Securities" shall have the meaning ascribed to it under the KCM Articles.

(102) “Put Trigger Date” shall have the meaning ascribed to it under the KCM Articles.

(103) “RBI” shall mean the Reserve Bank of India.

(104) “Regulations” shall mean the regulations contained in Table ‘F’ in the first schedule to the Companies Act, to the extent applicable to the Company.

(105) “Related Party” shall have the meaning ascribed to such term under Applicable Law.

(106) “Relative” shall have the meaning ascribed to such term under Applicable Law, including the Accounting Standards.

(107) “Representatives” shall mean, in relation to any Party, such Party’s Affiliates and each of such Party’s and such Party’s Affiliates’ respective directors, officers, employees, authorised agents, professional advisers, accountants, bankers, auditors, limited partners and consultants.

(108) “Restricted Business” shall mean collectively, the following businesses in India: (a) the business of acting as an investment manager, sponsor and/or advisor to all funds and/or any other similar investment vehicles or investment schemes, established in the manner permitted under Applicable Law, including funds registered as alternative investment funds with SEBI, in each case, to the extent that such funds, investment vehicles or investment schemes are intended to primarily make investments in any one or more of the Debt Asset Classes; and (b) the business of providing all forms of credit or financing facilities to all categories of borrowers, including without limitation retail lending, lending to micro, small and medium enterprises, wholesale lending to corporate enterprises, digital and non-digital financing, credit trading; and (c) such other financing and/or lending businesses as may be undertaken by the Investee Entities, at the relevant point of time, in accordance with the provisions agreed between the Parties in writing, these Articles and each of their respective memorandum and articles of association, but excluding the Permitted Business.

(109) “Resultant Entity” shall mean the entity in which the Company, directly or indirectly, holds securities as a result of an Identified Transaction, and subject to such terms as are mutually agreed in writing between the relevant Parties.

(110) “Sanctioned Person” shall mean any Person, organisation or vessel:

(a) on any list of blocked Persons maintained or enforced by OFAC (including the OFAC list of “Specially Designated Nationals and Blocked Persons”), the U.S. Department of Commerce and the U.S. Department of State, and any other jurisdictional equivalent blocked persons list, or on any list of grouped persons issued under the Economic Sanctions Law of any other country;

(b) that is, or is part of, a government of a Sanctioned Territory;

(c) located, organised or resident in a Sanctioned Territory; or

(d) otherwise grouped under, subject to, or the target of any Economic Sanctions Law; or

(e) owned 50% (fifty percent) or more, Controlled by, or acting on behalf of, any of the foregoing.

(111) “Sanctioned Territory” shall mean any country or other territory subject to a general export, import, financial or investment embargo under any Economic Sanctions Law (including the Crimea region of Ukraine, Cuba, Iran, Syria and North Korea).

(112) “Seal” or "Common Seal" means the common seal of the Company.

(113) “SEBI” means the Securities and Exchange Board of India.

(114) “KCM Securities” shall mean all classes of KCM Equity Shares, convertible preference shares, convertible debentures, bonds, options, warrants and any other securities of KCM, in each case convertible into, exercisable or exchangeable for KCM Equity Shares, issued or issuable by KCM from time to time, together with all rights, obligations, title, interest and claim in such securities and shall be deemed to include all KCM Equity Shares or other securities issued pursuant to a Corporate Action by KCM.

(115) “Securities” shall mean all classes of Equity Shares, convertible preference shares, convertible debentures, bonds, options, warrants and any other securities of the Company, in each case convertible into, exercisable or exchangeable for Equity Shares issued or issuable by the Company from time to time, together with all rights, obligations, title, interest and claim in such securities and shall be deemed to include all the Equity Shares or other securities issued pursuant to a Corporate Action by the Company.

(116) "KCM Share Capital" shall mean, at any time, the fully-paid up equity share capital of KCM at such time, calculated on a Fully Diluted Basis.

(117) "KCM Shareholder" shall mean, at any time, a Person holding KCM Securities in KCM at such time.

(118) "Shareholder" shall mean, at any time, a Person holding Securities in the Company at such time.

(119) "Shareholder Meeting" shall mean a duly convened meeting of the Shareholders, including annual general meetings and extraordinary general meetings of the Shareholders.

(120) "Stock Exchanges" shall mean the National Stock Exchange of India Limited, the BSE Limited or any other internationally recognised stock exchange (reasonably acceptable to KKR and Major Investors' Collective Supermajority and to the Promoter) on which the KCM Equity Shares are listed, or will be listed following an IPO of KCM.

(121) "Subsidiaries" shall mean any company (whether incorporated under the Companies Act or not) which would qualify as a 'subsidiary' of KCM and/or the Company (as applicable) under the Companies Act, on and from the Effective Date, but excluding IFSL and any Person Controlled by IFSL; and "Subsidiary" shall mean any one of them.

(122) "Tax Authority" means any Governmental Authority of competent jurisdiction, having the authority to impose, assess, collect or administer any Tax under the laws of India and/or Mauritius, including appellant authority or court, as applicable.

(123) "Taxes" or "Tax" shall mean any and all forms of taxation, including, direct and indirect tax, duty, cess, rates, governmental fee, taxes or levy of any nature (whether central, state or local) or any other like assessment or charge of any kind whatsoever (including any minimum alternate tax, alternative or add-on minimum tax, sales, use, ad valorem, value added, transfer, profits, license, withholding tax on amounts paid or payable, severance, stamp, excise, capital stock, occupation, property, goods and service tax, service tax, surcharge, dividend distribution tax, buy-back distribution tax or similar type tax, premium, custom, tariffs, duty or any other tax), together with any interest, penalty, fines or addition to tax, compounding amount, settlement amount, or additional amount due, imposed by any Governmental Authority responsible for the imposition of any such tax in relation thereto, including any tax levied on a Person in its capacity as a representative assessee of any other Person.

(124) "Third Party" shall mean any Person other than a Party.

(125) "Transaction Scheme" shall mean the composite scheme of arrangement between Bee Finance Limited, the Company, IFSL and KCM and their respective shareholders, approved by the National Company Law Tribunal, Mumbai on May 6, 2022.

(126) "Transfer" shall mean (either directly or indirectly) selling, giving, assigning, transferring any interest in trust, mortgage, alienation, creation, invocation or enforcement of any Encumbrance, granting any security interest in or over, or transferring, in any manner including through an amalgamation, merger or other similar arrangement, any securities, shares or interests or any right, title or interest therein (including beneficial interest) or otherwise dispose of securities, shares or interests in any manner whatsoever voluntarily or involuntarily, but excluding in the case of natural persons, transmission by way of testamentary or intestate successions and the term "Transferred" shall have a meaning correlative to the foregoing. The term "Transfer", when used as a noun, shall have a correlative meaning.

(127) "USD" shall mean the United States Dollar, the currency of the United States of America.

(128) "V'Ocean" shall mean V'Ocean Investments Limited, a limited liability company incorporated under the laws of Mauritius and having its registered office at C/o DTOS Ltd., 10th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius.

Except as provided above and in these Articles unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as ascribed to such words or expressions in the KCM Articles or the Companies Act (as applicable).

2.2 Interpretation. In these Articles, unless the context requires otherwise:

2.2.1 In addition to the terms defined in Article 2.1, certain terms may be defined in the recitals or elsewhere in these Articles and wherever such terms are used in these Articles, they shall have the meaning so assigned to them. The capitalised terms used in these Articles and not defined herein but defined in the Transaction Scheme, shall have the meaning so assigned to such terms under the Transaction Scheme.

2.2.2 Words importing the singular include the plural and vice versa, pronouns importing a gender include each of the masculine, feminine and neuter genders, and where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

2.2.3 Article headings are for reference only and shall not affect the construction or interpretation of these Articles.

2.2.4 References to Articles, Paragraphs and Schedules are references to articles, paragraphs and schedules of and to these Articles.

2.2.5 Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the following Business Day if the last day of such period is not a Business Day.

2.2.6 The terms herein, hereof, hereto, hereunder and words of similar purport refer to these Articles as a whole.

2.2.7 Reference to any agreement, contract, document or arrangement or to any provision thereof shall include references to any such agreement, contract, document or arrangement as it may, after the date hereof, from time to time, be amended, supplemented or novated.

2.2.8 The words "include", "including" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words.

2.2.9 References to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions.

2.2.10 No provisions of these Articles shall be interpreted in favour of, or against, any Party by reason of the extent to which such Party or its counsel participated in the drafting hereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof.

2.2.11 Any reference in these Articles, to these Articles or any other agreement or document shall be construed, without limitation, as a reference to these Articles or, as the case may be, such other agreement or document, in each case, as the same may have been, or may from time to time be, amended, varied, assigned, novated, acceded to or supplemented and any reference to any statutory provision shall include such provision and any regulations made thereunder and any statutory re-enactment, modification or replacement thereof.

2.2.12 The words "directly" or "indirectly" shall mean directly or indirectly through one or more intermediary persons or through contractual or other legal arrangements, and "direct or indirect" shall have the correlative meanings.

2.2.13 Unless otherwise specified, a reference to a Party being liable to another Party, or to liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence).

2.2.14 References in these Articles to securities or the share capital of any company shall be deemed to be references to securities or share capital of such company calculated on a Fully Diluted Basis.

2.2.15 References to any particular number or percentage of securities of a Person (whether on a Fully Diluted Basis or otherwise) shall be adjusted for any form of restructuring of the share capital of that Person, including without limitation, consolidation or subdivision or splitting of its shares, issue of bonus shares, issue of shares in a scheme of arrangement (including amalgamation or de-merger) and reclassification of equity shares or variation of rights into other kinds of securities.

2.2.16 Where any payment obligation of a Party under these Articles ("Subject Obligation") requires any consents (including any Governmental Approvals) in order for the Subject Obligation to be performed validly, then the Subject Obligation shall be deemed to include the obligation to apply for, obtain, maintain and comply with the terms of, all such consents (including such Governmental Approvals), except if and to the extent that the provisions of Applicable Law or these Articles require another Party to obtain such consent or approval.

2.2.17 Where a consent, waiver or approval from a Party is required in respect of any matter under these Articles, such consent, waiver or approval may be granted or withheld at the sole discretion of such Party, and if granted, shall be granted subject to such terms and conditions as such Party may, at such time, deem fit to impose.

2.2.18 Any expression of the intent or obligation of the Parties to act in good faith, under these Articles shall not preclude each Party from acting in its own best interests or in the best interests of its ultimate shareholder.

2.2.19 The Schedules of these Articles form an integral part of these Articles.

2.2.20 Any reference in these Articles to any Governmental Authority shall be deemed to include a reference to any successor thereof.

2.2.21 Any obligation in these Articles on a Person not to do something includes an obligation not to agree or allow that thing to be done.

2.2.22 Any approval and/or consent to be granted by a Party under these Articles shall be deemed to mean an approval and/or consent in writing, and unless expressly provided for otherwise, shall be deemed to mean the prior approval or consent of the relevant Party.

2.2.23 Any reference to "writing" shall include printing, typing and email communications.

2.2.24 Time is of the essence in the performance of the Parties' respective obligations. If any time period specified herein is extended, such extended time shall also be of the essence.

2.2.25 Reference to days, months and years are to calendar days, calendar months and calendar years, respectively.

2.2.26 References to the Promoter being the CEO (including in context of the fall away provisions) shall mean Promoter being the CEO of KCM and/or the Company. To clarify, the relevant rights and obligations of the Promoter/ Promoter Group that are linked to the Promoter being the CEO shall continue till such time as the Promoter is the CEO of KCM and/or the Company.

3. PUBLIC COMPANY

The Company shall be a public limited liability company within the meaning of Section 2(71) of the Act, and is accordingly not a private company.

4. SHARE CAPITAL AND VARIATION OF RIGHTS

4.1 Subject to the provisions of the Companies Act, the authorised share capital of the Company shall be such amount and be divided into such Securities as may be stated from time to time in the 5th clause of the Memorandum of the Company, with power to increase the capital, to divide the Securities in the capital for time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles or as per the terms of issuance of the Securities from time to time, and to vary, modify or abrogate any such rights, privileges or conditions only in such manner as may for the time being be provided by these Articles or the Companies Act.

4.2 Subject to the provisions of the Act and these Articles, the Securities in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

4.3 Securities Certificates.

4.3.1 When the Securities are issued in physical form, the certificates of Securities shall be issued in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014.

4.3.2 A certificate may be renewed or a duplicate of a certificate may be issued if such certificate:-

(a) is proved to have been lost or destroyed, or defaced.

(b) having been defaced or mutilated or torn, is surrendered to the Company, or

(c) has no further space on the back thereof for endorsement of transfer.

4.3.3 The manner of issue or renewal of a certificate or issue of a duplicate thereof, the form of a certificate (original or renewed) or of a duplicate thereof, the particulars to be entered in the register of members or in the register of renewed or duplicate certificates, the form of such registers, the fee on payment of which, the terms and conditions, if any, including terms and conditions as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, on which a certificate may be renewed or a duplicate thereof may be issued, shall be such as prescribed by the Companies (Share Capital and Debentures) Rules, 2014 or any other rules in substitution or modification thereof.

4.3.4 The Company may provide for its Securities to be dematerialized. In such case, the issuance and transfer of Securities of the Company would still be subject to the provisions pertaining to the issuance and transfer of Securities under these Articles.

4.3.5 Except as provided under these Articles, no transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. The instrument of transfer of any Securities shall be executed by or on

behalf of the transferor or by or on behalf of the transferee and shall specify the name, address and occupation if any, of the transferee, along with the certificate relating to the Securities, or if no such certificate is in existence, along with the letter of allotment of Securities, and the transferor shall be deemed or remain the holder of such Securities until the name of the transferee is entered in the register in respect thereof. Provided that the requirement for the member to submit a duly executed instrument of transfer and the certificate of the Securities in relation to the transfer of Securities shall not apply if the Securities are in dematerialized form.

4.3.6 The provisions of Article 4.3 shall mutatis mutandis apply to debentures of the Company

4.4 Subject to these Articles, the Company shall have the power to issue preference shares carrying a right of redemption out of profits or out of the proceeds of a fresh issue of shares, and the Directors may, subject to the provisions of the Companies Act and these Articles, exercise such power in any manner as they may think fit. Subject to these Articles, the said preference shares shall confer on the holders thereof the right to receive, in priority to all other shares in the capital of the Company and out of the profits of the Company, as determined to be distributed from time to time, a fixed cumulative preferential dividend at the rate that may be determined by the Directors at the time of issue. Subject to these Articles, the holders thereof would also have the right, in a winding up in priority to all other shares, to repayment of the capital paid up thereon together with the payment of all arrears and accruals of the said cumulative preferential dividend down to the date of commencement of winding up (whether earned or declared or not) but shall not confer any further right to participate in profits or assets of the Company.

4.5 Subject to these Articles, the Company shall have the right to convert any of its unissued equity shares into preference shares and vice versa with such rights, privileges and conditions attaching thereto as may then be decided upon. Subject to these Articles, the Company shall also be entitled to issue preference shares which are liable to be redeemed and that if and when any such redeemable preference shares are issued, the compulsory provisions of the Companies Act shall be complied with. Subject to these Articles, such preference shares shall be redeemed in any of the modes permitted under the Companies Act, and shall be subject to the conditions prescribed by the Companies Act or Charter Documents of the Company, to the extent applicable.

4.6 Subject to these Articles, the rights of the holders of any class of Securities, for the time being forming part of the capital of the Company may be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three-fourths of the issued Securities of the class or with the sanction of a special resolution passed at a separate meeting of the holders of those Securities. Subject to these Articles, provided that if variation by one class of Security holders affects the rights of any other class of Security holders, the consent of three-fourths of such other class of Security holders shall also be obtained and the provisions of this Article 4.6 shall apply to such variation.

4.7 Except so far as otherwise provided by the condition of issue or by these presents, any capital raised by the creation of new Securities shall be considered as part of the existing capital of the Company and shall be subject to these Articles and the provisions of the Companies Act, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

4.8 Subject to the provisions of the Companies Act and these Articles, the Company shall have the power, by means of a special resolution to be passed at a general meeting of the Company, to issue sweat equity shares of a class of shares already issued.

4.9 Subject to the Companies Act and these Articles, and after obtaining the sanction of the Company in a general meeting by special resolution, the shares in the capital of the Company shall be allotted or otherwise disposed of by the Board to such Persons (whether already members or not, or to employees under a scheme of employees' stock option) in any proportion and on any terms and conditions and either at premium or at par, or against payment in cash or kind.

4.10 Save as here in otherwise provided, the Company shall be entitled to treat the registered holder of any Securities as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or by law required, be bound to recognize any trust or any equitable, contingent or any other claim to or interest in such Securities on the part of any other person, whether or not it shall have express or implied notice thereof.

4.11 The Company may be converted into a private limited company according to the provisions of the Companies Act and these Articles.

5. CALL ON SHARES

5.1 The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their Securities (whether on account of nominal value of the Securities or by way of premium), and not by the condition of allotment hereof made payable at fixed time.

5.2 Notice of payment of call money. Each Security-holder shall, subject to receiving at least 14 (fourteen) days' notice specifying the time and place of payment, pay to the Company at the time and place so specified the amount called on its Securities.

5.3 Revocation of the call. A call may be revoked or postponed at the discretion of the Board.

5.4 Joint Holders. Security-holders who are registered jointly in respect of any Security or Securities shall be severally as well as jointly liable for the payment of all instruments and calls due in respect of such Securities.

6. TRANSFER OF SHARES

6.1 The Company shall be a wholly owned subsidiary of KCM. Any Transfer or attempted Transfer of Securities or any interest in such Securities (including by way of Encumbrance other than in the ordinary course of the Company's business) not expressly permitted by these Articles or not in accordance with the provisions of these Articles, will be null and void ab initio, and the Parties will do all acts, deeds or things to prevent such Transfer from being given effect and the Board shall not register any such Transfer of any Securities.

6.2 Except as provided under these Articles, no transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. The instrument of transfer of any Securities shall be executed by or on behalf of the transferor, or by or on behalf of the transferee, and shall specify the name, address and occupation if any, of the transferee, along with the certificate relating to the Securities, or if no such certificate is in existence, along with the letter of allotment of Securities, and the transferor shall be deemed to be or remain the holder of such share until the name of the transferee is entered in the register in respect thereof. Provided that the requirement for the member to submit a duly executed instrument of transfer and the certificate of the Securities in relation to the transfer of Securities shall not apply if the Securities are in dematerialized form.

7. ALTERATION OF CAPITAL

7.1 Subject to these Articles, the Company may, from time to time, by ordinary resolution, increase its share capital by such sum, to be divided into Securities of such amount, as may be specified in the resolution. The new Securities shall be issued upon such terms and conditions and with rights and privileges annexed thereto, as the resolution shall prescribe and in particular, such Securities may be issued with a preferential or qualified right to dividends, and/or in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with the Companies Act and these Articles.

7.2 The Company may, by ordinary resolution, subject to the provisions of the Companies Act and these Articles:

7.2.1 consolidate and divide all or any of its share capital into Securities of larger amount than its existing Securities;

7.2.2 sub-divide its existing Securities or any of them into Securities of smaller amount than is fixed by the Memorandum, subject, nevertheless, to the applicable provisions of the Companies Act; or

7.2.3 cancel any Securities which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person.

7.3 Subject to these Articles, the Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required under law:

7.3.1 its share capital;

7.3.2 any capital redemption reserve account; or

7.3.3 any securities premium account.

8. BUY-BACK OF SHARES

Subject to these Articles and in accordance with provisions of the Companies Act and any other law applicable to the Company, for the time being in force, and subject to such approvals, permissions, consents and sanctions from the concerned authorities and departments, including the Reserve Bank of India, wherever necessary, the Company may purchase its own shares and other specified securities.

9. EVENTS OF DEFAULT

9.1.1 On and from the Put Trigger Date and until the completion of the Transfer of all the Put Securities by the Put Exit Investors to the Promoter Group in accordance with the KCM Articles, it is acknowledged and agreed by the Promoter Group that:

(a) all voting and economic rights in relation to the KCM Securities held by the Promoter Group (whether directly or indirectly), in the Company and the Investee Entities shall automatically stand suspended, and subject to

Applicable Law, shall be redistributed on a pro rata basis between the Investors and KKR;

(b) no compensation of any nature will be paid by the Company or any Investee Entity to the Promoter; and

(c) all vesting of any ESOPs and/or other benefits granted to the Promoter by the Company or KCM under the CEO Employment Agreement shall stand suspended.

9.1.2 Notwithstanding the service of a Put Option Notice, each Shareholder and each Director shall not unreasonably withhold any consent/ approval necessary to operate the Company in the Ordinary Course of Business as it existed at the time at which the Put Option Notice was served (including, if appropriate, during the period of valuation or any period during which any matter relating to Article 16.3 of the KCM Articles is the subject of proceedings).

9.1.3 On and from the date of the EOD 1 Drag Notice and until the completion of the Transfer of all KCM Securities held by the EOD 1 Drag Exercising Investors and the EOD 1 Drag Securities to the EOD 1 Drag Purchaser(s) in accordance with the KCM Articles, it is acknowledged and agreed by the Promoter Group that:

(a) all voting and economic rights in relation to the KCM Securities held by the Promoter Group (whether directly or indirectly), in the Company and the Investee Entities shall automatically stand suspended, and subject to Applicable Law, shall be redistributed on a pro rata basis between the Investors and KKR;

(b) no compensation of any nature will be paid by the Company or any Investee Entities to the Promoter; and

(c) all vesting of any ESOPs and/or other benefits granted to the Promoter by the Company or KCM under the CEO Employment Agreement shall stand be suspended.

