

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to  
The Board of Directors  
InCred Financial Services Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of InCred Financial Services Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to note 9 to the Statement, which describes the uncertainty continued to be caused by COVID-19 pandemic and related events which could impact the Company's estimates of impairment of loans to customers. Our conclusion is not modified in respect of this matter.
6. The figures for the previous quarter ended June 30, 2021, as reported in these unaudited standalone financial results have been approved by the Company's Board of Directors, but have not been subjected to a review.



## **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

7. The comparative financial information of the Company for the corresponding period ended September 30, 2020, included in these standalone Ind AS financial results, were reviewed by the predecessor auditor and the Ind AS financial statements of the Company for the year ended March 31, 2021, were audited by predecessor auditor who expressed an unmodified conclusion and unmodified opinion on those financial information on November 6, 2020 and May 7, 2021 respectively.

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

*Sarvesh Warty.*

per Sarvesh Warty  
Partner  
Membership No: 121411  
UDIN: 21121411AAACDY4162

Mumbai  
October 25, 2021



**INCRD FINANCIAL SERVICES LIMITED**

Corporate Office and Registered Office:

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**STANDALONE STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2021**

(INR in lakhs)

Particulars	Quarter ended		Half year ended		Year Ended
	September 30, 2021 Unaudited	June 30, 2021 Unaudited	September 30, 2021 Unaudited	September 30, 2020 Unaudited (Restated)	March 31, 2021 Audited
	(Refer Note 11)	(Refer Note 11)		(Refer Note 8)	
<b>Revenue From operations</b>					
(i) Interest income	11,196.46	10,616.82	21,813.27	17,555.07	37,711.75
(ii) Fees and commission income	281.75	130.14	411.89	159.97	557.16
(iii) Net gain on fair value changes	26.49	24.79	51.28	78.38	268.91
<b>(I) Total revenue from operations</b>	<b>11,504.70</b>	<b>10,771.75</b>	<b>22,276.44</b>	<b>17,793.42</b>	<b>38,537.82</b>
(II) Other income	902.81	203.09	1,105.89	205.19	647.09
<b>(III) Total income (I + II)</b>	<b>12,407.51</b>	<b>10,974.84</b>	<b>23,382.33</b>	<b>17,998.61</b>	<b>39,184.91</b>
<b>Expenses</b>					
(i) Finance costs	5,109.43	4,272.42	9,381.85	7,306.39	15,271.40
(ii) Impairment on financial instruments	979.61	2,056.10	3,035.71	2,923.38	8,865.37
(iii) Employee benefits expenses	3,664.28	3,002.17	6,666.45	4,442.34	9,159.37
(iv) Depreciation, amortization and impairment	213.31	188.31	401.63	496.78	841.79
(v) Others expenses	1,606.77	1,349.24	2,956.01	1,566.33	3,805.92
<b>(IV) Total expenses</b>	<b>11,573.40</b>	<b>10,868.24</b>	<b>22,441.65</b>	<b>16,735.22</b>	<b>37,943.86</b>
<b>(V) Profit before exceptional items and tax (III - IV)</b>	<b>834.11</b>	<b>106.60</b>	<b>940.68</b>	<b>1,263.39</b>	<b>1,241.06</b>
(VI) Exceptional items	-	-	-	-	-
<b>(VII) Profit before tax (V - VI)</b>	<b>834.11</b>	<b>106.60</b>	<b>940.68</b>	<b>1,263.39</b>	<b>1,241.06</b>
<b>(VIII) Tax Expense:</b>					
(i) Current Tax	159.30	22.81	182.11	1,020.05	1,135.14
(ii) Deferred Tax	41.93	-	41.93	(780.44)	(917.52)
<b>(IX) Profit for the period (VII - VIII)</b>	<b>632.88</b>	<b>83.79</b>	<b>716.64</b>	<b>1,023.78</b>	<b>1,023.44</b>
<b>(X) Other comprehensive income</b>					
<b>(A) (i) Items that will not be reclassified to profit or loss</b>					
(a) Remeasurements of the defined benefit plans	(51.96)	-	(51.96)	(6.03)	(26.29)
(b) Equity instruments through other comprehensive income	-	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	13.08	-	13.08	1.52	6.62
<b>Subtotal (A)</b>	<b>(38.88)</b>	<b>-</b>	<b>(38.88)</b>	<b>(4.51)</b>	<b>(19.67)</b>
<b>(B) Items that will be reclassified to profit or loss</b>					
<b>(i) Items that will be reclassified to profit or loss</b>					
(a) Debt instruments through other comprehensive income	(124.94)	-	(124.94)	393.82	118.97
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	(59.80)	-	(59.80)	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	46.50	-	46.50	(99.13)	(29.95)
<b>Subtotal (B)</b>	<b>(138.24)</b>	<b>-</b>	<b>(138.24)</b>	<b>294.69</b>	<b>89.03</b>
<b>Other comprehensive Income (A + B)</b>	<b>(177.12)</b>	<b>-</b>	<b>(177.12)</b>	<b>290.18</b>	<b>69.35</b>
<b>(XI) Total comprehensive income for the period (IX + X)</b>	<b>455.76</b>	<b>83.79</b>	<b>539.52</b>	<b>1,313.96</b>	<b>1,092.79</b>
<b>(XII) Earnings per equity share (EPS) (refer note 4)</b>					
(Face value of INR 10 each)					
Basic (INR)	0.16	0.02	0.19	0.27	0.27
Diluted (INR)	0.16	0.02	0.18	0.27	0.26