9.1.4 On and from the date of the EOD 2 Drag Notice and until the completion of the Transfer of all the KCM Securities held by the EOD 2 Drag Exercising Investors and the EOD 2 Drag Securities to the EOD 2 Drag Purchaser(s) in accordance with the KCM Articles, it is acknowledged and agreed by the Promoter Group that:

(a) all voting and economic rights in relation to the KCM Securities held by the Promoter Group (whether directly or indirectly), in the Company and the Investee Entities shall automatically stand suspended, and subject to Applicable Law, shall be redistributed on a pro rata basis between the Investors and KKR;

(b) no compensation of any nature will be paid by the Company or any Investee Entities to the Promoter; and

(c) all vesting of any ESOPs and/or other benefits granted to the Promoter by the Company or KCM under the CEO Employment Agreement shall stand suspended.

10. TRANSFER OF CERTAIN RIGHTS

10.1 Transfer of Certain Rights.

10.1.1 Transfer of Securities by KKR.

(a) In connection with any Transfer of KCM Securities undertaken by KKR to an Affiliate of KKR in accordance with the KCM Articles ("KKR Intra Group Transfer"), such Affiliate of KKR shall be designated as part of KKR's Shareholder Group.

(b) In connection with any Transfer of KCM Securities undertaken by KKR in accordance with the KCM Articles other than a KKR Intra Group Transfer:

(i) where the proposed transferee holds, following such Transfer, collectively with its Affiliates, at least 1% (one per cent) but less than 6% (six per cent) of the KCM Share Capital, the proposed transferee shall be designated as an "Other Investor" under these Articles and shall have all the rights of, and be bound by all the obligations imposed on an "Other Investor" under these Articles for as long as such transferee and its Affiliates collectively hold at least 1% (one per cent) but less than 6% (six per cent) of the KCM Share Capital;

(ii) where the proposed transferee holds, following such Transfer, collectively with its Affiliates, at least 6% (six per cent) of the KCM Share Capital, the proposed transferee shall be designated as a "Major Investor" under these Articles and shall have all the rights of, and be bound by all the obligations imposed on a "Major Investor" under these Articles for as long as such transferee and its Affiliates collectively hold at least 6% (six per cent) of the KCM Share Capital. The rights and obligations of a "Major Investor" under these Articles shall apply collectively to a KCM Shareholder and all Affiliates of such KCM Shareholder holding Securities in KCM, as a group; and

(iii) in addition to and without prejudice to Article 10.1.1(b)(i) and Article 10.1.1(b)(ii) above, KKR may elect to assign, to such transferee, any or all of the KKR Special Rights, subject to: (A) the execution of a Transfer Deed of Adherence (as defined in the KCM Articles) by such transferee in accordance with this Article 10; (B) there

being no duplication of the KKR Special Rights as a result of such assignment and accordingly KKR shall cease to be entitled to exercise all such assigned KKR Special Rights; and (C) such transferee acquiring from KKR and holding at least such percentage of the KCM Share Capital as is required to be held by KKR under these Articles in order to exercise each such right. Any assignment of KKR Special Rights in accordance with this Article 10.1.1(b)(iii) shall be effective upon KKR and the proposed transferee agreeing in writing on the rights to be assigned to the proposed transferee and delivering a copy of such written agreement to KCM and the Promoter.

11. BOARD OF DIRECTORS AND COMMITTEES

11.1 Board of Directors.

11.1.1 Subject to the provisions of these Articles and the Companies Act, the Board shall be responsible for the management, supervision, direction and control of the Company.

11.1.2 The Board shall, subject to Applicable Law and the provisions of these Articles, be entitled to delegate powers to specified Persons and Committees for the purposes of undertaking the Business.

11.1.3 The Company shall abide by and implement the provisions of Article 11, including but not limited to constitution of the Board, formulation of Committees and filling of vacancies on removal/ resignation of Directors, in compliance with Applicable Law, the Charter Documents, and as may be agreed in writing between the Parties.

11.2 Composition of the Board.

11.2.1 On and from the Effective Date, the Board shall consist of up to (but not more than) 9 (nine) Directors, who shall, subject to Article 21, be nominated and appointed in the following manner:

(a) KKR shall have the right to nominate up to 2 (two) Directors (each a "KKR Nominee Director");

(b) The Major Investors shall have the right to nominate up to 2 (two) Directors in accordance with Article 11.2.4 (each a "Major Investor Nominee Director");

(c) The Promoter shall have the right to nominate Directors to the Board in accordance with Article 11.2.3 (each such person (including the Promoter where the Promoter is a Director), a "Promoter Nominee Director"); and

(d) 3 (three) individuals shall be appointed to the Board as Independent Directors in accordance with Applicable Law.

11.2.2 It being clarified that, the number of Directors mentioned in Article 11.2.1 represents the maximum number of Directors that the Board may consist of, at any point in time, in accordance with the provisions hereof.

11.2.3 Promoter Nominee Directors.

(a) Promoter as the CEO. For as long as the Promoter is the CEO:

(i) the Promoter shall be appointed as a whole-time, executive Director on the Board, and shall, subject to Article 11.8, be the Chairman of the Board and also designated as the chairperson of the Company; and

(ii) the Promoter shall also have the right to nominate 1 (one) employee of the Company as a whole-time executive Director.

(b) CEO termination on account of Determined CEO Cause Event. If the Promoter's employment as the CEO is terminated on account of a Determined CEO Cause Event in accordance with the CEO Employment Agreement, then,

(i) for as long as the Promoter Group continues to collectively hold at least 10% (ten per cent) of the KCM Share Capital, the Promoter shall have the right to nominate 2 (two) individuals (other than himself) as non-executive Directors.

(ii) for as long as the Promoter Group collectively holds less than 10% (ten per cent) of the KCM Share Capital but at least 6% (six per cent) of the KCM Share Capital, the Promoter shall have the right to nominate 1 (one) individual (other than himself) as a non-executive Director.

(c) CEO termination other than on account of Determined CEO Cause Event. If the Promoter's employment as the CEO is terminated, other than on account of a Determined CEO Cause Event in accordance with the CEO Employment Agreement, then for as long as the Promoter Group continues to collectively hold at least 6% (six per cent) of the KCM Share Capital, the Promoter shall have the right to nominate 2 (two) individuals (one of whom may be the Promoter himself) as non-executive Directors.

(d) CEO Voluntary Resignation. If the Promoter resigns as the CEO in accordance with the CEO Employment

Agreement, then for as long as the Promoter Group continues to collectively hold at least 6% (six per cent) of the KCM Share Capital, the Promoter shall have the right to nominate 2 (two) individuals (one of whom may be the Promoter himself) as non-executive Directors.

11.2.4 Major Investor Nominee Directors.

(a) On and from the Effective Date:

(i) for as long as MNI Ventures is a Major Investor, MNI Ventures shall have the right to nominate 1 (one) Major Investor Nominee Director; and

(ii) for as long as Oaks is a Major Investor, Oaks shall have the right to nominate 1 (one) Major Investor Nominee Director.

(b) In the event that at any time following the Effective Date, only one of Oaks and MNI Ventures is a Major Investor ("Continuing Major Investor"), and only such Continuing Major Investor has the right to nominate the Major Investor Nominee Director in accordance with Article 11.2.4(a), then:

(i) the Continuing Major Investor shall have the right to nominate 1 (one) Major Investor Nominee Director for as long as it is a Major Investor; and

(ii) the Major Investor that holds the highest number of KCM Securities amongst all of the Major Investors other than the Continuing Major Investor shall have the right to nominate 1 (one) Director to the Board, as a Major Investor Nominee Director.

(c) In the event that at any time following the Effective Date, none of Oaks and MNI Ventures is a Major Investor, and none of Oaks and MNI Ventures has the right to nominate the Major Investor Nominee Director in accordance with Article 11.2.4(a) and/or Article 11.2.4(b), then:

(i) the Major Investor that holds the highest number of KCM Securities amongst all of the Major Investors shall have the right to nominate 1 (one) Director to the Board, as a Major Investor Nominee Director; and

(ii) the Major Investor that holds the second highest (after the Major Investor referred to in Article 11.2.4(c)(i) above), number of KCM Securities amongst all of the Major Investors shall have the right to nominate 1 (one) Director to the Board, as a Major Investor Nominee Director.

(d) Notwithstanding the foregoing:

(i) a single Major Investor shall not be entitled to nominate more than 1 (one) Director as a Major Investor Nominee Director;

(ii) no more than 2 (two) Directors may be nominated as Major Investor Nominee Directors by the Major Investors collectively; and

(iii) a Major Investor who is entitled to nominate a Major Investor Nominee Director pursuant to this Article 11.2.4 shall only be entitled to nominate such Major Investor Nominee Director for as long as such Major Investor continues to qualify as a Major Investor.

11.2.5 KCM and each KCM Shareholder shall (including by exercising all voting rights at the Shareholder Meetings and Board Meetings, through their nominee Directors) procure that the persons nominated as Directors in accordance with these Articles shall be appointed as Directors and are maintained in office until they resign or are removed in accordance with Article 11.4 below.

11.2.6 Without prejudice to the rights of the Promoter under Article 11.2.1 and Article 16, for as long as the Promoter is the CEO, any expansion of the Board and the appointment of any Directors to the Board other than as set out in Article 11.2.1 above shall require the Consent of the Promoter.

11.2.7 In the event that Oaks is a Major Investor and has the right to nominate a director, V'Ocean shall not separately have the right to nominate a director in accordance with Article 11.2.4.

11.3 Conflict of Interest. A Director must disclose (in writing and verbally) to all members of the Board, any potential conflict of interest with respect to any matter to be decided by the Board, immediately on such Director becoming aware of the conflict and any decisions by the Board on such potential conflicts of interest shall be taken by the Board without the participation in discussions or voting of such Director disclosing the conflict.

11.4 Removal of Directors.

11.4.1 Each KCM Shareholder shall have the right to remove a Director nominated by it under Article 11.2.1 above by a written notice to the Company, the Shareholder and the other KCM Shareholders. The

removal shall take effect when the notice is delivered to the Company, unless the notice indicates otherwise. Each Shareholder and KCM shall exercise its vote in relation to the Securities held by it for the removal of a Director upon the written request of the KCM Shareholder that nominated such Director. For the avoidance of doubt, subject to Article 11.2.1, in the event the office of a Director nominated by a particular KCM Shareholder is vacated for any reason, then subject to Article 21, such KCM Shareholder shall have the right to appoint another Director in place of the outgoing Director.

11.4.2 Any Director (including the Independent Directors, but excluding the Promoter for as long as he is the CEO or has the right to appoint a Promoter Nominee Director in accordance with Article 11.2.3) shall be liable to be temporarily suspended and/or permanently vacate his/ her office, in accordance with Applicable Law, for one or more of the following causes, which shall be finally determined by 3/4th (three-fourth) majority of the Board (excluding such Director(s) who is/ are the subject of removal under this Article 11.4), which majority must include at least 1 (one) KKR Nominee Director, and for as long as he is the CEO or has the right to appoint a Promoter Nominee Director in accordance with Article 11.2.3, the Promoter:

(a) non-disclosure of conflicts of interest, dishonest statements or acts of the Director with respect to the Company after following principles of natural justice;

(b) the Director being Charge Sheeted for any offence involving moral turpitude, deceit, dishonesty or fraud. "Charge Sheeted" for these purposes, shall mean the framing of charges by a court of competent jurisdiction, and shall not include a mere allegation, complaint or the filing of a first information report;

(c) gross negligence, fraud and/or willful misconduct by the Director after following principles of natural justice, in connection with the performance of the Director's duties to the Company and public reputation; and

(d) breach by the Director of any terms of his/ her appointment or the Company's policies or other documents or directions of Company, or of the terms hereof after following principles of natural justice.

11.5 Investor Nominee Directors. Each of the Investor Nominee Directors shall be non-executive Directors and shall not be deemed to be an "officer in default" as contemplated under the Companies Act or "compliance officers" or "person-in-charge" or other equivalent position of responsibility under any other Applicable Law. Each Party recognizes that the Investor Nominee Directors shall not have any day-to-day managerial powers and will not be whole-time, managing or executive Directors of the Company and will not be held responsible for any default or failure of the Company in complying with the provisions of any Applicable Law. The Company shall consistently assert the position set out in this Article 11.5 regarding the limited liability and responsibility of the Investor Nominee Directors, in any proceeding in which any liability is sought to be attached to the Investor Nominee Directors. In the event that any notice(s) or proceeding(s) is/ are filed against the Investor Nominee Director(s) by reason of him/ her being included within the scope of "officer in default", the Company shall take all necessary steps to ensure that the name(s) of such Investor Nominee Director(s) is/ are excluded/ deleted and the charge(s)/ proceeding(s) (civil, criminal or otherwise) against such Investor Nominee Director(s) is/ are withdrawn and shall also take all steps to defend the Investor Nominee Director(s) against such proceeding(s).

11.6 Qualification Securities and Retirement of Directors.

11.6.1 The Directors shall not be required to hold any qualification Securities.

11.6.2 Subject to the maximum extent permissible under Applicable Law, the Promoter Nominee Directors (including the Promoter) and the Investor Nominee Directors shall not be required to retire by rotation; provided however that, if such Director is required for any reason whatsoever at any time to retire by rotation, the KCM Shareholders and the Shareholders shall, subject to Applicable Law, ensure that such retiring Director is re-appointed at the same Shareholder Meeting in which such Director is required to retire.

11.7 Alternate Director.

11.7.1 The Board shall, if requested by the Person nominating a Director by notice in writing to the Company, appoint an alternate director ("Alternate Director") in place of such Director ("Original Director").

11.7.2 In the absence of the Original Director, the Alternate Director shall act for and in place of the Original Director and shall be entitled to exercise all rights available to the Original Director in the Company, in accordance with Applicable Law and these Articles, including the right to attend, speak and vote on behalf of that Director at any one or more meetings of the Directors.

11.7.3 Upon the appointment of an Alternate Director, the Company shall ensure compliance with the provisions of Applicable Law, including by filing necessary forms with the concerned authorities.

11.7.4 An Alternate Director may hold office only until such time the Original Director is entitled to hold office (or

until such time the Alternate Director's appointment is not revoked either by the nominating Person or the Original Director). For the avoidance of doubt, if the term of office of the Original Director expires, any provisions under Applicable Law for the automatic reappointment of any retiring director, shall apply to the Original Director and not to the Alternate Director.

11.8 Chairman.

11.8.1 Promoter as the CEO.

(a) For as long as the Promoter is CEO, unless the Promoter is restricted, under Applicable Law, from holding the position of Chairman of the Board while he is the CEO, the Promoter shall be the Chairman of the Board and also designated as the chairperson of the Company.

(b) If Applicable Law restricts the Promoter from holding the position of the Chairman of the Board while he is the CEO, a replacement Chairman shall be identified by the NRC and approved by the Board, provided that such replacement Chairman shall also be approved in writing by the Promoter.

11.8.2 The Chairman shall not have a casting vote.

11.8.3 If the Promoter is unable to attend the Board Meeting, then subject to Article 12.3, the Board shall, by majority approval, appoint the Chairman of the Board solely for the purpose of that particular Board Meeting.

11.9 Observer. In addition to the KKR Nominee Directors, KKR shall have the right to appoint 1 (one) non-voting observer ("KKR Observer"), in consultation with the Promoter. The KKR Observer shall be provided, and shall be entitled to access, the same documents and information as, and at the same time as, the KKR Nominee Director, and shall be entitled to receive notice of and attend all meetings of the Board and each Identified Committee but shall not be entitled to vote at any such meetings nor participate in discussions at any meetings.

11.10 Committees.

11.10.1 In addition to the statutory committees which shall be constituted in accordance with Applicable Law, the Board shall be entitled to constitute, from time to time, such committees ("Committees") as it may deem fit and proper for the administration of the Business.

11.10.2 As on the Effective Date, the Company shall have constituted and/or shall constitute the following Committees: (a) Audit Committee; (b) NRC; (c) Risk Committees; (d) CSR Committee; (e) IT Committee; and (f) such other Committees as may be determined by the Board. The Audit Committee, NRC, Risk Committee, CSR Committee and IT Committee, shall collectively be referred to as the "Identified Committees".

11.10.3 Audit Committee. With effect from the Effective Date, the Board shall re-constitute the audit committee ("Audit Committee") such that it comprises of: (a) 3 (three) Independent Directors; (b) 1 (one) Major Investor Nominee Director, as nominated by the Major Investor that holds the highest number of KCM Securities amongst all of the Major Investors; and (c) 1 (one) KKR Nominee Director. Either the Major Investor Nominee Director or any Independent Director shall be appointed as the chairman of the Audit Committee.

11.10.4 Nomination and Remuneration Committee. With effect from the Effective Date, the Board shall re-constitute the nomination and remuneration committee ("NRC") such that it comprises of:

(a) 2 (two) Independent Directors;

(b) the Promoter (also designated as the chairperson of the Company), (i) for as long as the Promoter is the CEO, or (ii) if the Promoter resigns as the CEO or the Promoter's employment as the CEO is terminated, other than on account of a Determined CEO Cause Event in accordance with the CEO Employment Agreement, then for so long as the Promoter Group continues to collectively hold at least 10% (ten per cent) of the KCM Share Capital; and

(c) 1 (one) KKR Nominee Director.

11.10.5 Risk Committee. With effect from the Effective Date, the Board shall re-constitute the following risk committees ("Risk Committees"):

(a) a risk management committee for the purposes of approving policies for retail loans, constituted in accordance with Applicable Law provided that: (i) the Promoter shall be a member thereof, (A) for as long as the Promoter is the CEO, or (B) if the Promoter resigns as the CEO or the Promoter's employment as the CEO is terminated, other than on account of a Determined CEO Cause Event in accordance with the CEO Employment Agreement, then for so long as the Promoter Group continues to collectively hold at least 10% (ten per cent) of the KCM Share Capital; and (ii) 1 (one) KKR Nominee Director shall be a member thereof; and

(b) a credit risk committee for the purposes of opining on large transactions in relation to wholesale loans, constituted in accordance with Applicable Law provided that: (i) the Promoter shall be a member thereof, (A) for as long as the Promoter is the CEO, or (B) if the Promoter resigns as the CEO or the Promoter's employment as the CEO is terminated, other than on account of a Determined CEO Cause Event in accordance with the CEO Employment Agreement, then for so long as the Promoter Group continues to collectively hold at least 10% (ten per cent) of the KCM Share Capital; and (ii) 1 (one) KKR Nominee Director shall be a member thereof.

11.10.6 Corporate Social Responsibility Committee & Information Technology Committee. With effect from the Effective Date, the Board shall re-constitute the corporate social responsibility committee ("CSR Committee") & information technology committee ("IT Committee") as follows:

(a) the composition of each of these committees shall be as determined by the Board, provided that, KKR shall have the right to appoint the KKR Observer as a non-voting observer on these Committees; and

(b) notwithstanding anything to the contrary stated in these Articles (including Article 12.8), the operations and management of each of these Committees (including without limitation those pertaining to the notice, agenda, quorum and voting) shall be as determined by the Board, and the provisions of Article 12.8 shall not apply to these Committees.

11.10.7 Other Committees. Each Committee other than the Identified Committees constituted in respect of the Company, whether by the Board or otherwise, shall be constituted in accordance with Applicable Law, provided that: (a) the composition of the other Committees shall be as determined by the Board, including any observer positions on such Committees; and (b) notwithstanding anything to the contrary stated in these Articles (including Article 12.8), the operations and management of the other Committees (including without limitation those pertaining to the notice, agenda, quorum and voting) shall be as determined by the Board and the provisions of Article 12.8 shall not apply to these Committees. The Board may, in its sole discretion, determine that any such other Committee be considered an "Identified Committee", in which case, all references under these Articles to "Identified Committees" shall be deemed to include such Committee.

11.11 Fees and Expenses. The Directors shall be entitled to such sitting fees and reimbursement of any out-of-pocket expenses and for travel and lodging reasonably incurred by them in connection with the performance of duties as a Director, as may be determined by the Board, from time to time. Subject to Article 16, all executive Directors shall also be entitled to a remuneration/ commission for his/ her services as a Director as determined by the Company at the annual general meeting of the Shareholders in any given Financial Year.

11.12 The Board shall have the power to appoint additional, special or lender nominee Directors on the Board, subject to the provisions of the Companies Act and these Articles. Further, if it is provided by the trust deed in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director to protect the interest of Persons holding debentures of the Company, then such person or persons having such power may exercise such power from time to time and nominate a Director accordingly. Such Director will then be appointed by the Board, subject to the provisions of the Companies Act and these Articles. Any Director so appointed by the Board is herein referred to as "Debenture Director". A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was nominated, and another Director may be nominated in his/ her place. A Debenture Director shall not be bound to hold any qualification shares, and shall not be liable to retire by rotation.

11.13 Investee Entities.

11.13.1 The board of directors, and each committee thereof, of each Investee Entity other than the Company shall be constituted in accordance with Applicable Law, provided that, subject to Applicable Law: (a) KKR shall be entitled to nominate at least 1 (one) nominee director to each board of directors, and each committee corresponding to the Identified Committees constituted in respect of each Investee Entity (other than the Company), whether by the board of directors or otherwise, and (b) (i) for as long as the Promoter is the CEO, or (ii) if the Promoter resigns as the CEO or the Promoter's employment as the CEO is terminated, other than on account of a Determined CEO Cause Event in accordance with the CEO Employment Agreement, then for so long as the Promoter Group continues to collectively hold at least 10% (ten per cent) of the KCM Share Capital, the Promoter shall be entitled to nominate at least 1 (one) nominee director to each board of directors, and each committee constituted in respect of such Investee Entity (other than the Company), whether by the board of directors or otherwise.

12. MEETINGS OF THE BOARD

12.1 Board Meetings.

12.1.1 The Board Meetings shall take place at least 4 (four) times per year (unless a higher frequency is prescribed

under Applicable Law, in which case the Board Meetings shall take place at such higher frequency), and once every calendar quarter, provided that no more than 120 (one hundred twenty) days shall pass between the date of a Board Meeting and the subsequent Board Meeting.

12.1.2 All Board Meetings shall be conducted in English.

12.1.3 The minutes of each Board Meeting shall be written in English. Drafts of the minutes of each Board Meeting shall be circulated to all Directors for approval within 7 (seven) days from the date of the Board Meeting, and all Directors shall be provided with a period of at least 7 (seven) days to respond to such draft of the minutes. The finalized form of the minutes, incorporating all comments received from the Directors shall be circulated to all Directors within 21 (twenty one) days from the date of the Board Meeting and shall be signed by the Chairman at or prior to the next Board Meeting.

12.2 Notice of the Board Meeting.

12.2.1 A Board Meeting may be convened by the Chairman of the Board or any Director giving notice in writing to the company secretary of the Company specifying the date, time and agenda for such meeting. Subject to Article 12.2.2, if the company secretary does not convene such meeting of the Board within 5 (five) Business Days of such written request, such Director may directly convene a meeting of the Board and set the agenda for such Board Meeting.

12.2.2 At least 14 (fourteen) days' notice of each Board Meeting shall be given to the Directors and the KKR Observer, provided that any Board Meeting may, subject to Applicable Law, be held at shorter notice if all the Directors waive such notice period in writing.

12.2.3 Notice of the Board Meeting shall be sent to all the Directors and the KKR Observer by electronic mail, unless otherwise agreed by the Party appointing such Director and the KKR Observer.

12.2.4 The notice of the Board Meeting shall be accompanied by a detailed agenda, necessary background and all other related information and/or supporting documents pertaining to the business proposed to be transacted thereat. Subject to Article 12.2.5, no matter that is not already on the agenda may be raised at a Board Meeting unless otherwise approved by: (a) 1 (one) KKR Nominee Director, (b) 1 (one) Major Investor Nominee Director; and (c) 1 (one) Promoter Nominee Director.

12.2.5 Any Director may require any additional item to be put on the agenda by written notice sent to the company secretary at least 5 (five) Business Days prior to the relevant Board Meeting, unless a shorter notice is otherwise consented to in writing by all Directors.

12.3 Quorum.

12.3.1 Subject to Article 16, the presence of at least 1/3rd (one-third) of the Board or 3 (three) Directors, whichever is higher, shall be required to constitute a quorum at a Board Meeting, provided that:

(a) for as long as KKR holds at least 12% (twelve per cent) of the KCM Share Capital, the presence of at least 1 (one) KKR Nominee Director shall be required to constitute quorum in respect of all Board Meetings; and

(b) (i) for as long as the Promoter is the CEO, or (ii) if the Promoter resigns as the CEO or the Promoter's employment as the CEO is terminated, other than on account of a Determined CEO Cause Event in accordance with the CEO Employment Agreement, then for so long as the Promoter Group continues to collectively hold at least 10% (ten per cent) of the KCM Share Capital, the presence of at least 1 (one) Promoter Nominee Director shall be required to constitute quorum in respect of all Board Meetings.

12.3.2 The presence of the KKR Observer shall not be required in order to constitute quorum at any Board Meeting or Committee meeting.

12.3.3 In the event a KKR and Major Investor Affirmative Vote Matter is placed on the agenda for a Board Meeting, then in addition to the quorum requirement specified under Article 12.3.1 above, the presence of at least 1 (one) Major Investor Nominee Director shall also be required to constitute quorum unless such KKR and Major Investor Affirmative Vote Matter has previously been approved by a KKR and Major Investors' Collective Supermajority, in writing.

12.3.4 If a valid quorum for a Board Meeting ("Original Board Meeting") is not constituted within 30 (thirty) minutes of the time specified for the Original Board Meeting, the Original Board Meeting shall stand adjourned and shall be reconvened, by written notice issued by the company secretary or any Director to all the Directors, on the date which is 7 (seven) Business Days from the date of the Original Board Meeting at the same time and place, unless a shorter notice or a different time or place is agreed to by all of the Directors (such adjourned meeting, the "Adjourned Board Meeting").

12.3.5 If a valid quorum for an Adjourned Board Meeting is not constituted within 30 (thirty) minutes of the time specified for the Adjourned Board Meeting, then the Directors present at the Adjourned Board Meeting shall, subject to Applicable Law, constitute quorum, provided that:

(a) no KKR Affirmative Vote Matter may be discussed, at an Adjourned Board Meeting, unless a KKR Nominee Director is present at such Adjourned Board Meeting or such KKR Affirmative Vote Matter has previously been approved by KKR, in writing;

(b) no Promoter Affirmative Vote Matter may be discussed at an Adjourned Board Meeting, unless a Promoter Nominee Director is present at such Adjourned Board Meeting or such Promoter Affirmative Vote Matter has previously been approved by the Promoter, in writing;

(c) no KKR and Major Investor Affirmative Vote Matter may be discussed at an Adjourned Board Meeting, unless a KKR Nominee Director and a Major Investor Nominee Director is present at such Adjourned Board Meeting or such KKR and Major Investor Affirmative Vote Matter has previously been approved by a KKR and Major Investors' Collective Supermajority, in writing; and

(d) the agenda for an Adjourned Board Meeting previously circulated to all Directors shall not be modified without the written consent of all Directors.

12.4 Participation at Board Meetings. The Directors shall be entitled to participate in the Board Meetings via videoconference or other audio-visual means in accordance with Applicable Law. Directors who are not physically present at the Board Meeting or who have not joined the meeting via videoconference or other audio-visual means, shall be entitled to join via teleconference or any other manner, provided however, unless permitted by Applicable Law, such Directors shall not be considered for the purposes of computation of the quorum and such Directors shall not be entitled to cast a vote at such Board Meeting.

12.5 Voting.

12.5.1 At any Board Meeting, each Director shall exercise 1 (one) vote.

12.5.2 All decisions of the Board shall be taken by a simple majority vote of the Directors present and voting at the Board Meeting, provided that:

(a) no KKR Affirmative Vote Matter may be approved at a Board Meeting, unless such KKR Affirmative Vote Matter has previously been approved by KKR, in writing, provided that where KKR has previously provided a written rejection in respect of a KKR Affirmative Vote Matter in advance of the Board Meeting, such KKR Affirmative Vote Matter shall be deemed to have been rejected by the Board and such KKR Affirmative Vote Matter shall be deemed to have been struck off the agenda and may not be discussed at such Board Meeting;

(b) no Promoter Affirmative Vote Matter may be approved at an Adjourned Board Meeting, unless such Promoter Affirmative Vote Matter has previously been approved by the Promoter, in writing provided that where the Promoter has previously provided a written rejection in respect of a Promoter Affirmative Vote Matter in advance of the Board Meeting, such Promoter Affirmative Vote Matter shall be deemed to have been rejected by the Board and such Promoter Affirmative Vote Matter shall be deemed to have been struck off the agenda and may not be discussed at such Board Meeting; and

(c) no KKR and Major Investor Affirmative Vote Matter may be approved at an Adjourned Board Meeting, unless such KKR and Major Investor Affirmative Vote Matter has previously been approved by a KKR and Major Investors' Collective Supermajority, in writing, provided that where a written rejection in respect of a KKR and Major Investor Affirmative Vote Matter has previously been provided by the KKR and Major Investors' Collective Supermajority in advance of the Board Meeting, such KKR and Major Investor Affirmative Vote Matter shall be deemed to have been rejected by the Board and such KKR and Major Investor Affirmative Vote Matter shall be deemed to have been struck off the agenda and may not be discussed at such Board Meeting.

12.6 Resolutions by Circular.

12.6.1 No circular resolution of the Board shall be valid unless: (a) such resolution, necessary background and all other related information and/or supporting documents pertaining to the business proposed to be transacted under such resolution has been circulated to all the Directors, (b) all Directors have been provided with a period of at least 7 (seven) days to respond to such circular resolution, and (c) such resolution has been approved by the written consent of a majority of the Directors.

12.6.2 Notwithstanding the foregoing:

(a) no resolution relating to a KKR Affirmative Vote Matter may be circulated to the Directors for approval, unless such KKR Affirmative Vote Matter has previously been approved by KKR, in writing;

(b) no resolution relating to a Promoter Affirmative Vote Matter may be circulated to the Directors for approval, unless such Promoter Affirmative Vote Matter has previously been approved by the Promoter, in writing; and

(c) no resolution relating to a KKR and Major Investor Affirmative Vote Matter may be circulated to the Directors for approval, unless such KKR and Major Investor Affirmative Vote Matter has previously been approved by a KKR and Major Investors' Collective Supermajority, in writing.

12.7 Promoter Invitees. The Promoter may, at his discretion and in consultation with the Board, invite up to 2 (two) Persons who represent KCM Shareholders holding more than 1% (one per cent) of the KCM Share Capital, to attend a meeting of the Board as invitees. Such persons shall not be entitled to vote at any such meetings nor participate in discussions at any meetings.

12.8 Meetings of Committees. Subject to Applicable Law, Article 11.10.7, and the provisions of this Article 12 relating to the Board Meetings (including without limitation those pertaining to the notice, agenda, quorum and voting) shall apply mutatis mutandis to all meetings of the Identified Committees.

12.9 Investee Entities. Subject to Applicable Law, the provisions of this Article 12 relating to the Board Meetings (including without limitation those pertaining to the notice, agenda, quorum and voting) shall apply mutatis mutandis to all meetings of the board of directors of the Investee Entities (other than the Company), and all committee meetings of the committees corresponding to the Identified Committees constituted by the Investee Entities (other than the Company).

12.10 Identified Transaction and Governance of Identified Entities.

12.10.1 Notwithstanding anything contained in these Articles (including Article 16):

(a) nothing contained in these Articles or any other document as agreed in writing between the Parties shall prevent or restrict an Identified Transaction;

(b) the decisions and actions of the Investee Entities in relation to an Identified Transaction shall not constitute an Affirmative Vote Matter and no consents of any Party shall be required in connection with an Identified Transaction;

(c) subject to Applicable Law, the Investee Entities shall act in accordance with the written recommendations of the Promoter in relation to all decisions and actions concerning an Identified Transaction and undertake all necessary corporate actions as required in accordance with such recommendations; and

(d) upon consummation of an Identified Transaction, the provisions these Articles shall stand modified such that references to Identified Entities (other than the Resultant Entity) shall be deemed to be references to the Resultant Entity (as required).

12.10.2 The exercise of all rights available to the Investee Entities in an Identified Entity shall be undertaken as follows:

(a) unless the Promoter elects otherwise, the Promoter shall be a director on the board of directors of each Identified Entity (and, where so required by the Promoter, a nominee director of the Investee Entities on such boards);

(b) the Parties hereby consent that all decisions in relation to the Investee Entities' rights and obligations with respect to the Identified Entities (whether under Applicable Law or contract) shall, subject to Applicable Law, be exercised by the Promoter in consultation with the board of directors of the relevant Investee Entity; and

(c) the Promoter is, subject to Applicable Law, irrevocably appointed to exercise all rights available to the Investee Entities with respect to the Identified Entities (whether under Applicable Law or contract), including the right to vote in respect of the securities held by the Investee Entities in each Identified Entity. The Investee Entities shall not be entitled to exercise such rights independently of the Promoter. Any such exercise shall be void and not binding on the Identified Entities or the Promoter.

12.10.3 Each Party shall co-operate and take such actions (including but not limited to exercising voting rights in favour of any resolutions and executing any documents) as may be required by the Promoter in connection with an Identified Transaction or otherwise to give effect to the provisions of this Article 12.10.

13. INFORMATION AND ACCESS RIGHTS

13.1 Investors and KKR Information Rights – Financial Statements.

13.1.1 The Company and each Investee Entity shall, and the Promoter (for so long as he is the CEO) shall procure that the Company and each Investee Entity shall provide, to each Major Investor, Other Investor and KKR, copies of the following:

(d) the consolidated and standalone audited annual financial statements of the Company and each Investee Entity,

within 120 (one hundred twenty) days from the end of each Financial Year; and

(e) the consolidated and standalone unaudited quarterly financial statements of the Company and each Investee Entity, within 60 (sixty) days from the end of each quarter of a Financial Year.

Provided that, if the Promoter ceases to be the CEO, the information and documents referred to in this Article 13.1.1 shall also be provided by the Company to the Promoter Group.

13.1.2 The financial statements to be provided pursuant to this Article 13.1 shall include the full set of financial statements, including: (a) the balance sheet, (b) the related statement of income, (c) the cash flow statement (as applicable), (d) together with notes and schedules thereto (as applicable), and shall be prepared in accordance with applicable Accounting Standards.

13.2 Major Investor and KKR Information Rights. The Company shall, and the Promoter (for so long as he is the CEO) shall procure that the Company shall provide, to each Major Investor and to KKR, copies of the following:

13.2.1 monthly management information system reports, in the form agreed to in writing between the Parties, within 20 (twenty) days from the end of each calendar month;

13.2.2 details of any material litigations relating to, or defaults under material contracts of the Company or the Investee Entities, including any material proceedings between the Shareholders inter-se of which the Company becomes aware;

13.2.3 any insolvency proceeding notice received by the Company (in respect of the Company or the Investee Entities), or by any Investee Entity (in respect of such Investee Entity), or by the Promoter Group (in respect of the Promoter Group, for so long as the Promoter is the CEO); and

13.2.4 any material litigation proceedings or notices of default in respect of the Company or the Investee Entities under any enactment or regulation, issued or received by the Company or any Investee Entity, or in respect of the Promoter Group (for so long as the Promoter is the CEO) received by the Promoter Group, in each case, to the extent that such litigation proceedings or defaults would have a material adverse effect on the Company or such Investee Entity or the conduct of their respective businesses,

in each case, promptly upon (and in any event no later than 15 (fifteen) days from) the Company or the Investee Entities; or for as long as the Promoter is the CEO, the Promoter, becoming aware of such proceedings/ defaults; and

13.2.5 minutes of all Board Meetings, meetings of Committees and Shareholders' Meetings, simultaneously with such documentation being circulated to the Board, Committees and the Shareholders or the KCM Shareholders, as the case may be.

Provided that, if the Promoter ceases to be the CEO, the information and documents referred to in this Article 13.2 shall also be provided by KCM to the Promoter Group, for as long as the Promoter Group holds at least 6% (six per cent) of the KCM Share Capital.

13.3 Other KKR Information Rights. For as long as KKR holds at least 12% (twelve per cent) of the KCM Share Capital, the Company shall, and the Promoter (for so long as he is the CEO) shall procure that the Company shall provide, to KKR copies of the following:

13.3.1 copies of all notices, agenda and minutes of general meetings of the Company and those received by the Company from the other Investee Entities, in its capacity as the shareholder of such other Investee Entities, within 5 (five) Business Days of receipt of such documentation by the Company;

13.3.2 compliance certificates, in the form agreed to in writing between the Parties, pertaining to the business of the Company and each Investee Entity operating in material compliance with Applicable Law, within 30 (thirty) calendar days from the end of each quarter in a Financial Year;

13.3.3 copies of any material notice or enquiry from any Governmental Authorities received in relation to the Company/ Investee Entities, by the Company, the Investee Entities or the Promoter Group (for so long as the Promoter is the CEO), to the extent that such notice/ enquiry would have a material adverse effect on the Company or any Investee Entity or the conduct of their respective businesses, within 5 (five) Business Days of the receipt of such notices; and

13.3.4 details of any whistleblower complaints or sexual harassment complaints that would have an adverse impact on the reputation of the Company or the Investee Entities (along with copies of all supporting and relevant documents), promptly and in any event within 15 (fifteen) days following the date on which the Company or

any Investee Entity becomes aware of such matter.

Provided that, if the Promoter ceases to be the CEO, the information and documents referred to in this Article 13.3 shall also be provided by KCM to the Promoter Group, for as long as the Promoter Group holds at least 10% (ten per cent) of the KCM Share Capital.

13.4 Major Investor and KKR Inspection Rights.

13.4.1 Subject to Applicable Law, from the Effective Date, upon receipt of at least 8 (eight) Business Days' prior notice, the Company shall give reasonable access to KKR and each Major Investor, and its authorized representatives (including legal counsel, accountants, auditors and other professional advisors) to visit and inspect (at its own cost and expense), all properties, Assets, corporate, financial and other Books and Records of the Company and each Investee Entity, on an as is where is basis.

13.4.2 The Promoter (for so long as he is the CEO), the Company, and each Investee Entity shall provide KKR and each Major Investor, as relevant, with such existing information, data, documents and evidence available with the Company/ Investee Entities as may be reasonably requested for the purpose of, in the course of and in connection with such inspection.

13.4.3 A Major Investor and/or KKR shall be entitled, at its own cost and expense, to consult with the statutory auditors of the Company or the Investee Entities regarding the financial affairs of the Company or the Investee Entities (as applicable).

13.4.4 If the Promoter ceases to be the CEO (other than as a result of a Determined CEO Cause Event, in accordance with the CEO Employment Agreement), the Promoter Group shall be entitled to the same information and inspection rights set out in this Article 13.4 for as long as: (a) the Promoter Group holds at least 6% (six per cent) of the KCM Share Capital, and (b) the Promoter is, subject to Article 19, not engaged in and has not commenced and does not intend to engage in or commence any of the activities set out in his non-compete and non-solicit restrictions as agreed between the Parties in writing.

14. CONFIDENTIALITY AND ANNOUNCEMENTS

14.1 Confidentiality. Each of the Parties shall, and shall procure that each of its Representatives, shall, keep confidential, the Confidential Information save and except disclosure of Confidential Information in the following circumstances:

14.1.1 disclosure with the prior written consent of the relevant Parties, where such Confidential Information is provided by or relates to one or more Parties;

14.1.2 where such disclosure is required by Applicable Law, any court of competent jurisdiction or any competent regulatory body, but if a Person is so required to make any announcement or to disclose any Confidential Information, the relevant Party shall promptly notify the other Parties, where practicable and lawful to do so, before the announcement is made or disclosure occurs (as the case may be) and shall co-operate with the other Parties regarding the timing and content of such announcement or disclosure (as the case may be) or any action which the other Parties may reasonably elect to take to challenge the validity of such requirement;

14.1.3 disclosures on a strictly confidential basis to any Party's Affiliates and to each of its and its Affiliates' respective professional advisers, limited partners, auditors, bankers, directors, officers and employees, in each case, on a need to know basis, provided any such Person receiving Confidential Information is subject to the same obligations of confidentiality as applicable under these Articles;

14.1.4 disclosures to its advisors, lenders, any current or prospective investor, potential transferee or any shareholder, director, officer, advisor or employee of the prospective investor, shareholder or the potential transferee, provided any such Person receiving Confidential Information is subject to the same obligations of confidentiality as applicable under these Articles;

14.1.5 to the extent necessary to enable the enforcement of any rights or obligations under these Articles; and/or

14.1.6 where such information is in the public domain, without any breach of the provisions of these Articles.

14.2 Confidential Information.

14.2.1 For the purposes of these Articles, "Confidential Information" shall mean all information of a confidential or proprietary nature disclosed by whatever means by one Party to any other Party ("Receiving Party") and includes such information disclosed by or to the Company or the Investee Entities including information in relation to the Business, the Company or the other Investee Entities, any other document as agreed in writing between the Parties and/or the transactions contemplated herein.

14.2.2 Each Party, including its directors, officers undertakes to keep, and shall procure that each Director and/or observer appointed by it shall keep, the Confidential Information confidential and not disclose it to any Person, other than as permitted under this Article 14. The Receiving Party shall not use or exploit for any purpose whatsoever, any such Confidential Information, other than for the purposes of implementation of these Articles and the Company's operations.

14.2.3 Except as permitted under Article 14.1, no Party shall issue any public release or public announcement or otherwise make any disclosure concerning any document as agreed in writing between the Parties and/or transactions contemplated herein.

15. MEETINGS OF SHAREHOLDERS

15.1 General Meetings.

15.1.1 Subject to these Articles and the provisions of the Companies Act, a general meeting of the Company may be called by giving not less than 21 (twenty one) clear days' notice; provided however, that with the consent of all the Shareholders, a general meeting may be called with shorter consent.

15.1.2 All general meetings other than annual general meetings shall be called extraordinary general meetings.

15.1.3 All Shareholders' Meetings shall be conducted in English.

15.1.4 Subject to these Articles and in accordance with Applicable Law, the Board may, whenever it thinks fit, call an extraordinary general meeting.

15.1.5 Subject to the provisions of the Companies Act, the general meetings, including the annual general meeting may be held at any place, in or outside India; and for any general meeting where the Company makes arrangements, the Shareholders may attend by way of teleconference, video conference or through any other medium as may be permitted under the Companies Act.

15.2 Proceedings of General Meetings.

15.2.1

(a) Subject to these Articles, no business shall be transacted at any general meeting, unless a quorum of members is present at the time when the general meeting proceeds to business.

(b) Save as otherwise provided herein, the quorum for general meetings shall be as provided in section 103 of the Companies Act.

15.2.2 For as long as: (a) the Promoter is the CEO, or (b) the Promoter Group continues to collectively hold at least 6% (six per cent) of the KCM Share Capital, the Promoter shall, if present at a Shareholder Meeting, be the Chairman of the Shareholder Meeting. If the Promoter ceases to be the CEO and the Promoter Group collectively does not hold at least 6% (six per cent) of the KCM Share Capital; or if the Promoter is not present at the Shareholder Meeting, then the Directors present shall elect 1 (one) of their members to be the Chairman of the Shareholder Meeting. If at any meeting no Director is willing to act as the Chairman of the Shareholder meeting or if no Director is present within 15 (fifteen) minutes after the time appointed for holding the meeting, the members present shall elect the Chairman of the Shareholder Meeting from amongst themselves.