Notes -

1. Statement of Assets and Liabilities as at September 30, 2021

(INR in lakhs)

Particulars	As at September 30, 2021	As at March 31, 2021
	Unaudited	Audited
<b>ASSETS</b>		
<b>(1) Financial assets</b>		
(a) Cash and cash equivalents	10,806.42	1,323.38
(b) Bank balance other than cash and cash equivalents	1,833.23	588.46
(c) Derivative financial instruments	429.48	-
(d) Loans	2,87,707.20	2,55,359.84
(e) Investments	23,934.33	12,670.66
(f) Other financial assets	4,834.81	1,821.28
	<b>3,29,545.47</b>	<b>2,71,763.62</b>
<b>(2) Non-financial assets</b>		
(a) Current tax assets (Net)	1,374.90	720.61
(b) Deferred tax assets (Net)	1,875.05	1,857.39
(c) Property, plant and equipment	3,140.83	3,276.35
(d) Capital work-in-progress	16.53	14.49
(e) Other intangible assets	196.17	222.49
(f) Other non-financial assets	1,409.85	1,285.55
	<b>8,013.33</b>	<b>7,376.88</b>
<b>Total assets</b>	<b>3,37,558.80</b>	<b>2,79,140.50</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>(1) Financial liabilities</b>		
(a) Debt securities	1,14,954.82	73,827.02
(b) Borrowings (other than debt securities)	1,07,552.67	93,422.08
(c) Other financial liabilities	4,209.42	4,231.88
	<b>2,26,716.91</b>	<b>1,71,480.98</b>
<b>(2) Non-financial liabilities</b>		
(a) Provisions	258.14	169.48
(b) Other non-financial liabilities	3,499.63	2,905.26
	<b>3,757.77</b>	<b>3,074.74</b>
<b>EQUITY</b>		
(a) Equity share capital	38,769.26	38,624.42
(b) Other equity	68,314.86	65,960.36
	<b>1,07,084.12</b>	<b>1,04,584.78</b>
<b>Total liabilities and equity</b>	<b>3,37,558.80</b>	<b>2,79,140.50</b>



2. Cash Flow Statement for the half year ended September 30, 2021

(INR in lakhs)

Particulars	Period ended September 30, 2021
<b>Cash flow from operating activities</b>	
Profit before tax	940.68
<b>Adjustments to reconcile net profit to net cash generated from / (used in) operating activities</b>	
Depreciation and amortisation	401.63
Net (gain)/loss on fair value changes	(51.28)
Interest income	(21,813.27)
Finance cost	9,284.66
Impairment loss	3,035.71
Share based expense	1,380.33
Advertisement expense	15.31
Retirement benefit expenses	30.26
Interest expense on lease liability	97.19
Reversal of rent expense	(197.84)
<b>Operating profit before working capital changes</b>	<b>(6,876.62)</b>
<b>Working capital adjustments</b>	
(Increase) in Loans	(34,759.50)
(Increase) in other financial assets	(3,013.53)
(Increase) in other non financial assets	(139.61)
Increase in other financial liabilities	78.18
Increase in provisions	6.44
Increase in other non financial liabilities	594.37
<b>Cash generated from operations</b>	<b>(44,110.27)</b>
Interest received on loans	20,535.86
Interest paid on borrowings	(8,765.26)
Income taxes paid (net)	(961.23)
<b>Net cash (used in) operating activities</b>	<b>(33,300.90)</b>
<b>Cash flow from investing activities</b>	
Purchase of property, plant and equipment	(207.04)
Purchase of intangibles assets	(32.74)
Capital work-in-progress	(2.03)
Purchase of investments	(2,09,341.57)
Proceeds from sale of investments	1,98,293.88
Investment in term deposits earmarked with banks	(44,719.26)
Proceeds from maturity of term deposits earmarked with banks	43,534.14
<b>Net cash (used in) investing activities</b>	<b>(12,474.62)</b>
<b>Cash flow from financing activities</b>	
Issue of equity shares (including securities premium)	579.34
Proceeds from borrowings (other than debt securities)	48,670.00
Proceeds from issue of debt securities	51,850.00
Repayment of borrowings (other than debt securities)	(32,701.08)
Redemption of debt securities	(11,170.63)
<b>Net cash generated from financing activities</b>	<b>57,227.63</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>11,452.11</b>
Cash and cash equivalents at the beginning of the year	(645.69)
<b>Cash and cash equivalents at the end of the year</b>	<b>10,806.42</b>

Note:

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



Notes:

- The above standalone financial results of Incred Financial Services Limited ("the Company") have been reviewed and recommended by the audit committee to the Board of Directors and the same has been approved at the meeting held on October 25, 2021.
- The standalone financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance / Clarifications/Directions issued by Reserve Bank of India or other regulators are implemented as and when they are issued / applicable.
- In compliance with Regulation 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations 2015 a 'Limited Review' of standalone financial results for the quarter and half year ended September 30, 2021 has been carried out by the Statutory Auditors of the Company.
- Earnings per equity share for the quarter ended September 30, 2021 and June 30, 2021 and for half year ended September 30, 2021 and September 30, 2020 have not been annualised.
- These standalone financial results have been prepared in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.
- During the previous year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 6, 2020.

i) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the half year ended September 30, 2021:

(INR 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	-	-	917.58
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>7,351</b>	<b>6,789.43</b>	<b>-</b>	<b>-</b>	<b>917.58</b>

\*The Company, being NBFC, has complied with Ind-AS and has made adequate provision on impairment loss allowance as per ECL model for the year ended March 31, 2021

# Out of the above, there are no accounts, for which resolution framework under RBI circular "Resolution framework for COVID related stress dated 6th August 2020" has been implemented post March 31, 2021

ii) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the half year ended September 30, 2021:

(INR in lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year*	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	7,492.72	1,095.39	106.34	738.82	5,552.17
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>7,492.72</b>	<b>1,095.39</b>	<b>106.34</b>	<b>738.82</b>	<b>5,552.17</b>

\* Accounts written off during the half year were classified as NPA prior to being written off

iii) Disclosure as per format prescribed under notification no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 for the half year ended September 30, 2021:

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	1,595	2	-
(B)	Number of accounts where resolution plan has been implemented under this window	1,595	2	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	324.60	23.91	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan*	0.32	0.06	-

\*The Company, being NBFC, has complied with Ind-AS and has made adequate provision on impairment loss allowance as per ECL model for the period ended September 30, 2021.



7. 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.
8. During the previous year ended March 31, 2021, the NCLT, Mumbai bench had approved the Scheme of Amalgamation ("Scheme") of Incred Housing Finance Private Limited ("IHFPPL") (a wholly-owned subsidiary of the Company) with the Company 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 was filed with the Registrar of Companies, Maharashtra at Mumbai on June 3, 2021. In accordance with the requirements of Para 9(iii) of Appendix C of Ind AS 103, the standalone financial results of the Company in respect of the previous period have been restated from the Appointed Date to include the half year unaudited results of IHFPPL for comparative purpose.
9. 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 'COVID-19 -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 half year, the Company has provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at September 30, 2021, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109. However, giving the dynamic and evolving nature of the pandemic, these estimates are subject to uncertainty caused by resurgence of COVID-19 pandemic and related factors.
10. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact in the period the Code becomes effective.
11. The statement of standalone financial results includes the results for the quarter ended September 30, 2021 being the balancing figure between year to date figures up to the half year of the current financial year and quarter ended June 30, 2021 of current financial year. The figures for quarter ended June 30, 2021 are approved by the Board of Directors and were not subject to limited review by Statutory Auditors of the Company.
12. Pursuant to SEBI circular dated October 5, 2021, the Company has elected an option to not present the figures for the corresponding quarter dated September 30, 2020 and cash flow statement for the half year ended September 30, 2020 and also has elected the option of not presenting the consolidated financial results for any interim periods and the same shall be provided on an annual basis.
13. All secured Non Convertible Debentures ("NCDs") issued by the Company are secured by pari-passu charge on the Company's property (wherever applicable) and /or exclusive charge on receivables under book debts to the minimum extent of 100% or such higher security as per the respective term sheets of the outstanding secured NCDs.
14. There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
15. The previous period's / year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current period's / year's classification / disclosure.

For InCred Financial Services Limited



Vivek Bansal

Whole Time Director & CFO

DIN: 07835456

Place: Mumbai  
Date: October 25, 2021



**Additional Disclosures pursuant to Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as at September 30, 2021 with respect to listed secured debentures of the Company issued on a private placement basis.**

a) Omitted

b) Omitted

**Debt equity ratio of the Company**

c) as at September 30, 2021: 2.12

d) Omitted

e) Omitted

f) Debt service coverage ratio: Not applicable

g) Interest service coverage ratio: Not applicable

h) Outstanding redeemable preference shares (quantity and value): Not applicable

i) Capital Redemption Reserve: Nil

j) Net worth: \* INR 1,05,012.90 lakhs

k) Net profit after tax: INR 716.64 lakhs

l) Earnings per share:

- Basic: INR 0.19

- Diluted: INR 0.18

m) Current ratio: Not applicable

n) Long term debt to working capital: Not applicable

o) Bad debts to Account receivable ratio: Not applicable

p) Current liability ratio: Not applicable

q) Total debts to total assets: 65.92%

r) Debtors turnover: Not applicable

s) Inventory turnover: Not applicable

t) Operating margin (%): Not applicable

u) Net profit margin (%): 3.06%

v) Sector specific ratios:

Stage 3 ratio 3.94%

Provision coverage ratio 52.12%

Liquidity coverage ratio Not applicable

\* Net-worth is paid up equity share capital and cumulative compulsory convertible preference shares plus reserves less net deferred tax asset and intangible assets.