15.3 Adjournment.

15.3.1 Subject to these Articles, the Chairman may, with the consent of members present at the general meeting (at which a quorum is present), and shall, if so directed by the members present at the general meeting, adjourn the general meeting from time to time and from place to place.

15.3.2 Subject to these Articles, no business shall be transacted at any adjourned general meeting other than the business left unfinished at the meeting from which the adjournment took place.

15.4 Voting Rights.

15.4.1 Voting on all matters to be considered at a Shareholder Meeting shall be by way of a poll unless otherwise agreed in writing by the Promoter, and by KKR and Major Investors' Collective Supermajority. Subject to Article 16, on a poll, every Shareholder present in person (including in the case of a non-natural Person, through a representative), or by proxy shall have one vote per Equity Share, computed on a Fully Diluted Basis; provided that solely for the purposes of calculation of the share capital on a Fully Diluted Basis in respect of voting, such computation of the share capital on a Fully Diluted Basis shall not include employee stock options (vested or unvested, unless exercised and converted to Equity Shares). The Company shall be permitted to conduct meetings (including board meetings, committee meetings, and general meetings) and voting procedures via

electronic medium (including e-voting) as prescribed under Applicable Law.

15.5 All resolutions in relation to the Company which are required by Applicable Law to be referred to or passed by Shareholders must be passed by the majority required under Applicable Law for such matters in respect of which a resolution is required, provided that, subject to Article 16:

(a) no KKR Affirmative Vote Matter may be approved, unless an authorized representative or proxy of KKR has voted in favour of such KKR Affirmative Vote Matter at the Shareholders' Meeting (including any adjourned meetings) or such KKR Affirmative Vote Matter has previously been approved by KKR, in writing;

(b) no Promoter Affirmative Vote Matter may be approved, unless an authorized representative or proxy of the Promoter Group or any Person from the Promoter Group has voted in favour of such Promoter Affirmative Vote Matter at the Shareholders' Meeting (including any adjourned meetings) or such Promoter Affirmative Vote Matter has previously been approved by the Promoter, in writing; and

(c) no KKR and Major Investor Affirmative Vote Matter may be approved, unless authorized representatives or proxies of KKR and Major Investors representing a KKR and Major Investors' Collective Supermajority have voted in favour of such KKR and Major Investor Affirmative Vote Matter at the Shareholders' Meeting (including any adjourned meetings) or such KKR and Major Investor Affirmative Vote Matter has previously been approved by a KKR and Major Investors' Collective Supermajority, in writing.

16. AFFIRMATIVE VOTE MATTERS

16.1 Affirmative Vote Matters.

16.1.1 KKR Affirmative Vote Matters and Major Investors Affirmative Vote Matters. Notwithstanding anything to the contrary in these Articles and notwithstanding any power conferred upon the Board, the Shareholders, the KCM Shareholders, any Committee or any other Person under Applicable Law, the Charter Documents or any other document as agreed in writing between the Parties, but subject to Article 21, neither the Company, the Investee Entities, the Board, the Committees, the employees of the Company, nor any of the Shareholders or KCM Shareholders shall take or resolve to take or make any commitment in respect of the following matters in relation to the Company or any of the Investee Entities (as the case may be), including without limitation pursuant to any resolution of the Board, Shareholders or Committees, or the board of directors, shareholders or committees of the Investee Entities:

(a) for so long as KKR holds at least 12% (twelve per cent) of the KCM Share Capital, any matters set forth in Schedule 1 ("KKR Affirmative Vote Matters"), unless such KKR Affirmative Vote Matter has previously been approved by KKR in writing or approved by an authorized representative or proxy of KKR at a meeting of the KCM Shareholders or the Shareholders; and

(b) any matters set forth in Schedule 2 ("KKR and Major Investor Affirmative Vote Matters"), unless such KKR and Major Investor Affirmative Vote Matter has previously been approved by a KKR and Major Investors' Collective Supermajority in writing or approved by an authorized representative or proxy of KKR and the Major Investors representing a KKR and Major Investors' Collective Supermajority at a meeting of the KCM Shareholders or the Shareholders;

and if such actions, decisions, commitments and/or resolutions are taken without such consent, such actions, decisions, commitments and/or resolutions shall be void ab initio.

16.1.2 Promoter Affirmative Vote Matters.

(a) Notwithstanding anything to the contrary in these Articles and notwithstanding any power conferred upon the Board, the Shareholders, KCM Shareholders, any Committee or any other Person under Applicable Law or the Charter Documents, but subject to Article 21, neither the Company, Investee Entities, and the Board, the Committees, the employees of the Company, nor any of the Shareholders or KCM Shareholders shall take or resolve to take or make any commitment in respect of the following matters in relation to the Company or any of the Investee Entities (as the case may be), including without limitation pursuant to any resolution of the Board, Shareholders or Committees or the board of directors, shareholders or committees of the Investee Entities:

(i) for as long as: (A) the Promoter is the CEO, or (B) if the Promoter resigns as the CEO or the Promoter's employment as the CEO is terminated, other than on account of a Determined CEO Cause Event in accordance with the CEO Employment Agreement, then for so long as the Promoter Group continues to collectively hold at least 10% (ten per cent) of the KCM Share Capital, any matters set forth in Part A of Schedule 3 ("Promoter Operational Affirmative Vote Matters"), unless such Promoter Operational Affirmative Vote Matter has previously been approved by the Promoter in writing or approved by the Promoter or an authorized representative or proxy of Promoter Group at a meeting of the KCM Shareholders or the Shareholders; and

(ii) if the Promoter resigns as CEO, or ceases to be CEO, other than on account of a Determined CEO Cause Event, in accordance with the CEO Employment Agreement, then for so long as the Promoter Group continues to collectively hold less than 10% (ten per cent) but at least 6% (six per cent) of the KCM Share Capital, any matters set forth in Part B of Schedule 3 ("Promoter Shareholding Affirmative Vote Matters"), unless such Promoter Shareholding Affirmative Vote Matter has previously been approved by the Promoter in writing or approved by the Promoter or an authorized representative or proxy of Promoter Group at a meeting of the KCM Shareholders or the Shareholders.

(b) If the Promoter's employment as CEO is terminated on account of a Determined CEO Cause Event in accordance with the CEO Employment Agreement, then for so long as the Promoter Group continues to collectively hold at least 6% (six per cent) of the KCM Share Capital, the Promoter shall, for the purpose of Article 16, be deemed to be a Major Investor and shall be entitled to the rights of a Major Investor under Article 16.1.1(b).

It being clarified that, the Promoter/ Promoter Group shall continue to have quorum rights in respect of the Board Meetings under Article 12.3, for as long as the rights under Article 16.1.2 subsist.

16.2 The principles set out in this Article 16 are fundamental to the governance of the Company and no Party can commit any action or omission that would violate or prejudice the spirit and intent of this Article 16.

16.3 The Affirmative Vote Matters shall mutatis mutandis apply with respect to decisions proposed to be taken by any Investee Entity, other than the Company. Notwithstanding anything to the contrary in these Articles and notwithstanding any power conferred upon the board of directors, the shareholders, any committee or any other Person under Applicable Law, the charter documents of the relevant Investee Entity or any other document as agreed in writing between the Parties, but subject to Article 21, no other Investee Entity nor any of its board of directors, committees or employees or any of the shareholders shall take or resolve to take or make any commitment in respect of any Affirmative Vote Matters in relation to such Investee Entity, including without limitation pursuant to any resolution of the boards of directors, shareholders or committees of such Investee Entity, unless such action, decision, commitment or resolution is first approved, as an Affirmative Vote Matter, in accordance with this Article 16. To that extent, references to the "Company" in the Affirmative Vote Matters shall, in context of any Investee Entity mean a reference to the relevant "Investee Entity" and other defined terms therein shall be interpreted accordingly. In the event of any conflict between the provisions of these Articles and the articles of association of such Investee Entity, the provisions of these Articles shall govern and prevail, and bind the Investee Entity. Similarly, in the event of any conflict between the provisions of these Articles and the KCM Articles, the provisions of the KCM Articles shall govern and prevail, and bind the Company.

17. CONDUCT OF BUSINESS AND REPORTING OBLIGATIONS

17.1 Business Plan.

17.1.1 KCM's Initial Business Plan shall apply to the Company and the Investee Entities for the period commencing from the Effective Date and ending on the expiry of the first 3 (three) complete Financial Years following the Effective Date ("Initial Business Plan Period").

17.1.2 Thereafter, the annual Business Plan for each subsequent Financial Year following the Initial Business Plan Period shall be prepared by and under the instructions of the CEO, and submitted to the board of directors of KCM no later than 45 (forty five) days prior to the first day of the Financial Year to which the Business Plan relates.

17.1.3 The board of directors of KCM shall, upon receipt, promptly discuss and adopt the relevant Business Plan.

17.1.4 In the event that the Business Plan for a Financial Year is not prepared or adopted, prior to the start of the relevant Financial Year, the Business Plan (or Initial Business Plan) applicable to the previous Financial Year shall continue to apply subject to the applicable growth rate provided in the Business Plan in respect of the relevant Financial Year and disregarding any non-recurring or extraordinary items, until a Business Plan in respect of the relevant Financial Year prepared and adopted by the board of directors of KCM, as mentioned in the Article 17.1.1 to Article 17.1.3 above.

17.1.5 Each Business Plan shall include each of the components and shall be substantially in the form agreed to in writing between the Parties.

17.2 Audit.

17.2.1 The Major Investors (acting jointly) and/or KKR shall have the right, at any time, to appoint an additional special auditor, if so required by the Major Investors and/or KKR. The Major Investors or KKR (as the case may be)

shall be responsible for the payment of any fees or costs of such special auditor. The Promoter (for so long as he is the CEO) and the Company shall allow the special auditor and its duly authorised agents, upon reasonable notice (which shall in all cases be at least 5 (five) Business Days), reasonable access to the employees and premises of the Investee Entities, including without limitation to the Books and Records, accounts and other information of the Investee Entities and shall provide all the necessary information required from the statutory auditor(s) of the Investee Entities.

17.2.2 If the Promoter ceases to be the CEO (other than as a result of a Determined CEO Cause Event, in accordance with the CEO Employment Agreement), the Promoter Group shall be entitled to the same rights as KKR's as set out in this Article 17.2.1 for as long as: (a) the Promoter Group holds at least 6% (six per cent) of the KCM Share Capital, and (b) the Promoter is, subject to Article 19, not engaged in and has not commenced and does not intend to engage in or commence any of the activities as agreed for the purposes of the non-compete and non-solicit obligations in relation to Promoter as agreed between the Parties in writing.

17.3 D&O Insurance.

17.3.1 The Company shall and shall cause the other Investee Entities to, at all times keep insured, with a reputable insurer reasonably acceptable to the Board, their respective directors and officers (including the independent directors) against any liability incurred by them in the lawful performance of their duties, on terms approved by the board of directors of the Company and each Investee Entity, as applicable.

17.4 Accounts.

17.4.1 The accounts and financial statements of the Company shall be prepared in accordance with Applicable Law.

17.4.2 Subject to the provisions of the Companies Act and these Articles, the Board shall also, from time to time, determine whether and to what extent and at what time and place and under what conditions or regulations, account books of the Company or any of them, shall be open to the inspection of members not being Directors.

17.4.3 Subject to the provisions of the Companies Act and these Articles, no member (not being a Director) or other Person shall have any right of inspecting any account book or document of the Company, except as conferred by law or authorised by the Board or by the Company in general meetings.

17.5 Compliance with Applicable Law. The Company shall, and the Promoter (for so long as he is the CEO) and KMPs shall cause the Company to:

17.5.1 be in material compliance with Applicable Law;

17.5.2 conduct its corporate affairs in accordance with its Charter Documents;

17.5.3 obtain and keep valid and in force all authorisations as may be required under Applicable Law; and

17.5.4 duly file all documents required to be so filed with Governmental Authorities, in accordance with Applicable Law.

17.6 Branding.

Licensing of the Incred Brand shall be governed by such terms as may be agreed in writing between the Parties.

17.7 US Tax Elections.

The Company shall provide KKR with such Tax forms or information as may be agreed in writing between the Parties.

18. KEY MANAGERIAL PERSONS

18.1 Promoter and KMPs Employment.

18.1.1 The KMPs and the Promoter (for so long as he is the CEO) shall together be responsible for the implementation of the Initial Business Plan/ the Business Plan and for the day-to-day management and operations of the Company and the Investee Entities, under the supervision of the Board.

18.1.2 All KMPs shall be employees of KCM or the Company or any other Investee Entity.

18.1.3 Notwithstanding anything to the contrary contained in these Articles:

(a) the Promoter shall not, during the Agreed Period, voluntarily resign from his position as CEO, other than on account of a Permanent Disability and any such resignation shall be taken only in accordance with the CEO Employment Agreement;

(b) the Promoter shall not, during the Agreed Period, be terminated or suspended as the CEO, other than on account

of a Determined CEO Cause Event;

(c) any action in connection with the termination or suspension of the Promoter's employment as CEO on account of a Determined CEO Cause Event, shall be taken only in accordance with the CEO Employment Agreement;

(d) following the Agreed Period, any action in connection with the termination or suspension of the Promoter may be undertaken on the occurrence of a Determined CEO Cause Event or on the death of the CEO, in which case the CEOs employment shall automatically terminate without the requirement of further action. Notwithstanding anything to the contrary, the Promoter shall not be terminated or suspended for any other reason.

(e) none of the KMPs shall, during the Agreed Period, be terminated or suspended, other than on account of a Determined KMP Cause Event in accordance with their respective KMP Employment Agreements, without the prior written consent of the Promoter; and

(f) without prejudice to Article 18.2.1 any action in connection with any termination or suspension of any KMP's employment shall be undertaken in the manner set out in the relevant KMP Employment Agreement for such KMP.

18.1.4 For as long as the Promoter is the CEO:

(a) all the KMPs shall report to the Promoter;

(b) the Promoter, pursuant to the guidance and recommendations of the NRC, shall be responsible for the performance and compensation of the KMPs; and

(c) the CEO Employment Agreement for the Promoter shall: (i) contain an acknowledgement from the Promoter that the Promoter shall devote substantially all of his time to the business of the Investee Entities by which he is employed, and (ii) document that the Promoter shall not be prohibited from continuing to be engaged with Incred Capital, subject to the terms of the CEO Employment Agreement.

(d) The Board may, in consultation with the CEO, prescribe performance metrics for the CEO for each financial year.

18.2 Appointment and Termination of KMPs.

18.2.1 For as long as the Promoter is the CEO:

(a) all KMPs shall be identified by the Promoter and recommended to the NRC. The NRC shall consider the appointment of such persons recommended by the Promoter and shall not unreasonably withhold its approval of such appointments. In the event that the NRC does not approve any such appointment, the NRC shall convey its rationale for such decision to the Promoter in writing; and

(b) any amendment to a KMP Employment Agreement shall require the prior consent of the Promoter.

18.2.2 Any termination/ suspension of the KMPs other than on account of a Determined KMP Cause Event in accordance with Article 18.3 shall for so long as the Promoter is the CEO, be determined solely by the Promoter, and the Company and the Board shall do all acts, deed and things as necessary to give effect to the decision of the Promoter in this respect.

18.2.3 The Promoter shall enter into the CEO Employment Agreement with effect from the Effective Date and the KMPs shall enter into the KMP Employment Agreement (in case of KMPs identified as on the Effective Date, with effect from the Effective Date, and in the case of all other KMPs, with effect from the appointment date of the relevant KMP), in the manner and on terms agreed between the Parties in writing.

18.2.4 The Company shall procure that the KMP Employment Agreements entered into by it with the KMPs contain an acknowledgement from the KMPs that each such KMP shall ensure that all of his or her time is devoted to the business of the Company or of the relevant Investee Entity by which he or she is employed, provided that in case Vivek Bansal, Saurabh Jhalaria, Ashwin Sekar and/or Kamlesh Dangi are employed by the Company, the KMP Employment Agreements for Vivek Bansal, Saurabh Jhalaria and/or Kamlesh Dangi, as applicable, shall require Vivek Bansal, Saurabh Jhalaria and/or Kamlesh Dangi (as applicable) to devote substantially all of their time to KCM, the Company and the Investee Entities.

18.2.5 The provisions of this Article 18 shall mutatis mutandis apply to each of the other Investee Entities vis-à-vis their KMPs, and the Promoter (for as long as he is the CEO) and the Company shall procure that each of the other Investee Entities comply with such provisions.

18.3 Determined KMP Cause Events.

18.3.1 Upon occurrence of a Determined KMP Cause Event, the Company shall terminate the employment of the

relevant KMP.

19. NON-COMPETE AND NON-SOLICITATION

19.1 The Company shall procure that the KMP Employment Agreements entered into by it with the KMPs:

19.1.1 provide that the KMPs shall not, during their employment with the Company carry on or engage in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any of the Restricted Business in India.

19.1.2 provide that the KMPs shall not, during their employment with the Company and for a period of, 6 (six) months thereafter, or 6 (six) months from the commencement of the gardening leave (if any), whichever is earlier, undertake the following (except through or on behalf of the Investee Entities):

(a) attempt in any manner to solicit from any client/ customer, partner, principal, supplier, service provider, agent or consultant except on behalf of the Company, any Restricted Business or to persuade any Person, which is a client/ customer, partner, principal, supplier, service provider, agent or consultant of the Company to cease doing business or to reduce the amount of business which any such Person has customarily done or might propose doing with the Company, whether or not the relationship between the Company and such Person was originally established in whole or in part through his efforts, or

(b) employ or attempt to employ or assist anyone else to employ any person who is in the employment of the Company or was in the employment of the Company at any time during the preceding 12 (twelve) months;

19.1.3 contain an acknowledgement from the KMPs that the covenants of non-competition and non-solicitation contained in this Article 19.1.1 and Article 19.1.2 above and as contained in the KMP Employment Agreements are reasonable covenants, integral and necessary for protecting the goodwill and value of the Company, and that a violation of any of the terms of such covenants and obligations may cause the Company irreparable injury; and

19.1.4 contain an acknowledgement from the KMPs that each of the covenants in Article 19.1.1 and Article 19.1.2 above and as contained in the KMP Employment Agreements is considered fair and reasonable, but if any such restriction is found to be unenforceable but would be valid if any part of it were deleted or the period or area of application reduced, the restriction shall apply with such modifications as may be necessary to make it valid and effective.

19.2 It being clarified that the restrictions set out in this Article 19 shall mutatis mutandis apply to each of the other Investee Entities vis-à-vis their KMPs, and the Company shall ensure that the other Investee Entities (to the extent of the Company's shareholding in such entity) comply with such provisions and procure that the relevant terms are incorporated in the relevant KMP Employment Agreements.

20. DIVIDENDS AND RESERVE

20.1 Subject to these Articles, the Company in its general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

20.2 Subject to the provisions of the Companies Act and these Articles, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

20.3 Subject to these Articles, the Board may, before recommending any dividend, set aside, out of the profits of the Company such sums as it thinks proper as a reserve, which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such applications, may, at the discretion, either be employed in the business of the Company or be invested is such investments as the Board may, from time to time think fit.

21. FALL AWAY OF RIGHTS

21.1 Major Investors Fall Away.

21.1.1 Notwithstanding anything to the contrary in these Articles, a Major Investor shall cease to have all rights available expressly to Major Investors under the Charter Documents on and from the earlier of:

(a) the date on which such Major Investor ceases to be a Major Investor; and

(b) the date on which an IPO is completed, subject to and in accordance with the provisions of the KCM Articles.

21.1.2 Notwithstanding anything contained in Article 21.1.1 above, if at any time prior to occurrence of the event under

Article 21.1.1(b) above, the aggregate shareholding of a Major Investor and its Affiliates in the KCM Share Capital falls below 6% (six per cent) but is at least 1% (one per cent) of the KCM Share Capital, such Major Investor shall cease to be classified as a "Major Investor" and be classified as an "Other Investor" and subject to article 17.3.3(b)(i) of the KCM Articles, be entitled to all rights of an "Other Investor" under these Articles, and all references to Other Investors under these Articles shall be deemed to include a reference to such Major Investor.

21.2 Other Investors Fall Away.

21.2.1 Notwithstanding anything to the contrary in these Articles, an Other Investor shall cease to have all rights available expressly to Other Investors under the Charter Documents on and from the earlier of:

(a) the date on which such Other Investor ceases to be an Other Investor; and

(b) the date on which an IPO is completed, subject to and in accordance with the provisions of the KCM Articles.

21.2.2 Notwithstanding anything contained in Article 21.2.1 above, if at any time prior to occurrence of the event under Article 21.2.1(b) above, the aggregate shareholding of an Other Investor and its Affiliates in the KCM Share Capital falls below 1% (one per cent) of the KCM Share Capital, such Other Investor and/or its Affiliates holding KCM Securities in KCM shall cease to be classified as an "Other Investor", and shall execute a Deed of Undertaking (in accordance with the KCM Articles) and shall be entitled only to those rights available to shareholders of KCM under the KCM Articles and the Charter Documents and as may be agreed in writing between the Parties, as documented under the Deed of Undertaking.

21.3 KKR Fall Away. Notwithstanding anything to the contrary in these Articles:

21.3.1 if at any time, the aggregate shareholding of KKR and its Affiliates in the KCM Share Capital falls below 18% (eighteen per cent) but is at least 6% (six per cent), KKR shall have the right to nominate 1 (one) KKR Nominee Director, instead of 2 (two) KKR Nominee Directors;

21.3.2 if at any time, the aggregate shareholding of KKR and its Affiliates in the KCM Share Capital falls below 12% (twelve per cent) but is at least 6% (six per cent) then without prejudice to KKR's rights under Article 21.3.1:

(a) all rights specifically granted to KKR and its Affiliates, and not to any other Investor, under the Charter Documents or any other document as agreed in writing between the Parties (collectively, the "KKR Special Rights") shall fall away, and

(b) KKR shall be classified as a "Major Investor" and subject to Article 21.1 be entitled to all rights of a Major Investor under these Articles, and all references to Major Investors under these Articles shall be deemed to include a reference to KKR;

21.3.3 if at any time, the aggregate shareholding of KKR and its Affiliates in the KCM Share Capital falls below 6% (six per cent) but is at least 1% (one per cent), then:

(a) all rights granted to KKR and its Affiliates under the Charter Documents or any other document as agreed in writing between the Parties as a Major Investor pursuant to Article 21.3.2 shall fall away, and

(b) KKR shall be classified as an "Other Investor" and subject to Article 21.2 be entitled to all rights of an Other Investor under these Articles, and all references to Other Investors under these Articles shall be deemed to include a reference to KKR; and

21.3.4 if at any time, the aggregate shareholding of KKR and its Affiliates in the KCM Share Capital falls below 1% (one per cent), then:

(a) all rights granted to KKR under the Charter Documents as an Other Investor pursuant to Article 21.3.3 shall fall away, and

(b) KKR and/or its Affiliates holding KCM Securities shall execute a Deed of Undertaking (in accordance with the KCM Articles) and shall be entitled only to those rights available to shareholders of KCM under the KCM Articles and Charter Documents and such other rights as may be agreed in writing between the Parties, as documented under the Deed of Undertaking.

21.3.5 Notwithstanding anything contained in this Article 21.3, with effect from the date on which an IPO is completed, all rights granted to KKR and its Affiliates under the Charter Documents or any other document as agreed in writing between the Parties shall fall away.

21.4 Promoter Fall Away.

21.4.1 Promoter Suspension as CEO. Notwithstanding anything to the contrary in these Articles or the CEO

Employment Agreement, if the Promoter's employment as CEO is suspended in terms of the CEO Employment Agreement then:

(a) for so long as the Promoter remains so suspended, all his obligations under the CEO Employment Agreement and these Articles, to the extent that they are linked to the Promoter holding the CEO position, shall also remain suspended;

(b) non-performance of such obligations shall not be deemed to be breach of the CEO Employment Agreement and/or these Articles, and no Party shall Claim such breach; and

(c) such non-performance shall not result in any consequences contemplated under these Articles, the CEO Employment Agreement or any other document agreed between the Parties in writing.

21.4.2 Death/ Disability of the Promoter. Notwithstanding anything to the contrary in these Articles, in the event of death of the Promoter or the Promoter ceasing to be the CEO on account of his Permanent Disability (prior to or post the Agreed Period):

(a) all obligations imposed on the Promoter/ Promoter Group, under the Charter Documents or any other document as agreed in writing between the Parties shall fall away;

(b) the Promoter Group shall be classified as a "Major Investor", for so long as the aggregate shareholding of the Promoter Group in the KCM Share Capital is at least 6%, (six per cent), and subject to Article 21.1 be entitled to all rights of a Major Investor under these Articles, and all references to Major Investors under these Articles shall be deemed to include a reference to the Promoter Group;

(c) the Promoter Group shall be classified as an "Other Investor", if the aggregate shareholding of the Promoter Group in the KCM Share Capital falls below 6% (six per cent) but is at least 1%, (one per cent), and subject to Article 21.2 be entitled to all rights of an Other Investor under these Articles, and all references to Other Investors under these Articles shall be deemed to include a reference to the Promoter Group; and

(d) if the aggregate shareholding of the Promoter Group in the KCM Share Capital falls below 1% (one per cent), then the Promoter Group shall execute a Deed of Undertaking (in accordance with the KCM Articles) and shall be entitled only to those rights available to shareholders of KCM under the KCM Articles, Charter Documents or any other document as agreed in writing between the Parties, as documented under the Deed of Undertaking.

21.4.3 Promoter Removal as CEO on account of a non-compete breach (Determined CEO Cause Event). Notwithstanding anything to the contrary in these Articles, if the Promoter's employment as CEO is terminated in terms of the CEO Employment Agreement on account of a Determined CEO Cause Event resulting from a breach by the Promoter of the non-compete and non-solicitation as agreed between the Parties in writing then, all rights (and not obligations, which shall fall away in accordance with the relevant provisions of these Articles) specifically granted to the Promoter, and not to any other KCM Shareholder, under the Charter Documents (collectively, the "Promoter Special Rights") shall fall away, other than as expressly provided under Article 13.

21.5 Automatic Termination. To the extent required by Applicable Law, the rights granted to each KCM Shareholder under the Charter Documents shall stand automatically terminated upon receipt of the final listing and trading approval from the relevant Stock Exchange in relation to the IPO of KCM. Notwithstanding the foregoing, any rights granted to each KCM Shareholder under the Charter Documents that are permitted, under Applicable Law, to survive following the completion of such IPO shall not terminate and shall continue in effect; and KCM, and for as long as the Promoter is the CEO following completion of the IPO, the Promoter, shall use reasonable endeavours to ensure the survival of such rights, including seeking such approvals from the KCM Shareholders following the completion of the IPO, as may be required to give effect to this Article 21.5. The provisions of this Article 21.5 shall not affect the rights, obligations or liability of any Party which have accrued prior to such termination of rights.

22. POLICY COVENANTS AND ARRANGEMENTS WITH OAKS AND OAKS NOMINEES

22.1 KKR Policy Covenants: For so long as KKR is a KCM Shareholder, the Company shall comply with the covenants and undertakings applicable to it as set forth in Schedule 5.

22.2 Disclosures. Each Party undertakes to Disclose in writing to the other Parties anything which constitutes a breach or is materially inconsistent with any of its undertakings in this Article 22 immediately upon it coming to the notice of that Party.

22.3 Rights and Obligations of Oaks and the Oaks Nominees.

22.3.1 Oaks is the portfolio manager for the Oaks Nominees and in such capacity all rights and obligations of each Oaks Nominee: (a) under these Articles; and (b) under Applicable Law in its capacity as a KCM Shareholder;

shall be exercised and undertaken by Oaks for and on behalf of such Oaks Nominee, as its duly constituted attorney. Oaks shall procure that the Oaks Nominees comply with the provisions of these Articles and do not undertake any actions that are inconsistent with the provisions or intent of these Articles.

22.3.2 All notices or documents to be delivered to an Oaks Nominee under these Articles and/or under Applicable Law in its capacity as a KCM Shareholder will be delivered to Oaks who shall receive such notices and documents as the duly constituted attorney of such Oaks Nominee.

22.3.3 Oaks represents and warrants to the other Parties that it is the duly constituted attorney for each Oaks Nominee for the purpose of these Articles. Oaks further represents and warrants to the other Parties that Oaks and each Oaks Nominee have executed all deeds and documents required under Applicable Law in order to carry out, give effect to and confirm the provisions of this Article 22.3 and copies of all such deeds and documents have been made available for the review of each other Party. Oaks hereby agrees and undertakes to execute and deliver, and to cause the Oaks Nominees to execute and deliver, all such other instruments and documents and take such other actions as may be required from time to time under Applicable Law in order to carry out, give effect to and confirm the provisions of this Article 22.3 and Oaks shall make all such documents available for inspection by the Company within 7 (seven) days of a written request for such inspection.

22.3.4 Unless stated otherwise, in computing the shareholding of Oaks for the purpose of determination of the rights and privileges available to Oaks under these Articles, the KCM Securities held by the Oaks Nominees shall be included in the computation of the shareholding of Oaks and all rights shall be exercised jointly by Oaks and the Oaks Nominees as one block and the obligations shall be fulfilled jointly and severally, as applicable.

23. ASSIGNMENT

23.1 No Assignment. Except as permitted under these Articles and as permitted under and in accordance with the KCM Articles, no Party shall assign any of his/ its rights or obligations to another Party or Person without the prior written consent of the Promoter Group, KKR and each Major Investor.

23.2 The Promoter Group and KKR will be permitted to assign their respective rights under these Articles in accordance with the KCM Articles. Notwithstanding anything contained in Article 23 and the KCM Articles, no assignment of rights by the Promoter, Promoter Group, Investors or KKR shall result in duplication of any rights under these Articles.

24. SEAL

The Company may have a Common Seal, and the Board shall provide for the safe custody thereof. The Common Seal, if adopted, shall not be applied to any instrument except by the authority or resolution of the Board, and except in the presence of at least 1 (one) Director and of the company secretary or such other person as the Board may appoint for the purpose, and such persons aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

25. SECRECY CLAUSE

Other than as provided under these Articles, no member shall be entitled to require discovery of or any information respecting any details of the Company's trading or any other matter which may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board will not be expedient in the interest of the Company to communicate the same.

26. WINDING UP

26.1 All proceedings of winding-up of the Company shall be undertaken in accordance with Applicable Law.

27. INDEMNITY

The Company shall indemnify the KKR Nominee Directors, the Major Investor Nominee Directors, the Promoter and the Promoter Nominee Directors in their capacities as Directors of the Company, to the fullest extent permissible under Applicable Law, including against any and all expenses which such Directors incur or become obligated to incur in connection with any proceeding that any such Director was, is or becomes a party to, or witness or participant (including on appeal) in, or is threatened to be made a party to, or witness or participant (including on appeal) in, any willful omission or misconduct of or by the Company, the Promoter or their employees or agents as a result of which, in whole or in part, any such Director is made a party to, or otherwise incurs any Loss pursuant to, any action, suit, claim or proceeding arising out of or relating to any such conduct, or contravention of any law in respect of the Business, and any action or proceedings taken against a Director in connection with any such contravention or alleged contravention.

28. NON-RECOURSE

Notwithstanding anything that may be expressed or implied in these Articles or any of the transactions contemplated thereby, no recourse under or in connection with these Articles or any other document as agreed in writing between the Parties or otherwise arising out of or relating in any way to these Articles, such document or the transactions contemplated hereunder, or in respect of any oral representations made or alleged to be made in connection therewith, shall be had against, and no liability, obligation or commitment of whatever nature, known or unknown, whether due or to become due, assigned or unassigned, absolute, contingent or otherwise (collectively, for the purposes of this Article, "Liability") shall attach to, be imposed on or otherwise be incurred by, an Affiliate of any Party or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder, assignee or affiliate of any Party or of any of its Affiliates of any Party or its Affiliates, whether by or through attempted piercing of the corporate veil, by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other Applicable Law, for any obligations of any Party under these Articles or any of the transactions contemplated thereby, or in respect of any oral representations made or alleged to be made in connection therewith, provided that: (a) if any of the rights and/or obligations of a Party are assigned to any such Person in accordance with the terms of these Articles or any other agreement as agreed in writing between the Parties, this Article shall cease to apply to such Person; (b) nothing contained in this Article shall apply to successors in interest of a Party; and (c) nothing contained in this Article shall apply to any obligations or liabilities imposed on or assumed by such Persons under the provisions of these Articles or any other agreement as agreed in writing between the Parties.

29. COMPLIANCE WITH THE CHARTER DOCUMENTS

Exercise of Rights. Each of the Parties undertake to the other Parties that it will exercise all powers and rights available to it in KCM in order to give effect to the provisions of these Articles and to ensure that all Investee Entities (including the Company) comply with their respective obligations under these Articles.

30. MISCELLANEOUS

30.1 Notices. Unless otherwise stated, all notices, requests, waivers, approvals, instructions, demand and other communication given or made under these Articles shall be in writing and may be given by email or by personal delivery or by sending the same by pre-paid registered mail or courier addressed to the relevant Party at its address or email intimated by such Party to the Company in writing.

30.2 Assurances.

30.2.1 Each of the Parties, each Shareholder and each KCM Shareholder undertakes and covenants to comply with the terms of these Articles, to the extent applicable to such Person and co-operate with the others and execute and deliver to the others such instruments and documents and take such other actions (including but not limited to exercising voting rights in favour of any resolutions) and execute and deliver such other instruments and documents as may be reasonably requested or required from time to time in order to carry out, give effect to and confirm their rights and the intended purpose of these Articles and to cause the fulfilment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by under these Articles, provided that no such document or agreement shall be inconsistent with the spirit and intent of these Articles.

30.3 Severability. Each of the provisions of these Articles is severable. The validity, legality and enforceability of the remaining provisions of these Articles shall not in any way be affected or impaired if any provision of these Articles is rendered void, illegal or unenforceable in any respect under any Applicable Law. If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted or modified, the provision shall apply with modification as necessary to give effect to the commercial intention of the Parties.

30.4 Waivers. No waiver shall be valid unless given in writing by the Party or Parties from whom such waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the Party granting such waiver in any other respect or at any other time. Neither the waiver by any of the Parties of a breach of or a default under any of the provisions of these Articles, nor the failure by any of the Parties, on one or more occasions, to enforce any of the provisions of these Articles or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder.

30.5 Authorisations. Subject to these Articles, wherever in the Companies Act it has been provided, that the Company shall have any right, privilege or authority, or that the Company could carry out any transaction only, if the Company is so authorised by its articles then and in that case this Article 30.5 hereby authorizes and empowers the Company to have such right, privilege or authority and to carry out such transactions as have been permitted by the Companies Act without there being any specific regulation in that behalf herein provided.

(These Articles of Association were amended and restated as per Special Resolution passed at the Extra Ordinary General Meeting held on 25 August 2022.))

SCHEDULE 1

KKR AFFIRMATIVE VOTE MATTERS

1. Any change to the size of the Board/ Committee or the composition of the Board/ Committee as set out in Article 11.2.1 (Composition of Board), Article 11.10 (Committee), (as the case may be).
2. Commencement of new business lines, or cessation of existing business lines.
3. Acquisition or disposal of Assets (movable, immovable, tangible and intangible, securities held by it in other entities), if such acquisition or disposal represents more than 1% (one per cent) of the Applicable FMV of KCM, as calculated at such time, other than in the Ordinary Course of Business.
4. Entering into any contractual arrangement not being in the Ordinary Course of Business which obligates the Company to pay in excess of INR 500,000,000 (Indian Rupees five hundred million) over the term of the contract.
5. Approving the adoption and/or changes to any key policies of the Company (including credit policy, risk management policy, conflict of interest policy, but excluding anti-money laundering policy, know your customer policy and environmental policy and social policies).
6. Except as agreed between the Parties in writing, (a) any transfer of the Incred Brand (other than any transfer between KCM and any wholly owned Subsidiaries of KCM (including the Company)); or (b) any creation of Encumbrance over the Incred Brand (other than general charges over the Assets of the Investee Entities including the Incred Brand, in the Ordinary Course of Business, as long as such Encumbrance is not created specifically over the Incred Brand), or grant of any right, title or interest therein; or (c) any transaction resulting in the Incred Brand ceasing to be owned by KCM or its wholly owned Subsidiaries (including the Company).

SCHEDULE 2

KKR AND MAJOR INVESTOR AFFIRMATIVE VOTE MATTERS

1. Any material change to the nature of existing business line, such change being independent of and completely unrelated to the existing business lines.
2. Entering into any acquisition, merger, consolidation or any other similar business combination which involves a transaction value of an amount which: (a) represents more than 2.5% (two point five per cent) of the Applicable FMV of KCM, the Company and the other Investee Entities, taken as a whole as calculated at such time; or (b) results in a material alteration in Business scope.
3. Any transactions of the Company with Related Parties (including any shareholder, employee or Director of the Company) of any Party (other than any transactions inter se the group entities): where: (a) the value of each such transaction, or the aggregate value of any series of connected transactions, is in excess of INR 200,000,000 (Indian Rupees two hundred million); or (b) a transaction involves any intra-group indebtedness, whether in the nature of a loan, advance, debenture or bond issuance, inter-corporate deposit or otherwise, other than the issuance of any bonds or debentures by an Investee Entity to Incred Wealth Private Limited, to the extent that such bonds or debentures are issued to Incred Wealth Private Limited for syndication by Incred Wealth Private Limited to third party investors.
4. Entry by the Company into any guarantee, indemnity, or surety contract or any contract of a similar nature (including creating a lien on any of its Assets) in favour or for the benefit of any Person, other than in the Ordinary Course of Business.
5. Incurrence of indebtedness in excess of 5 (five) times of the combined net worth of KCM and the Investee Entities as on the date of such incurrence.
6. Any change in the Share Capital structure of the Company (including creation or issuance of Securities including the rights and obligations attached to such issuance, change in authorised capital, re-classification, buyback, redemption or repurchase, issuance of Securities to, or grant of options to employees including formulation of ESOPs and any amendments to the ESOPs of the Company.
7. Any amendment of the Charter Documents.

8. Initiating or consummating an initial public offer of the securities of the Company on any stock exchange, or any decision as to the timing, structure, pricing and other details of such initial public offer of the securities of the Company, or any other action leading to such initial public offer of the securities of the Company.

9. Any decision involving the use of the Company's reserves and other funds for any distribution, other than in the Ordinary Course of Business, and any deviation/ change in the distribution policy.

10. Approving the adoption and/or changes to the anti-money laundering policy, know your customer policy and environmental policy and social policies of the Company.

11. Commencement of any action in connection with a voluntary winding up, dissolution or liquidation, or: (a) any other event amounting to a deemed liquidation of the Company (including a merger or consolidation, sale, lease, transfer, exclusive licence or other disposition of all or substantially all Assets of the Company); (b) entry into a settlement or arrangement with a creditor or debtor of the Company, outside the Ordinary Course of Business and for an amount in excess of INR 100,000,000 (Indian Rupees one hundred million), either individually or in the aggregate for a series of related transactions; or (c) any agreement or arrangement in relation to the foregoing.

12. Except as agreed between the Parties in writing, any transfer of ownership of the Incred Brand (other than any transfer between KCM and any wholly owned Subsidiaries of KCM (including the Company)).

13. Approving any financial commitment or expenditure above 10% (ten per cent) of the net Asset value of KCM in one or a series of related transactions (whether or not included generally in the Business Plan, unless already specifically included as a specific line item in the Business Plan).

14. Any investments by the Company other than: (a) investments in accordance with such terms as may be agreed in writing between the Parties; and/or (b) investments in the Ordinary Course of Business; and/or (c) investments up to 2.5% (two point five per cent) of the combined net worth of KCM and the Investee Entities as on the date of such investment.

15. Appointment or removal of KMP of the Company where such appointment or removal involves a reputational concern.

16. Appointment of the statutory auditor of the Company, other than: (a) Deloitte Touche Tohmatsu; (b) EY (formerly Ernst and Young); (c) PricewaterhouseCoopers; or (d) KPMG, or their respective Indian affiliates.

SCHEDULE 3

PROMOTER AFFIRMATIVE VOTE MATTERS

PART A

PROMOTER OPERATIONAL AFFIRMATIVE VOTE MATTERS

1. Any amendment to the Initial Business Plan, agreement on any Business Plan thereafter or any amendment to such Business Plan.

2. Any change to the size of the Board/ Committee or the composition of the Board/ Committee as set out in Article 11.2.1 (Composition of Board), Article 11.10 (Committee), (as the case may be).

3. Commencement of new business lines, or cessation of existing business lines.

4. Any material change to the nature of existing business line, such change being independent of and completely unrelated to the existing business lines.

5. Acquisition or disposal of Assets (movable, immovable, tangible and intangible, securities held by it in other entities), if such acquisition or disposal represents more than 1% (one per cent) of the Applicable FMV of KCM, as calculated at such time, other than in the Ordinary Course of Business.

6. Entering into any contractual arrangement not being in the Ordinary Course of Business which obligates the Company to pay in excess of INR 500,000,000 (Indian Rupees five hundred million) over the term of the contract.

7. Approving the adoption and/or changes to any key policies of the Company (including credit policy, risk management policy, conflict of interest policy, but excluding anti-money laundering policy, know your customer policy and environmental policy and social policies).

8. Except as agreed between the Parties in writing: (a) any transfer of the Incred Brand (other than any transfer between KCM and any wholly owned Subsidiaries of KCM (including the Company)); or (b) any creation of Encumbrance over the Incred Brand (other than general charges over the Assets of the Investee Entities

including the Incred Brand, in the Ordinary Course of Business, as long as such Encumbrance is not created specifically over the Incred Brand), or grant of any right, title or interest therein; or (c) any transaction resulting in the Incred Brand ceasing to be owned by KCM or its wholly owned Subsidiaries (including the Company).

9. Entering into any acquisition, merger, consolidation or any other similar business combination which involves a transaction value of an amount which: (a) represents more than 2.5% (two point five per cent) of the Applicable FMV of KCM, the Company and the other Investee Entities, taken as a whole as calculated at such time; or (b) results in a material alteration in Business scope.

10. Any transactions of the Company with Related Parties (including any shareholder, employee or Director of the Company) of any Party (other than any transactions inter se the group entities): where (i) the value of each such transaction, or the aggregate value of any series of connected transactions, is in excess of INR 200,000,000 (Indian Rupees two hundred million); or (ii) a transaction involves any intra-group indebtedness, whether in the nature of a loan, advance, debenture or bond issuance, inter-corporate deposit or otherwise, other than the issuance of any bonds or debentures by an Investee Entity to Incred Wealth Private Limited, to the extent that such bonds or debentures are issued to Incred Wealth Private Limited for syndication by Incred Wealth Private Limited to third party investors.

11. Entry by the Company into any guarantee, indemnity, or surety contract or any contract of a similar nature (including creating a lien on any of its Assets) in favour or for the benefit of any Person, other than in the Ordinary Course of Business.

12. Incurrence of indebtedness in excess of 5 (five) times of the combined net worth of KCM and the Investee Entities as on the date of such incurrence.

13. Any change in the Share Capital structure of the Company (including creation or issuance of Securities including the rights and obligations attached to such issuance, change in authorised capital, re-classification, buyback, redemption or repurchase, issuance of Securities to, or grant of options to employees, including formation of ESOPs and amendments to the ESOPs of the Company.

14. Any amendment of the Charter Documents.

15. Initiating or consummating an initial public offer of the securities of the Company on any stock exchange, or any decision as to the timing, structure, pricing and other details of such initial public offer of the securities of the Company, or any other action leading to such initial public offer of the securities of the Company.

16. Any decision involving the use of the Company's reserves and other funds for any distribution, other than in the Ordinary Course of Business, and any deviation/ change in the distribution policy.

17. Approving the adoption and/or changes to the anti-money laundering policy, know your customer policy and environmental policy and social policies of the Company.

18. Commencement of any action in connection with a voluntary winding up, dissolution or liquidation, or: (a) any other event amounting to a deemed liquidation of the Company (including a merger or consolidation, sale, lease, transfer, exclusive licence or other disposition of all or substantially all Assets of the Company); (b) entry into a settlement or arrangement with a creditor or debtor of the Company, outside the Ordinary Course of Business and for an amount in excess of INR 100,000,000 (Indian Rupees one hundred million), either individually or in the aggregate for a series of related transactions; or (c) any agreement or arrangement in relation to the foregoing.

19. Approving any financial commitment or expenditure above 10% (ten per cent) of the net Asset value of KCM in one or a series of related transactions (whether or not included generally in the Business Plan, unless already specifically included as a specific line item in the Business Plan).

20. Any investments by the Company other than: (a) investments in accordance with such terms as may be agreed in writing between the Parties; and/or (b) investments in the Ordinary Course of Business; and/or (c) investments up to 2.5% (two point five per cent) of the combined net worth of KCM and the Investee Entities as on the date of such investment.

21. Appointment or removal of KMP of the Company where such appointment or removal involves a reputational concern.

22. Appointment of the statutory auditor of the Company, other than: (a) Deloitte Touche Tohmatsu; (b) EY (formerly Ernst and Young); (c) PricewaterhouseCoopers; or (d) KPMG, or their respective Indian affiliates.

PART B

PROMOTER SHAREHOLDING AFFIRMATIVE VOTE MATTERS

1. Entering into any acquisition, merger, consolidation or any other similar business combination which involves a transaction value of an amount which: (a) represents more than 2.5% (two point five per cent) of the Applicable FMV of KCM, the Company and the other Investee Entities, taken as a whole as calculated at such time; or (b) results in a material alteration in Business scope.

2. Acquisition or disposal of Assets (movable, immovable, tangible and intangible, securities held by it in other entities), if such acquisition or disposal represents more than 1% (one per cent) of the Applicable FMV of KCM, as calculated at such time, other than in the Ordinary Course of Business.

3. Any transactions of the Company with Related Parties (including any shareholder, employee or Director of the Company) of any Party (other than any transactions inter se the group entities): where: (a) the value of each such transaction, or the aggregate value of any series of connected transactions, is in excess of INR 200,000,000 (Indian Rupees two hundred million); or (b) a transaction involves any intra-group indebtedness, whether in the nature of a loan, advance, debenture or bond issuance, inter-corporate deposit or otherwise, other than the issuance of any bonds or debentures by an Investee Entity to Incred Wealth Private Limited, to the extent that such bonds or debentures are issued to Incred Wealth Private Limited for syndication by Incred Wealth Private Limited to third party investors.

4. Incurrence of indebtedness in excess of 5 (five) times of the combined net worth of KCM and the Investee Entities as on the date of such incurrence.

5. Any change in the Share Capital structure of the Company (including creation or issuance of Securities including the rights and obligations attached to such issuance, change in authorised capital, re-classification, buyback, redemption or repurchase, issuance of Securities to, or grant of options to employees including formulation of ESOPs and any amendments to the ESOPs of the Company), other than on account of any Transfer of securities by the Shareholders, in each case, only to the extent that such change would disproportionately prejudice the Promoter Group with respect to the rights of the Promoter Group under these Articles.

6. Any amendment of the Charter Documents, only to the extent that such change would disproportionately prejudice the Promoter Group with respect to the rights of the Promoter Group under these Articles.

7. Any decision involving the use of the Company's reserves and other funds for any distribution, other than in the Ordinary Course of Business, and any deviation/ change in the distribution policy.

8. Approving the adoption and/or changes to the anti-money laundering policy, know your customer policy and environmental policy and social policies of the Company.

9. Commencement of any action in connection with a voluntary winding up, dissolution or liquidation, or: (a) any other event amounting to a deemed liquidation of the Company (including a merger or consolidation, sale, lease, transfer, exclusive licence or other disposition of all or substantially all Assets of the Company); (b) entry into a settlement or arrangement with a creditor or debtor of the Company, outside the Ordinary Course of Business and for an amount in excess of INR 100,000,000 (Indian Rupees one hundred million), either individually or in the aggregate for a series of related transactions; or (c) any agreement or arrangement in relation to the foregoing.

10. Except as agreed between the Parties in writing: (a) any transfer of the Incred Brand (other than any transfer between KCM and any wholly owned Subsidiaries of KCM (including the Company)); or (b) any creation of Encumbrance over the Incred Brand (other than general charges over the Assets of the Investee Entities including the Incred Brand, in the Ordinary Course of Business, as long as such Encumbrance is not created specifically over the Incred Brand), or grant of any right, title or interest therein; or (c) any transaction resulting in the Incred Brand ceasing to be owned by KCM or its wholly owned Subsidiaries (including the Company).

11. Appointment of the statutory auditor of the Company, other than: (a) Deloitte Touche Tohmatsu; (b) EY (formerly Ernst and Young); (c) PricewaterhouseCoopers; or (d) KPMG, or their respective Indian affiliates.

SCHEDULE 4

LIST OF KMPs

1. Chief Financial Officer
2. Head of Credit
3. Head of Risk
4. Head of Human Resources
5. Head of Balance Sheet, Structured Finance
6. Chief Technology Officer
7. 'Key Managerial Personnel', as defined under the Companies Act, provided that for the purpose of these Articles, including this Schedule 4, the Promoter shall not be considered a KMP.

SCHEDULE 5

KKR POLICY COVENANTS

1. The Company shall, and shall procure that each other Investee Entity shall:

(a) take all measures as are required by Applicable Law to ensure that the funds invested in the Company and in any Investee Entity are derived from transactions that do not violate Applicable AML Laws, the Applicable Anti-Corruption Laws, and any Economic Sanctions Laws.

(b) provide such information and documentation in relation to the Investee Entities, the Company and its shareholders, and the Investee Entities' and the Company's legal or beneficial ownership, policies, procedures and sources of funds as KKR, each Investor and the Promoter may reasonably deem necessary or prudent to enable KKR, each Investor and the Promoter, and Investee Entities to comply with Applicable Anti-Corruption Laws, Applicable AML Laws and Economic Sanctions Laws.

(c) conduct, and shall cause each of its officers, directors, employees and agents to conduct the business of the Investee Entities in compliance with Applicable Anti-Corruption Laws, Applicable AML Laws and Economic Sanctions Laws.

(d) not use, directly or indirectly, any proceeds received by it from any shareholder for the purpose of, or with the effect of, funding or facilitating any activities or business of or with any Person that is, at the time of such funding or facilitation, a Sanctioned Person, or in any other manner that would result in a violation of any provision of any of the Applicable AML Laws and Economic Sanctions Laws by any Person; and

(e) maintain all necessary and appropriate safeguards to ensure their compliance with the covenants contained in this Schedule 5.

2. The Company acknowledges that if KKR believes that an Investee Entity or the Company may have breached any of the covenants set forth in this Schedule 5, KKR and its Affiliates shall have the right (and may have the obligation under Applicable Law), with prior notice to the relevant Investee Entity or the Company (if such notice is permitted to be provided by KKR to the relevant Investee Entity or the Company under Applicable Law), to notify the appropriate Governmental Authority of such breach and to take such action, or require that the relevant Investee Entity and/or the Company takes such action, as such Governmental Authority may direct.

3. The Company shall deliver, and shall cause each Investee Entity in which it holds any securities to deliver, to KKR and its Affiliates all information as may be requested by KKR and its Affiliates to satisfy their respective reporting and audit obligations, including to KKR and its Affiliates' direct and indirect investors. The Company shall, and shall cause each Investee Entity in which it holds any securities to, if so directed by KKR, perform background checks on third parties transacting business of a material nature with itself or such an Investee Entity, and shall not knowingly permit itself or any such Investee Entity to transact business with any Person who, because of such Person's known bad character, criminal conduct or criminal associations or status on any "restricted" or "prohibited" list, could cause such an Investee Entity, the Company, KCM or any KCM Shareholder or any of their respective Affiliates regulatory issues with respect to and/or under the Applicable Anti-Corruption Laws, Economic Sanctions Laws, Applicable AML Laws, gaming, liquor, anti-terrorism or other such regulations.

4. Prohibited Actions. The Company shall procure that:

(a) the Company, nor any of its or its Investee Entity's agents, employees, and other persons acting on their behalf, shall take any act that would cause it, such Investee Entity, KCM or any KCM Shareholder to be in violation of any Applicable Anti-Corruption Laws, Applicable AML Laws or Economic Sanctions Laws.

(b) Without limiting the generality of the foregoing, neither the Company, and Investee Entity nor any of their agents, officers, directors, employees, and other persons acting on their behalf, shall take any act in furtherance of a payment, offer, promise to pay, or authorization or ratification of a payment of any gift, money or anything of value to:

(i) a Government Official; or

(ii) any person or entity while knowing or having reasonable grounds to believe that all or a portion of that payment will be passed on to a Government Official;

in each case, to obtain or retain business or to secure an improper advantage.

(c) No Government Official or Governmental Authority shall receive an interest, whether direct or indirect, legal or beneficial, in the Company or any Investee Entity or receive any legal or beneficial interest in payments made to the Company or any Investee Entity.

(d) The Company and each Investee Entity shall maintain reasonable internal controls and procedures intended to ensure compliance with the Applicable Anti-Corruption Laws, Applicable AML Laws and Economic Sanctions Laws, including an anti-corruption, anti-money laundering and economic sanctions compliance policy.

5. The Company shall, and shall procure that each other Investee Entity shall:

(a) maintain its books and records in a manner that, in reasonable detail, accurately and fairly reflects the transactions and disposition of their assets, and

(b) maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) the transactions are executed and access to assets is given only in accordance with management's authorization; (ii) the transactions are recorded as necessary to permit preparation of periodic financial statements and to maintain accountability of corporate assets; and (iii) the transactions are recorded as necessary to permit preparation of periodic financial statements and to maintain accountability of corporate assets, as may be required under its applicable Laws.

6. No director or officer of the Company, or any of its Subsidiaries shall make or cause to be made false or misleading statements to, or shall attempt to coerce or fraudulently influence, an accountant in connection with any audit, review or examination of the financial statements of the Company or any of its Subsidiaries.

7. Notwithstanding any other provision of these Articles to the contrary, nothing herein shall (i) require any shareholder of KCM to make any payment that it reasonably believes will constitute a violation of the Applicable Anti-Corruption Laws, Applicable AML Laws or Economic Sanctions Laws; or (ii) prohibit any shareholder of KCM, in its sole discretion, from reporting any actual or possible violation of the Applicable Anti-Corruption Laws, Applicable AML Laws or Economic Sanctions Laws to law enforcement officials.

8. Transactional Requirements.

(a) The Parties acknowledge that KKR and its Affiliates may be subject to: (i) the FCPA, (ii) the Applicable Anti-Corruption Laws; (iii) Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56 (2001) and other similar laws and regulations, (iv) Economic Sanctions Laws, and (v) U.S. anti-boycott laws and regulations administered by the U.S. Department of Commerce and the U.S. Internal Revenue Service (collectively, the "Transactional Requirements").

(b) The Company shall not and shall notify and direct the other Investee Entities and each of its and their respective direct or indirect shareholders, officers, Directors, employees and agents not to take any action or knowingly omit to take any action that would cause a violation by any Investee Entity, KKR or any of its Affiliates of the Transactional Requirements, regardless of U.S. jurisdiction over the activity.

(c) The Company and each Investee Entity shall maintain policies and procedures designed to ensure accurate books and records and prevent its directors, officers, employees, and agents (including but not limited to contractors, sub-contractors and service providers) from undertaking any activity, practice or conduct relating to the business of the Investee Entities that would constitute a violation of the Applicable Anti-Corruption Laws, Applicable AML Laws and Economic Sanctions Laws (the "Compliance Policy"). In implementing the Compliance Policy, the Company shall, and shall cause each Investee Entity and the directors, officers, employees and agents of the Company and the Investee Entities to follow the policies and procedures set forth in the Compliance Policy

including: (i) all training, education and certification procedures, (ii) all due diligence procedures related to agents of the Company and the Investee Entities, (iii) all audit and internal control procedures, (iv) adequate commitment of resources to ensure the capacity to carry out the programs required by the Compliance Policy and (v) appropriate procedures to ensure accurate books and records, and other policies and procedures set forth in the Compliance Policy. The Company shall appoint for itself and shall cause a chief compliance officer to be appointed by each Investee Entity (who shall be a suitable and competent person with relevant knowledge of and experience with laws applicable to the Company / the relevant Investee Entity to carry out the compliance function of the Company / such Investee entity). The Company shall cause each Investee Entity to enforce disciplinary procedures and to create and adopted reporting mechanisms for suspected violations.

SECTION IX - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of our Company situated at Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051, India between 10.00 am to 5.00 pm on any Working Days from the date of Prospectus with RoC until the Issue Closing Date.

MATERIAL CONTRACTS

1. Issue Agreement dated December 22, 2022 executed between our Company and the Lead Manager.

2. Registrar Agreement dated December 21, 2022 executed between our Company and the Registrar to the Issue.

3. Debenture Trustee Agreement dated December 21, 2022 executed between our Company and the Debenture Trustee.

4. Agreed form of Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

5. Public Issue Account Agreement dated December 30, 2022 executed between our Company, the Registrar, the Public Issue Account Bank, Refund Bank and Sponsor Bank, and the Lead Manager.

6. Consortium Agreement dated December 30, 2022 executed between our Company, the Consortium Member and the Lead Manager.

7. Tripartite agreement dated August 1, 2022 among our Company, the Registrar to the Issuer and CDSL.

8. Tripartite agreement dated August 8, 2022 among our Company, the Registrar to the Issuer and NSDL.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.

2. Certificate of Incorporation of our Company dated February 03, 1995, issued in name of Multiflow Financial Services Private Limited by Registrar of Companies, Registrar of Companies, Chennai Tamil Nadu.

3. Fresh Certificate of Incorporation of the Company dated August 13, 2010 pursuant to change of name to KKR India Financial Services Private Limited by Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands.

4. Fresh Certificate of Incorporation of the Company dated July 24, 2019 upon conversion of Company from private company to public company under section 18 of Companies Act 2013 and consequently change of name of the Company to KKR India Financial Services Limited by Registrar of Companies, Chennai Tamil Nadu.

5. Fresh Certificate of Incorporation of the Company dated April 21, 2021 for change in registered office of the Company w.e.f. April 1, 2021 from State of Tamil Nadu to State of Maharashtra.

6. Fresh Certificate of Incorporation of the Company dated August 03, 2022 for change in name to InCred Financial Services Limited, by Registrar of Companies, Mumbai, Maharashtra.

7. Certificate of Registration as an NBFC dated October 25, 2000 issued by RBI u/s 45 IA of the Reserve Bank of India, 1934 in the name of Multiflow Financial Services Private Limited under the registration number B-07.00498.

8. Fresh Certificate of Registration as an NBFC dated September 03, 2010 issued by RBI u/s 45 IA of the Reserve Bank of India, 1934 in the name of KKR India Financial Services Private Limited under registration number B-07-00498.

9. Fresh Certificate of Registration as an NBFC dated November 14, 2019 issued by RBI u/s 45 IA of the Reserve Bank of India, 1934 in name of KKR India Financial Services Limited pursuant to conversion from private company to public company under registration number B-07.00498.

10. Fresh Certificate of Registration as an NBFC dated September 28, 2022 issued by RBI u/s 45 IA of the Reserve Bank of India, 1934 in name of InCred Financial Services Private Limited *(Formerly known as KKR India Financial Services Limited)* under registration number B-13.02417.

11. No-objection in relation to the Scheme from RBI dated December 8, 2021

12. In-principle approval under Regulation 59 of SEBI Listing Regulations from BSE vide its letters dated December 24, 2021 and April 21, 2022 and from NSE vide letters dated March 04, 2022 and October 10, 2022.

13. Copy of shareholders' resolution on August 25, 2022 under Section 180(1)(c) of the Companies Act, 2013 on overall borrowing and security creation limits of the Board of Directors of our Company.

14. Copy of the resolution passed by the Board of Directors dated December 14, 2022 approving the issue of NCDs.

15. Copy of the resolution passed by the Finance Committee at its meeting held on December 22, 2022 approving the Draft Prospectus.

16. Copy of the resolution passed by the Finance Committee at its meeting held on December 30, 2022 approving this Prospectus.

17. Credit rating letter dated November 30, 2022 by CRISIL Ratings Limited assigning a rating of "CRISIL A+/Stable" for the Issue with rating rationale dated November 25, 2022 and further revalidated *vide* letter dated December 26, 2022.

18. Shareholders' Agreement, dated August 16, 2021 executed between KKR Capital Markets India Private Limited (*now known as InCred Holdings Limited)* "**KCM**")), Pre-demerger KKR, KKR India Financial Investments Pte. Ltd., Bhupinder Singh, B Singh Holdings Limited, Effective Date Major Investors, Effective Date Other Investors and Pre-demerger InCred (the "**Shareholders' Agreement**")

19. Implementation Agreement, dated August 16, 2021 executed between InCred Financial Services Limited (Pre-Demerger InCred), Booth Fintech Private Limited, Incred Management and Technology Services Private Limited, Incred.AI Limited, Bee Finance Limited, KKR Capital Markets India Private Limited (*now known as InCred Holdings Limited),* KKR India Financial Services Limited (our Company) and KKR India Financial Investments Pte. Ltd. (the "**Implementation Agreement**")

20. Consents of the Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Lead Manager to the Issue, Legal Advisor to the Issue, Credit Rating Agencies for this Issue, Bankers to our Company, Registrar to the Issue and the Debenture Trustee for the NCDs to include their names in this Prospectus in their respective capacity.

21. Consent of CareEdge Research as the agency issuing the CareEdge Report, forming part of the Industry Overview chapter.

22. Our Company has received the written consent dated December 30, 2022 from S.R. Batliboi & Associates LLP our Statutory Auditor, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of (i) their report dated December 14, 2022 on the Interim Consolidated Financial Statements as at and for the half year ended September 30, 2022, (ii) the report dated December 14, 2022 on the Interim Standalone Financial Statements as at and for the half year ended September 30, 2022, (iii) the report dated December 21, 2022 on the Reformatted Financial Information included in this Prospectus, and (iv) their report dated December 21, 2022 on the statement of special tax benefits included in this Prospectus, and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act, 1993.

23. The reports on statement of possible tax benefits dated December 21, 2022 issued by S.R. Batliboi & Associates LLP.

24. Annual Report of our Company for the last three financial years ended March 31, 2022, 2021 and 2020.

25. Annual Report of Pre-Demerger InCred (now known as InCred Prime Finance Limited) for the last three financial

years ended March 31, 2022, 2021 and 2020.

26. In-principle listing approval from BSE by its letter no. DCS/BM/PI-BOND/020/22-23 dated December 30, 2022.
27. In-principle listing approval from NSE by its letter no. NSE/LIST/D/2022/0195 dated December 30, 2022.
28. Due Diligence Certificate dated December 30, 2022 filed by the Lead Manager with SEBI.
29. Due Diligence certificate dated December 22, 2022 filed by the Debenture Trustee to the Issue.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including the all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable , as the case may be have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Prospectus are true, correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material information which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Prospectus thereto is true, correct and complete and is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of our Company

_____	_____
Bhupinder Singh Whole Time Director and Chief Executive Officer DIN: 07342318 Place: Mumbai	Vivek Bansal Whole Time Director and Chief Financial Officer DIN: 07835456 Place: Mumbai
_____	_____
Debashish Dutta Gupta Independent Director DIN: 08950317 Place: Singapore	Rupa Rajul Vora Independent Director DIN: 01831916 Place: Mumbai
_____	_____
Vivekanand Suryaprakash Periayapatnam Non-Executive Director DIN: 02363239 Place: Bengaluru	Sekar Karnam Independent Director DIN: 07400094 Place: Mumbai
_____	_____
Gaurav Trehan Non-Executive Director DIN: 03467781 Place: London	Sanjay Omprakash Nayar Non-Executive Director DIN: 00002615 Place: Mumbai

Date: December 30, 2022

ANNEXURE A – RATING, RATIONALE AND PRESS RELEASE

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Ratings

CRISIL
An S&P Global Company

CONFIDENTIAL

RL/KKRIFSL/303914/NCD/1122/47065/130880725/2
December 26, 2022

Mr. Vivek Bansal
Chief Financial Officer
Incred Financial Services Limited
The Capital, Unit no 1502 A,
15th Floor - B Wing,
Bandra Kurla Complex, Bandra East
Mumbai City - 400051

Dear Mr. Vivek Bansal,

Re: CRISIL Rating on the Rs. 350 Crore Non Convertible Debentures* of Incred Financial Services Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.
Please refer to our rating letters dated November 30, 2022 bearing Ref. no:
RL/KKRIFSL/303914/NCD/1122/47065/130880725/1

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Non Convertible Debentures	250	CRISIL A+/Stable
2	Non Convertible Debentures	100	CRISIL A+/Stable

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Prashant Pratap Mane
Associate Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

** Public issue*

***Disclaimer**: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301*

Ratings

CRISIL
An S&P Global Company

CONFIDENTIAL

RL/KKRIFSL/303914/NCD/1122/47065/130880725/1
November 30, 2022

Mr. Vivek Bansal
Chief Financial Officer
Incred Financial Services Limited
The Capital, Unit no 1502 A,
15th Floor - B Wing,
Bandra Kurla Complex, Bandra East
Mumbai City - 400051

Dear Mr. Vivek Bansal,

Re: CRISIL Rating on the Rs. 350 Crore Non Convertible Debentures* of Incred Financial Services Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.
Please refer to our rating letters dated November 25, 2022 bearing Ref. no:
RL/KKRIFSL/303914/NCD/1122/47065/130880725 & RL/KKRIFSL/303914/NCD/1122/47074/117758447

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Non Convertible Debentures	250	CRISIL A+/Stable
2	Non Convertible Debentures	100	CRISIL A+/Stable

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Prashant Pratap Mane
Associate Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

** Public issue*

***Disclaimer**: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301*

Ratings
CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

CRISIL
An S&P Global Company

Rating Rationale

November 25, 2022 | Mumbai

Incred Financial Services Limited

'CRISIL A+/Stable' assigned to Non Convertible Debentures; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	**Rs.6600 Crore (Enhanced from Rs.6400 Crore)**
Long Term Rating	**CRISIL A+/Stable (Reaffirmed)**

Rs.250 Crore Non Convertible Debentures	**CRISIL A+/Stable (Assigned)**
Rs.200 Crore Long Term Principal Protected Market Linked Debentures	**CRISIL PPMLD A+r/Stable (Reaffirmed)**
Rs.200 Crore Long Term Principal Protected Market Linked Debentures	**CRISIL PPMLD A+r/Stable (Reaffirmed)**
Rs.200 Crore Long Term Principal Protected Market Linked Debentures	**CRISIL PPMLD A+r/Stable (Reaffirmed)**
Rs.150 Crore Non Convertible Debentures	**CRISIL A+/Stable (Reaffirmed)**
Rs.825 Crore Non Convertible Debentures	**CRISIL A+/Stable (Reaffirmed)**
Rs.500 Crore Non Convertible Debentures	**CRISIL A+/Stable (Withdrawn)**
Rs.300 Crore Non Convertible Debentures	**CRISIL A+/Stable (Withdrawn)**
Rs.500 Crore Non Convertible Debentures	**CRISIL A+/Stable (Withdrawn)**
Rs.250 Crore Non Convertible Debentures	**CRISIL A+/Stable (Withdrawn)**
Rs.500 Crore Non Convertible Debentures	**CRISIL A+/Stable (Withdrawn)**
Rs.500 Crore Non Convertible Debentures	**CRISIL A+/Stable (Withdrawn)**
Rs.350 Crore Non Convertible Debentures	**CRISIL A+/Stable (Withdrawn)**
Rs.200 Crore Non Convertible Debentures	**CRISIL A+/Stable (Withdrawn)**
Rs.200 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**
Rs.500 Crore Commercial Paper	**CRISIL A1+ (Withdrawn)**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL A+/Stable**' rating to Rs 250 crore non-convertible debenture of Incred Financial Services Limited (Incred).and reaffirmed its 'CRISIL A+/CRISIL PPMLD A+r/Stable/CRISIL A1+' ratings on the other debt instruments and bank loan facilities.

CRISIL Ratings has also **withdrawn** its rating on Non-Convertible Debentures of Rs.1090 crore (pertaining to erstwhile KKR India Financial Services Limited), Long-Term Principal Protected Market Linked Debentures of Rs 37.2 crore and Commercial paper of Rs 500 crore (See annexure 'Details of Rating Withdrawn') as CRISIL Ratings has received independent confirmation that these instruments have been redeemed. The withdrawal is in line with CRISIL Ratings withdrawal policy.

The ratings continue to factor in Incred's strong capital position with healthy gearing backed by a high pedigree investor base – as reflected in a networth of Rs 2,300 crore and a comfortable gearing of 1.6 times as of September 30, 2022. The company's earnings profile has also improved over H1 2023 - evidenced by an annualized return on managed assets (RoMA) of 2.5% for the period. For fiscal 2022 however, the RoMA was lower at 1.1% owing to one off expenses like ESOPs, merger related legal expenses and loss on sale of two-wheeler portfolio, incurred during the year. Upon adjusting for these one-time outflows, the company's RoMA for fiscal 2022 would be ~1.6% and for H1 FY23, RoMA would be 3.0 % (on annualized basis). The rating also factors in steady improvement in Incred's asset quality metrics with a reduction in the

level of stressed assets. Gross non-performing assets (GNPAs) stood at 2.4% as on September 30, 2022 (2.8% as of March 31, 2022) whereas net non-performing assets (NNPA) stood at 1.1% on the same date.

The company also benefits from its experienced leadership team and diversified loan portfolio. These strengths are partially offset by the moderate scale of operations and profitability remaining constrained by one-time special provision/expense in the past, and moderate asset quality.

Having commenced operations in February 2017, Incred has built a diversified portfolio with assets under management (AUM) of Rs 5,052 crore as on September 30, 2022. The company provides a wide range of loan products that include personal loans, small and medium enterprise (SME) business loans, education loans, school financing loans and loans to financial institutions (FIs). After the amalgamation, erstwhile KKR India's wholesale lending book has also become a part of the overall AUM of Incred. However, this book presently forms6% of the AUM and, is expected to run down fully over the next 2-3 quarters.

Analytical Approach

For arriving at the rating, CRISIL Ratings has evaluated the business, financial, and management risk profile of Incred, factoring in the changes post implementation of the corporate scheme of arrangement

Key Rating Drivers & Detailed Description

Strengths:

***Strong capitalisation position supported by high pedigree of investor base**

Incred is well-capitalised, with networth of Rs 2,300 crore with a low gearing of 1.6 times as on September 30, 2022. This marks a significant improvement from Rs 595 crore of networth as on March 31, 2019. The company commenced its operations with a networth of around Rs 500 crore, mainly contributed by the founder's company – Bee Finance Ltd (Mauritius). In fiscal 2019, Incred raised optionally convertible debentures (OCDs) in fiscal 2017, and converted them to equity in fiscal 2019 (April 2018) to the tune of Rs 116 crore from Investcorp (IDFC Private Equity) and Paragon Partners. Furthermore, during April and May 2019, Incred raised compulsorily convertible preference shares (CCPS) of Rs 427 crore from institutional investors such as FMO (the Netherlands Development Finance Company), OAKS Asset Management (Formerly known as Alpha Capital), Moore Strategic Ventures, and Elevar Equity. Most recently, the company's networth increased from Rs 1,112 crore on March 31, 2022 to Rs 2,300 crore as of September 30, 2022 – benefitting from the implementation of the scheme of corporate reorganization and internal accretions over H1 FY 2023.

CRISIL Ratings believes Incred's capital position is strong with regards to its scale and nature of operations, supported by its demonstrated ability to raise capital from existing as well as new investors.

***Experienced promoters and senior management team**

Incred was promoted in 2016, by Mr Bhupinder Singh, Whole Time Director and Chief Executive Officer. Having been associated with Deutsche Bank with his last stint as head of the Corporate Finance division and the co-head of the Fixed Income, Equities and Investment Banking divisions for the Asia Pacific region, Mr Singh has a professional experience of over two decades. Over its operating history, the company's senior management team has gained strength, and now comprises renowned professionals from various industry sections.

Mr Vivek Bansal, Incred's Chief Financial Officer (CFO), has experience of two decades, which include leadership stints in Fidelity Investments (London) and Standard Chartered (Mumbai). Prior to Incred, Mr Bansal served as deputy CFO of YES Bank and Group Head of Finance. Mr Ashwin Sekar, who is the Chief Product and Technology Officer, had been associated with companies such as Gain Credit for over 13 years. The business side is headed by Mr Saurabh Jhalaria who has almost 20 years of work experience and was earlier Managing Director – Singapore operations at Deutsche Bank. Mr Prithvi Chandrasekhar (Chief Risk Officer), has held various positions across several companies, including Capital One and McKinsey over a professional stint of over 25 years. This team of senior executives reports to a board comprising veterans from the financial services industry. These include independent directors, nominee directors from investor bodies and a few representatives from the senior management team of Incred.

***Diversified loan portfolio**

InCred had a diversified loan portfolio of Rs 5,052 crore as on September 30, 2022 which marks a half-yearly growth of 33% (non-annualized). This growth was driven by addition of erstwhile KKR India's wholesale loan portfolio to Incred's overall AUM as part of the corporate reorganization. As on September 30, 2022, the AUM mix consists of personal loans (38%), secured school financing (10%), student loans (16%), lending to NBFCs (10%) and anchor & escrow backed business lines (19%). Apart from these, erstwhile KKR India's wholesale portfolio also constitutes 6% of the AUM however, this share has declined from 13% as of June 30, 2022. This book is spread across 5 group accounts and is expected to run down in the near to medium term.

In the initial phase of erstwhile Incred Financial Services Ltd, growth in the loan portfolio was driven by higher focus on wholesale segments such as supply chain financing and lending to financial institutions and escrow-backed lending which, which cumulatively formed 76% of the total loan book as on June 30, 2017. These segments were followed by unsecured business loans, which formed another 18% of the loan portfolio with slightly higher degree of granularity. However, eventual growth corresponded with diversification across asset segments with more focus on retail loans. Thereafter, the company ventured into segments such as personal loans and two-wheeler loans, and also tapped the niche segment of education loans via student loans and secured school funding. Over time, concentration around wholesale segments has reduced and the loan book has diversified across retail segments. Presently, 94% of AUM is composed of retail secured and unsecured loans. And the 6% exposure to structured lending book acquired from KKR India will eventually decline as the book gets paid off fully by end of fiscal 2023.

Also, given low correlation between these segments, CRISIL Ratings believes that the diversified loan portfolio supports the overall business profile, especially in case of stress in any one segment.

Weakness:

***Moderate earnings profile**

Owing to the nascent scale of operations, operating expenses of Incred, though correcting, have remained high attributed to support costs, especially employee and technology-linked expenses. Furthermore, on-boarding of senior management to lead respective asset segments has also contributed to the high employee expenses. In fiscal 2020, the company focused on optimizing cost and overall operating expense increase was controlled at 19%. However, the business growth was less than what was budgeted, as AUM grew at 17% over the year on account of cautious origination in some segments and overall challenging macroeconomic environment for most part of the year. Disbursements in the last quarter of fiscal 2020 were also impacted because of the lockdown. Resultantly, the operating expense ratio for the year remained high at 6.9%. During this period, the company's strategic exit from its housing finance subsidiary led to recognition of Rs 6.2 crore as impairment which also contributed to the high operating expenses. Additionally, write-offs of Rs 35 crore primarily in the personal loans and non-anchor supply chain segments and dedicated Covid-19 linked provisioning of Rs 5 crore further constrained the profitability.

For fiscal 2021, Incred reported a net profit of Rs 10 crore, after factoring in higher provisioning and write offs of Rs 89 crore and non-cash ESOP expenses of Rs 10.3 crore. Consequently, the RoMA for fiscal 2021 was 0.4%, and after adjusting for this one-time/ non-cash expenses, annualised RoMA is estimated at ~1.6%. Credit cost rose to 3.7% in fiscal 2021, compared with 2.6% in fiscal 2020.

For fiscal 2022, the company reported an annualized RoMA of 1.1% corresponding to a net profit of Rs 36 crore. After adjusting for non-cash ESOP expenses, demerger related legal expenses incurred and net charge on P&L due to sale of two-wheeler portfolio, the annualized RoMA for the period was about 1.6%. For H1-FY2023, the company's profitability has improved materially driven by lower credit cost and operating cost, resulting in a RoMA of 2.5% (annualised) for the half year.

Given the provisioning policy, coupled with sustained focus on tightening costs and operating expenses, CRISIL Ratings expects Incred's profitability to sustain at levels higher than that seen in the past in normal course of business. However, Incred's ability to scale up the portfolio, enhance recoveries and improve profitability while keeping credit costs low, will be a key rating sensitivity factor.

***Asset quality remains a monitorable**

Given the relatively short track record of operations and low, thought increasing, seasoning in the loan portfolio, asset quality of the book remains untested. As on March 31, 2020, GNPA stood at 2.8%, as compared to 1.8% as on March 31, 2018. Elevation in non-performing assets stemmed from challenges faced within personal loans and non-anchor business loan segments wherein the company also took write-offs of Rs 35 crore. During fiscal 2021, GNPAs rose to 4.5% by December 31, 2020 amidst tepid economic environment. However, following the recovery in Q4 2021, GNPAs reduced to 3.4% as of March 31, 2021 which – after the pandemic's second wave, again elevated marginally to 3.9% [including the impact of 0.65% points due to the Reserve Bank of India (RBI) circular of November 2021 on NPA recognition] as on December 31, 2021. However, following the revival in collections thereafter, GNPA as on September 30, 2022 improved to 2.4%.

In terms of collections, when calculated after giving benefit of over-dues, collections improved to 100% in March 2021, from 89% in September 2020. However, impacted by the pandemic's second wave and the sporadic lockdown that followed, monthly collection efficiency for the non – NPA portfolio, over Q1-FY2022 has ranged between 96-98%. For the half year ended 30th September 2022, collection efficiency of the overall book was 97%. Going forward, the company's ability to scale up operations, while maintaining asset quality and profitability at adequate levels amidst business challenges, will be key rating sensitivity factors.

***Moderate scale of operations and market position with limited seasoning**

As on September 30, 2022, Incred's AUM stood at Rs 5,052 crore, as compared to Rs 3804 crore, two quarters ago - registering a growth of 33% (non-annualised) over this period. However, the AUM is spread across seven asset classes. While this gives Incred the benefit of diversity, scale of operations and market position remains moderate within each asset class. In the aftermath of the pandemic's second wave, the AUM dipped marginally towards the end of Q1 2022 however, the growth has restored since then. As the portfolio continues to gain vintage, the company's ability to profitably scale the portfolio across diverse segments remains to be demonstrated.

Liquidity: Adequate

As on September 30, 2022, the company had liquidity balance of Rs 610 crore (includes cash and equivalents, undrawn cash credit lines and excludes committed bank lines, any upcoming collections). This balance covers the estimated outflow towards debt obligations and operating expenses scheduled for the succeeding 3 months, by 1.08 times.

Outlook: Stable

Incred is expected to maintain adequate capitalisation and diversity in its lending portfolio. The company will also continue to benefit from the extensive experience of its leadership.

Rating Sensitivity Factors

Upward factors:

- Significant improvement in market position led by increase in scale of operations while maintaining comfortable adjusted gearing
- Sustenance of improvement in earnings profile with ROMA remaining at around 3% on steady state basis.

- Sustenance in asset quality metrics with 90+ days past due (dpd) (including write-offs) remaining below 4% on steady-state basis over the medium term

Downward factors:

- Steady-state adjusted gearing of over 4 times, or inability to raise capital to fund growth
- Any adverse movement in asset quality with 90+ dpd (including write-offs) seeing material deterioration over the medium term
- Earnings profile remaining sub-optimal with inability to achieve a steady state sustained RoMA level of >1.25% over the near to medium term

About the Company

The erstwhile Incred Financial Services Ltd (now renamed as Incred Prime Finance Ltd) was a non-deposit taking, non-banking financial company headquartered in Mumbai. Incorporated in January 1991 as Visu Leasing and Finance Pvt Ltd (VLFL), this company was acquired by Incred in 2016, after which, its name was changed to reflect the Incred brand. Having started its operations in February 2017, Incred is a new-age financial services platform that leverages technology and data science, throughout its lending chain, thereby reducing the turnaround time.

On September 30, 2022, the company had a diversified AUM of Rs 5052 crore which includes the effect of corporate reorganization with erstwhile KKR India Financial Services. KKR India was a non-deposit taking, systemically important, NBFC, engaged in providing structured funding, promoter financing, and mezzanine financing, commenced operations in October 2009. Prior to the corporate reorganization, KKR Capital Markets India Private Limited held 100% stake in KKR India. The current Incred Financial Services Ltd refers to the merged entity.

Key Financial Indicators

As on/for the year ended	Unit	Sep-2022	Mar-2022	Mar- 2021	Mar-2020^
		Including the effect of the amalgamation	Excluding the effect of the amalgamation		
Total assets	Rs crore	6,099	4,024	2,791	2,204
Advances	Rs crore	4,867	3,732	2,634	2,077
Total income	Rs crore	398	521	392	332
Profit after tax (PAT)	Rs crore	65	36	10	3
Gross NPA	%	2.4	2.7	3.4	2.8
Gearing	Times	1.6	2.4	1.6	1.1
Return on assets (annualized)	%	2.5	1.1	0.4	0.2

^includes the amalgamation impact of InCred Housing Finance Private Limited

All the financial figures pertaining to September 30, 2022/H1 FY 2023 are on a provisional basis.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure – Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities – including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisil.com/complexity-levels. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity Levels	Rating outstanding with outlook
NA	Non-Convertible Debenture (Public Issue)^	NA	NA	NA	250.00	Simple	CRISIL A+/Stable
NA	Non-Convertible Debenture (Public Issue)^	NA	NA	NA	100.00	Simple	CRISIL A+/Stable
INE945W07381	Non-Convertible Debenture (Public Issue)	18-Feb-22	NA	17-Feb-23	52.13	Simple	CRISIL A+/Stable
INE945W07399	Non-Convertible Debenture (Public Issue)	18-Feb-22	9.25%	16-Feb-24	41.55	Simple	CRISIL A+/Stable
INE945W07407	Non-	18-Feb-22	9.13%	16-Feb-	10.77	Simple	CRISIL

	Convertible Debenture (Public Issue)			24			A+/Stable
NA	Non-Convertible Debenture (Public Issue)^	NA	NA	NA	45.55	Simple	CRISIL A+/Stable
INE321N07251	Non-Convertible Debenture	30-Aug-22	9.50%	30-Aug-24	35.00	Simple	CRISIL A+/Stable
INE945W07134	Non-Convertible Debenture	22-Jun-20	NA	22-Jun-23	50.00	Simple	CRISIL A+/Stable
INE945W07159	Non-Convertible Debenture	26-Jun-20	NA	26-Jun-23	100.00	Simple	CRISIL A+/Stable
INE945W07316	Non-Convertible Debenture	27-Jul-21	NA	27-Jul-27	115.00	Simple	CRISIL A+/Stable
NA	Non-Convertible Debenture^	NA	NA	NA	125.00	Simple	CRISIL A+/Stable
NA	Long Term Principal Protected Market Linked Debentures^	NA	NA	NA	108.5	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07274	Long Term Principal Protected Market Linked Debentures	27-May-21	9.75%	26-May-23	15.40	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07282	Long Term Principal Protected Market Linked Debentures	01-Jun-21	NIFTY 50 LINKED	04-Oct-24	13.90	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07308	Long Term Principal Protected Market Linked Debentures	20-Jul-21	NIFTY 50 LINKED	26-Apr-24	30.00	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07324	Long Term Principal Protected Market Linked Debentures	29-Jul-21	10Y G-SEC	29-Dec-22	20.00	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07332	Long Term Principal Protected Market Linked Debentures	29-Jul-21	10Y G-SEC	29-Aug-23	20.00	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07340	Long Term Principal Protected Market Linked Debentures	23-Sep-21	NIFTY 50 LINKED	22-Apr-24	32.00	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07365	Long Term Principal Protected Market Linked Debentures	29-Sep-21	NIFTY 50 LINKED	29-Mar-24	75.00	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07373	Long Term Principal Protected Market Linked Debentures	23-Dec-21	NIFTY 50 LINKED	23-Jun-23	40.00	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07415	Long Term Principal Protected	19-Jan-22	NIFTY 50 LINKED	08-May-25	17.30	Highly Complex	CRISIL PPMLD A+r/Stable

	Market Linked Debentures						
INE945W07340	Long Term Principal Protected Market Linked Debentures	29-Jun-22	NIFTY 50 LINKED	22-Apr-24	107.62	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07241	Long Term Principal Protected Market Linked Debentures	13-May-22	NIFTY 50 LINKED	28-Jul-23	25.07	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07332	Long Term Principal Protected Market Linked Debentures	19-Jul-22	NIFTY 50 LINKED	29-Aug-23	21.31	Highly Complex	CRISIL PPMLD A+r/Stable
INE945W07423	Long Term Principal Protected Market Linked Debentures	25-Jul-22	NIFTY 50 LINKED	05-Dec-25	11.70	Highly Complex	CRISIL PPMLD A+r/Stable
INE321N07269	Long Term Principal Protected Market Linked Debentures	22-Sep-22	NIFTY 50 LINKED	08-Apr-25	25.00	Highly Complex	CRISIL PPMLD A+r/Stable
NA	Commercial Paper	NA	NA	7 to 365 Days	200.00	Simple	CRISIL A1+
NA	Term Loan	NA	NA	28-Jun-23	22.22	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	30-Nov-24	102.78	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	19-Oct-25	150.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	27-Nov-25	72.92	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Mar-26	85.42	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	01-Aug-26	91.11	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Oct-26	100.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	26-Jan-24	6.24	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	30-Nov-24	24.88	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	28-Feb-25	39.35	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Oct-25	75.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	24-Mar-26	87.50	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	30-Apr-23	8.26	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Mar-27	100.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	30-Jun-25	61.04	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	01-Jul-26	93.75	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	01-Jun-23	4.96	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	15-Sep-25	33.32	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Dec-26	94.44	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	24-Dec-23	10.61	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	15-Dec-	10.29	NA	CRISIL

				23			A+/Stable
NA	Term Loan	NA	NA	01-Jun-25	37.33	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Dec-25	36.11	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	30-Jan-25	33.75	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Mar-27	50.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	15-Feb-24	17.78	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	05-Jul-25	15.58	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	28-Mar-26	38.89	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Mar-26	23.33	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	14-Jul-27	20.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	19-Mar-24	17.96	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	28-Dec-24	15.04	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	11-Apr-24	19.09	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	22-Sep-27	50.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-May-23	7.50	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	01-May-25	27.50	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Aug-24	16.23	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	05-Sep-23	9.76	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	10-Sep-24	21.81	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	30-Sep-23	33.33	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	09-Mar-27	47.22	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	03-Jun-25	43.99	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	28-Jun-25	45.83	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	25-Jul-25	30.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	01-Jun-25	32.09	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	29-Sep-25	48.79	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	05-Sep-25	24.40	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	10-Nov-25	100.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	11-Nov-25	150.00	NA	CRISIL A+/Stable
NA	Cash Credit and Working Capital Demand Loan	NA	NA	NA	125	NA	CRISIL A+/Stable
NA	Cash Credit	NA	NA	NA	10	NA	CRISIL A+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	777.6	NA	CRISIL A+/Stable
NA	Overdraft Facility#	NA	NA	NA	83.63	NA	CRISIL A+/Stable
NA	Term loan -1	NA	NA	28-Dec-20	105	NA	CRISIL A+/Stable

NA	Term loan -2	NA	NA	09-Jan-22	135	NA	CRISIL A+/Stable
NA	Term loan -3	NA	NA	30-Nov-20	140	NA	CRISIL A+/Stable
NA	Term loan -4	NA	NA	30-Mar-22	1120	NA	CRISIL A+/Stable
NA	Term loan -5	NA	NA	20-Mar-24	200	NA	CRISIL A+/Stable
NA	Term loan -6	NA	NA	25-Mar-24	200	NA	CRISIL A+/Stable
NA	Cash Credit & Working Capital demand loan	NA	NA	NA	475	NA	CRISIL A+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	941.37	NA	CRISIL A+/Stable

^Yet to be issued
#including sublimit for working capital term loan

Annexure - Details of Rating Withdrawn

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs. Crore)	Complexity Levels
INE945W07258	Long Term Principal Protected Market Linked Debentures	23-Apr-21	NIFTY 50 LINK	20-Oct-22	37.2	Highly Complex
INE321N07053	Non-Convertible Debenture	16-Jan-15	0%	16-Jan-22	60	Simple
INE321N07202	Non-Convertible Debenture	09-Dec-16	0%	09-Mar-22	65	Simple
INE321N07210	Non-Convertible Debenture	09-Dec-16	0%	09-Mar-23	65	Simple
NA	Non-Convertible Debenture^	NA	NA	NA	600	Simple
NA	Non-Convertible Debenture^	NA	NA	NA	300	Simple
NA	Commercial Paper	NA	NA	7-365 days	500	Simple

^Yet to be issued

Annexure - Rating History for last 3 Years

	Current			2022 (History)		2021		2020		2019		Start of 2019
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	6600.0	CRISIL A+/Stable	25-08-22	CRISIL A+/Stable	18-11-21	CRISIL AA/Watch Negative	13-07-20	CRISIL AA/Stable	01-10-19	CRISIL AA/Stable	CRISIL AA+/Stable
			--	15-02-22	CRISIL AA/Watch Negative	20-08-21	CRISIL AA/Watch Negative	30-03-20	CRISIL AA/Stable	29-03-19	CRISIL AA+/Stable	--
			--		--	12-02-21	CRISIL AA/Stable		--	26-02-19	CRISIL AA+/Stable	--
Commercial Paper	ST	200.0	CRISIL A1+	25-08-22	CRISIL A1+	18-11-21	CRISIL A1+	13-07-20	CRISIL A1+	01-10-19	CRISIL A1+	CRISIL A1+
			--	15-02-22	CRISIL A1+	20-08-21	CRISIL A1+	30-03-20	CRISIL A1+	29-03-19	CRISIL A1+	--
			--		--	12-02-21	CRISIL A1+		--	26-02-19	CRISIL A1+	--
Non Convertible Debentures	LT	1225.0	CRISIL A+/Stable	25-08-22	CRISIL A+/Stable	18-11-21	CRISIL AA/Watch Negative	13-07-20	CRISIL AA/Stable	01-10-19	CRISIL AA/Stable	CRISIL AA+/Stable
			--	15-02-22	CRISIL AA/Watch Negative	20-08-21	CRISIL AA/Watch Negative	30-03-20	CRISIL AA/Stable	29-03-19	CRISIL AA+/Stable	--
			--		--	12-02-21	CRISIL AA/Stable		--	26-02-19	CRISIL AA+/Stable	--
Long Term Principal Protected Market Linked Debentures	LT	600.0	CRISIL PPMLD A+ r /Stable	25-08-22	CRISIL PPMLD A+ r /Stable		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	10	The Karnataka Bank Limited	CRISIL A+/Stable
Cash Credit & Working Capital Demand Loan	35	RBL Bank Limited	CRISIL A+/Stable
Cash Credit & Working Capital Demand Loan	5	IndusInd Bank Limited	CRISIL A+/Stable
Cash Credit & Working Capital Demand Loan	50	IDFC FIRST Bank Limited	CRISIL A+/Stable
Cash Credit & Working Capital Demand Loan	35	YES Bank Limited	CRISIL A+/Stable
Cash Credit & Working Capital Demand Loan	475	State Bank of India	CRISIL A+/Stable
Overdraft Facility#	83.63	DCB Bank Limited	CRISIL A+/Stable
Proposed Long Term Bank Loan Facility	727.6	Not Applicable	CRISIL A+/Stable
Proposed Long Term Bank Loan Facility	600	Not Applicable	CRISIL A+/Stable
Proposed Long Term Bank Loan Facility	341.37	Not Applicable	CRISIL A+/Stable
Proposed Long Term Bank Loan Facility	50	Not Applicable	CRISIL A+/Stable
Term Loan	16.23	Nabsamruddhi Finance Limited	CRISIL A+/Stable
Term Loan	150	Small Industries Development Bank of India	CRISIL A+/Stable
Term Loan	201.85	State Bank of India	CRISIL A+/Stable
Term Loan	9.76	Suryoday Small Finance Bank Limited	CRISIL A+/Stable
Term Loan	33.01	Hinduja Leyland Finance Limited	CRISIL A+/Stable
Term Loan	275	IDFC FIRST Bank Limited	CRISIL A+/Stable
Term Loan	45.83	HDFC Bank Limited	CRISIL A+/Stable
Term Loan	200	RBL Bank Limited	CRISIL A+/Stable
Term Loan	240	State Bank of India	CRISIL A+/Stable
Term Loan	33.36	Aditya Birla Finance Limited	CRISIL A+/Stable
Term Loan	349.44	Bank of Baroda	CRISIL A+/Stable
Term Loan	24.88	Bank of India	CRISIL A+/Stable
Term Loan	234.01	Bank of Maharashtra	CRISIL A+/Stable
Term Loan	82.22	Canara Bank	CRISIL A+/Stable
Term Loan	119.86	Indian Bank	CRISIL A+/Stable
Term Loan	47.22	Indian Overseas Bank	CRISIL A+/Stable
Term Loan	33.33	IndusInd Bank Limited	CRISIL A+/Stable
Term Loan	10.61	Maanaveeya Development & Finance Private Limited	CRISIL A+/Stable
Term Loan	140	IndusInd Bank Limited	CRISIL A+/Stable
Term Loan	200	State Bank of India	CRISIL A+/Stable
Term Loan	29.26	The Federal Bank Limited	CRISIL A+/Stable
Term Loan	1120	Bank of Baroda	CRISIL A+/Stable
Term Loan	47.62	Tata Capital Financial Services Limited	CRISIL A+/Stable

Term Loan	**69.09**	**The Karnataka Bank Limited**	**CRISIL A+/Stable**
Term Loan	**154.79**	**Union Bank of India**	**CRISIL A+/Stable**
Term Loan	**39.96**	**Nabkisan Finance Limited**	**CRISIL A+/Stable**
Term Loan	**108.26**	**Central Bank Of India**	**CRISIL A+/Stable**
Term Loan	**21.81**	**ESAF Small Finance Bank Limited**	**CRISIL A+/Stable**
Term Loan	**43.99**	**Jana Small Finance Bank Limited**	**CRISIL A+/Stable**
Term Loan	**32.08**	**Kisetsu Saison Finance India Private Limited**	**CRISIL A+/Stable**
Term Loan	**48.79**	**Mahindra and Mahindra Financial Services Limited**	**CRISIL A+/Stable**
Term Loan	**24.4**	**Shriram Housing Finance Limited**	**CRISIL A+/Stable**
Term Loan	**0.74**	**The Federal Bank Limited**	**CRISIL A+/Stable**

This Annexure has been updated on 25-Nov-22 in line with the lender-wise facility details as on 19-Aug-21 received from the rated entity.

#including sublimit for working capital term loan

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies
Mapping global scale ratings onto CRISIL scale
CRISILs Criteria for rating short term debt
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support

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ANNEXURE B – DEBENTURE TRUSTEE CONSENT LETTER

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November 30, 2022

Incred Financial Services Limited
Regd. & Corp Office: Unit No. 1203, 12th floor,
B Wing, The Capital Plot No. C - 70, G Block,
BKC Mumbai MH 400051

Dear Ma'am/Sir

Sub: Proposed public issue by InCred Financial Services Limited (formerly known as KKR India Financial Services Limited) ("Issuer" or "Company") of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000/- each ("NCDs") for an amount aggregating of INR 17,500 lakhs ("Base Issue Size") with an option to retain oversubscription up to INR 17,500 lakhs ("Green Shoe Option"), total aggregating up to INR 35,000 lakhs ("Issue", "Issue Size").

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in (i) the draft prospectus ("**Draft Prospectus**") to be filed with the BSE Limited ("**BSE**"), and/or the National Stock Exchange of India Limited ("**NSE**" together with BSE, the "**Stock Exchanges**") for the purpose of receiving public comments and submitted with the Securities and Exchange Board of India ("**SEBI**") for record purposes; (ii) the prospectus proposed to be filed with the Registrar of Companies, Maharashtra at Mumbai ("**RoC**") and submitted to SEBI and the Stock Exchanges in relation to the Issue ("**Prospectus**"); (iii) the abridged prospectus; and (iv) all related advertisements and subsequent communications sent pursuant to the Issue. The NCDs are proposed to be listed on the Stock Exchanges. The following details with respect to us may be disclosed:

Name:	Catalyst Trusteeship Limited
Address:	GDA House', Plot No. 85, Bhusari Colony (Right), Kothrud, Pune – 411038, Maharashtra
Tel:	022 4922 0555
Fax:	022 4922 0505
Email:	ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance email:	grievance@ctltrustee.com
Website:	www.catalysttrustee.com
Contact Person:	Mr. Umesh Salvi
Compliance Officer:	Ms. Rakhi Kulkarni
SEBI Registration No:	IND000000034
CIN:	U74999PN1997PLC110262

CATALYST
Catalyst Trusteeship Limited

Logo:

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI or any other regulatory authority from acting as an intermediary in capital market issues. We also confirm that we have not been debarred from functioning as Debenture Trustee by any regulatory authority, court or tribunal.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013, as amended, the SEBI, the Stock Exchanges and any other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed Issue is publicly announced by the Company in the form of a press release, (i) the nature and scope of the Issue; and (ii) our knowledge of the proposed Issue.

We confirm that we will immediately inform the Company and the Lead Manager of any change, in writing, to the above information until the date when the proposed Public Issue of NCDs commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as accurate and updated information until the NCDs commence trading on the Stock Exchanges.

This letter may be relied upon by you, the Lead Manager and the legal advisor to the Issue in respect of the Issue.

For Catalyst Trusteeship Limited

Name: Nidhi Todi
Designation: Manager

CC:
Lead Manager

JM FINANCIAL
JM FINANCIAL LIMITED
7th Floor, Cnergy
Appasaheb Marathe Marg,
Prabhadevi Mumbai 400 025
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
E-mail: incred.ncdissue2022@jmfl.com
Investor Grievance Email: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
Compliance Officer: Sunny Shah
SEBI Registration Number: INM000010361
CIN: L67120MH1986PLC038784

Legal Counsel to the Issue

KHAITAN &CO ADVOCATES SINCE 1911
Khaitan & Co
One World Centre
13th& 10th Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai – 400 013
Maharashtra, India
Tel: +91 22 6636 5000

FORM-G

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

ऊ00 2A 2

(विनियम 6)
(Regulation 6)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) और भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अध्यक्षतम धारा 12 के उपधारा (1) के साथ पठित और उसके अधीन बनाए गए नियमों और विनियमों के अनुसरण में प्रदत्त शक्तियों का प्रयोग करते हुए,

In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder, for the debenture trustee, the Board hereby grants a certificate of registration to

Catalyst Trusteeship Limited
GDA House, First Floor, Plot No. 85,
S. No. 94 & 95, Bhusari Colony (Right), Kothrud,
Pune- 411038, Maharashtra

को डिबेंचर न्यासी के रूप में कार्य करने के लिए विनियम 4 अनुसार निम्नलिखित शर्तों पर इस प्रमाणपत्र का प्रदान करता है :

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट :

2) Registration Code for the debenture trustee is **IND000000034**

3) इस प्रमाणपत्र के नवीकरण के अभाव में रजिस्ट्रीकरण की अवधि

3) Unless renewed, the certificate of registration is valid from (विनियम 6)

This Certificate of Registration shall be valid from 13/04/2022 for permanent, unless suspended or cancelled by the Board

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

DINESH JOSHI

अधिकारी का नाम, पदनाम और हस्ताक्षर
Name, Designation and Signature

स्थान :
Place : Mumbai

दिनांक :
Date : April 18, 2022

Annexure B

November 30, 2022

Incred Financial Services Limited,
Regd. & Corp Office: Unit No. 1203, 12th floor,
B Wing, The Capital Plot No. C - 70, G Block,
BKC Mumbai
Mumbai City
MH 400051

Dear Ma'am/Sir

Sub: Proposed public offering of Secured Redeemable Non-Convertible Debentures ("NCDs") amounting upto ₹ 350 crores ("Issue") by Incred Financial Services Limited ("Company" or "Issuer").

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

1.	Registration Number	IND000000034
2.	Date of registration/ Renewal of registration	April 18, 2022
3.	Date of expiry of registration	Permanent Registration
4.	If applied for renewal, date of application	Not Applicable
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	NIL
6.	Any enquiry/ investigation being conducted by SEBI	NIL
7.	Details of any penalty imposed by SEBI	NIL

For Catalyst Trusteeship Limited

Name: Nidhi Todi
Designation: Manager

ANNEXURE C – ILLUSTRATIVE CASHFLOWS AND DAY COUNT CONVENTION

ILLUSTRATION FOR GUIDANCE IN RESPECT OF THE DAY COUNT CONVENTION AND EFFECT OF HOLIDAYS ON PAYMENTS

SERIES I

27 Months - Quarterly Coupon Payment	
Face Value per NCD (in ₹)	1,000
Number of NCDs held (assumed)	1
Deemed date of allotment (assumed)	Thursday, February 2, 2023
Tenor	27 Months
Coupon Rate for all Categories of Investors (p.a.)	9.45%
Redemption Date/Maturity Date (assumed)	May 2, 2025
Frequency of interest payment	Quarterly
Effective Yield for all Categories of Investor	9.78%
Day Count Convention	Actual/Actual

Cashflows	**Due Date**	**Date of Payment**	**No. of days in Coupon Period**	**Coupon for Category I, II, III & IV Investors (₹)**
Deemed date of allotment	Thursday, 2 February, 2023	Thursday, 2 February, 2023	-	(1,000.00)
Coupon/Interest 1	Tuesday, 2 May, 2023	Tuesday, 2 May, 2023	89	23.04
Coupon/Interest 2	Wednesday, 2 August, 2023	Wednesday, 2 August, 2023	92	23.82
Coupon/Interest 3	Thursday, 2 November, 2023	Thursday, 2 November, 2023	92	23.82
Coupon/Interest 4	Friday, 2 February, 2024	Friday, 2 February, 2024	92	23.82
Coupon/Interest 5	Thursday, 2 May, 2024	Thursday, 2 May, 2024	90	23.24
Coupon/Interest 6	Friday, 2 August, 2024	Friday, 2 August, 2024	92	23.75
Coupon/Interest 7	Saturday, 2 November, 2024	Saturday, 2 November, 2024	92	23.75
Coupon/Interest 8	Sunday, 2 February, 2025	Monday, 3 February, 2025	92	23.75
Coupon 9 + Principal	Friday, 2 May, 2025	Friday, 2 May, 2025	89	1,023.04

**Coupon Payments falling on working Saturdays will be made on same day*

SERIES II

27 Months - Annual Coupon Payment	
Face Value per NCD (in ₹)	1,000
Number of NCDs held (assumed)	1
Deemed date of allotment (assumed)	Thursday, February 2, 2023
Tenor	27 Months
Coupon Rate for all Categories of Investors (p.a.)	9.80%
Redemption Date/Maturity Date (assumed)	May 2, 2025
Frequency of interest payment	Annual
Effective Yield for all Categories of Investor	9.82%
Day Count Convention	Actual/Actual

Cashflows	**Due Date**	**Date of Payment**	**No. of days in Coupon Period**	**Coupon for Category I, II, III & IV Investors (INR)**
Deemed date of allotment	Thursday, 2 February, 2023	Thursday, 2 February, 2023	-	(1,000.00)
Coupon/Interest 1	Friday, 2 February, 2024	Friday, 2 February, 2024	365	98.00
Coupon/Interest 2	Sunday, 2 February, 2025	Monday, 3 February, 2025	366	98.00
Coupon 3 + Principal	Friday, 2 May, 2025	Friday, 2 May, 2025	89	1,023.90

*Coupon Payments falling on working Saturdays will be made on same day

SERIES III

39 Months - Quarterly Coupon Payment	
Face Value per NCD (in ₹)	1,000
Number of NCDs held (assumed)	1
Deemed date of allotment (assumed)	Thursday, February 2, 2023
Tenor	39 Months
Coupon Rate for all Categories of Investors (p.a.)	9.65%
Redemption Date/Maturity Date (assumed)	May 2, 2026
Frequency of interest payment	Quarterly
Effective Yield for all Categories of Investor	10.00%
Day Count Convention	Actual/Actual

Cashflows	**Due Date**	**Date of Payment**	**No. of days in Coupon Period**	**Coupon for Category I, II, III & IV Investors (INR)**
Deemed date of allotment	Thursday, 2 February, 2023	Thursday, 2 February, 2023	-	(1,000.00)
Coupon/Interest 1	Tuesday, 2 May, 2023	Tuesday, 2 May, 2023	89	23.53
Coupon/Interest 2	Wednesday, 2 August, 2023	Wednesday, 2 August, 2023	92	24.32
Coupon/Interest 3	Thursday, 2 November, 2023	Thursday, 2 November, 2023	92	24.32
Coupon/Interest 4	Friday, 2 February, 2024	Friday, 2 February, 2024	92	24.32
Coupon/Interest 5	Thursday, 2 May, 2024	Thursday, 2 May, 2024	90	23.73
Coupon/Interest 6	Friday, 2 August, 2024	Friday, 2 August, 2024	92	24.26
Coupon/Interest 7	Saturday, 2 November, 2024	Saturday, 2 November, 2024	92	24.26
Coupon/Interest 8	Sunday, 2 February, 2025	Monday, 3 February, 2025	92	24.26
Coupon/Interest 9	Friday, 2 May, 2025	Friday, 2 May, 2025	89	23.53
Coupon/Interest 10	Saturday, 2 August, 2025	Saturday, 2 August, 2025	92	24.32
Coupon/Interest 11	Sunday, 2 November, 2025	Monday, 3 November, 2025	92	24.32
Coupon/Interest 12	Monday, 2 February, 2026	Monday, 2 February, 2026	92	24.32
Coupon 13 + Principal	Saturday, 2 May, 2026	Saturday, 2 May, 2026	89	1,023.53

**Coupon Payments falling on working Saturdays will be made on same day*

SERIES IV

39 Months - Annual Coupon Payment	
Face Value per NCD (in ₹)	1,000
Number of NCDs held (assumed)	1
Deemed date of allotment (assumed)	Thursday, February 2, 2023
Tenor	39 Months
Coupon Rate for all Categories of Investors (p.a.)	10.00%
Redemption Date/Maturity Date (assumed)	May 2, 2026
Frequency of interest payment	Annual
Effective Yield for all Categories of Investor	10.02%
Day Count Convention	Actual/Actual

Cashflows	**Due Date**	**Date of Payment**	**No. of days in Coupon Period**	**Coupon for Category I, II, III & IV Investors (INR)**
Deemed date of allotment	Thursday, 2 February, 2023	Thursday, 2 February, 2023	-	(1,000.00)
Coupon/Interest 1	Friday, 2 February, 2024	Friday, 2 February, 2024	365	100.00

Coupon/Interest 2	Sunday, 2 February, 2025	Monday, 3 February, 2025	366	100.00
Coupon/Interest 3	Monday, 2 February, 2026	Monday, 2 February, 2026	365	100.00
Coupon 3 + Principal	Saturday, 2 May, 2026	Saturday, 2 May, 2026	89	1,024.38

**Coupon Payments falling on working Saturdays will be made on same day*

Assumptions:

(i) The Deemed Date of Allotment is assumed to be Thursday, February 2, 2023. If the Deemed Date of Allotment undergoes a change, the coupon payments dates, redemption dates, redemption amount and other cash flow working shall be changed accordingly.

(ii) In case of the leap year (February 29, 2024) falling during the tenor of the NCD, the number of days have been reckoned as 366 days for the entire year irrespective of whether the coupon is payable monthly or annually.

(iii) In the event, the interest / pay-out of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer.