Annual Report
2022-23

InCred finance

Actions speak

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Disclaimer

This document contains statements about expected future events and financials of InCred Financial Services Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

For more investor related information, please visit
https://www.incred.com/Investor_Relations.html

Or, simply scan to view the online version of the report

Actions speak

InCred Financial Services Limited stands for belief, passion, and dedication. Established with a vision of transforming the credit industry in India, we have been able to successfully progress in the right direction over the years. We believe that through our wide range of offerings, we are making an impact on people's lives, enabling them to access credit more conveniently as compared to conventional sources.

Throughout our journey in the industry, we have remained true to our commitment to drive our actions, supported by strong intentions and values. At InCred, we take great pride in our role as a catalyst for social progress and value creation. Going forward, we continue to bring positive change in the lives of millions of underserved individuals, whose credit needs often stay unfulfilled.

As we grow, our best-in-class risk management and revolutionary technology allow us to strengthen our asset quality and widen our customer base. Our action-oriented strategies lead us towards the next leg of growth. We continue to believe that our actions, put together, form our identity. As we come to the end of an InCredible year, we look at the future with more confidence. Our exceptional performance and growth in FY 2022-23, together with our excellent customer-centricity, allow us to establish the fact that our Actions Speak stronger with every passing year.

KEY HIGHLIGHTS OF FY 2023

AUM	Net Worth	Loan Disbursements	Net Interest Income	Long term rating by CRISIL & CARE Rating
₹ 6,063 crores	₹ 2,484 crores	₹ 4,072 crores	₹ 467 crores	A+

EMPOWERING INDIA

THROUGH TRANSPARENT CREDIT SOLUTIONS

Since its inception in 2016, InCred Financial Services Limited ('InCred' or 'our Company') has been leveraging cutting-edge technology, modern risk analytics, streamlined processes, and unparalleled financial acumen to offer a rapid, simple, and effortless lending experience. We continue to empower India and act as an enabler to facilitate a hassle-free credit experience. We strive under the insightful guidance of our visionary Founder and CEO, Mr. Bhupinder Singh, who has played a crucial role in envisioning and driving InCred's growth and success.

We offer a diverse portfolio of loans to meet the varied credit needs of emerging India. We understand that conventional lending methods can be inflexible and restrictive at times ignoring those in greatest need. At InCred, we have reimagined the borrowing process by prioritising our borrowers' unique situations and requirements and built our credit frameworks using data analytics to distinguish different levels of risk, within segments. Our approach has been to be conscious of rather than averse to risk.

With an unwavering focus on providing financial solutions that cater to the unique aspirations of our customers, we stand firm on a bedrock of expertise and wide reach. With a diverse range of products that span multiple geographies, we are committed to mitigating concentration risk through robust and efficient physical collection efforts.

Our aim is to provide an unparalleled borrowing experience, awestruck and wholly satisfied. As we continue to expand our reach, we remain steadfast in our mission to serve as a trusted partner in our clients' pursuit of financial well-being.

OUR

VISION

To build an organisation of the highest integrity that provides best-in-class lending solutions, fosters economic prosperity, and transforms lives, while protecting the interest of all our stakeholders.

MISSION

To be relentless in inculcating and nurturing a culture of continuous innovation and execution excellence by combining cutting-edge technology, data science and deep financial domain expertise, to deliver the best-suited profitable products along with the most dignified customer experience every step of the way.

BRAND PHILOSOPHY

More than just a financial institution we are enablers of dreams. We believe in building our brand through affirmative experiences where every moment-of-truth for our stakeholder conveys and endorses our core values in our operations.

High Performance
Carry out one's duties with utmost hard work, dedication, and passion.

Ownership
Think like an Owner. Own the outcome.

Continuous Improvement
Constantly think about ways to bring about positive changes that will benefit our customers and provide the best customer experience.

Integrity
Doing the right thing even when no one is watching.

KEY FACTS

3.5+ lakhs
Borrowers

27
Cities

39
Branches

1,200+
Employees

3,000
Loans Processed Per Day

15,000+
SME Businesses Impacted

10,000+
Digital Merchants Financed

5,000+
Students Financed

ENABLING ACTION

THROUGH OUR OFFERINGS

We take pride in our ability to provide customised credit solutions that cater to the unique needs of our diverse customer base. We have diversified our offerings over the years to capture new segments of the market and meet the evolving needs of our customers. From tailor-made products to flexible terms, we go above and beyond to ensure that our customers receive the support and resources they need to succeed financially. Our commitment to responsible lending practices and ethical principles guides our every decision, ensuring that we positively impact the lives of our customers and the communities we serve.

CONSUMER FINANCE

Retail Loans

India is a young country with a fast-growing economy. It is natural that Indian families need credit for many reasons, from waterproofing the home before the monsoon, to taking care of a medical emergency, to celebrating a wedding. InCred is proud to offer Indian families this support by making the credit process simple and quick, thereby offering outstanding service even to traditionally underserved market segments.

Value Drivers

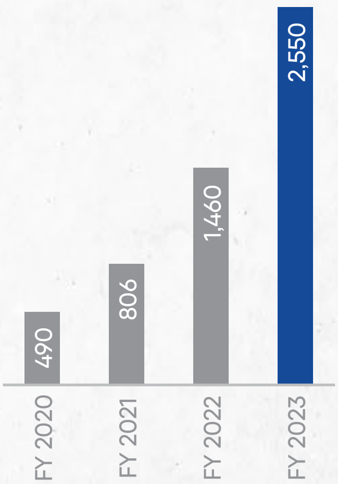
- Simple, fast, transparent, digital products
- Powered by a proprietary tech stack and machine learning algorithms
- Built on a risk-centric foundation, including collections and fraud control
- Distributed nationally through a full range of business partners
- Outstanding customer experience leading to long-term relationships

Future Growth

- Going further and faster along the ‘rails’ already laid
- Calibrated forays into new partnerships, channels, and use-cases
- Further geographic expansion into smaller towns
- Deeper customer engagement with the InCred brand

Progress So Far...

AUM (₹ in crores)



Quick Facts

Loan Amount	Tenure	Rate of Interest	AUM	Customer Profile
₹ 20K-20 lakhs	2-60 months	14%-36%	₹ 2,550 crores	Salaried and SENP

> The customer service provided by the team was a big value addition. A special mention to the fast processing of the loan which was very important for me.

Amey Sakpal
Vfx Manager
Personal Loan Customer

Student Loans

At InCred, we fuel India's growth and empower future. We continue this by removing the biggest obstacle to higher education - financing. We focus on post graduate students heading to the US / Canada / the UK / Germany and other overseas educational programmes, given deep domain knowledge of these markets. We target students from STEM and Business Master's courses from an employability perspective.

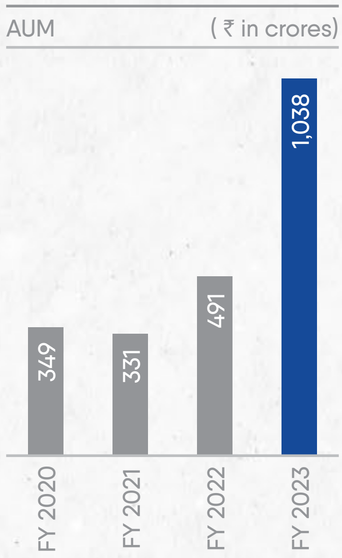
Value Drivers

- Experience: Engaging a senior credit team with average experience of 10+ years in each state
- Digital: India's 1st end-to-end fully digital product encompassing acquisition, origination to management/ servicing with globally accessible customer-facing dashboards, partnership portals and integrations with risk-control mechanisms
- Developing sourcing strategy to include 'Direct to Consumer', Channel Partners, Referrals by existing customers across the country

Future Growth

- 20%+ growth in education loan market aided by favourable response from the USA and the UK

Progress So Far...



Quick Facts

Loan Amount	Tenure	Rate of Interest	AUM	Customer Profile
₹ 10-80 lakhs	10 years	11.5%-14%	₹ 1,038 crores	Students with strong academics and promising career in STEM overseas

"I have always been passionate about studying abroad, but since my income was a question of concern, I didn't get the expected support from any financial institutions. During this process, I came across InCred's Education Loan and reached out to them. The assistance I got from InCred's team made me feel valued and assured me of being supported. And here I am, excelling in my career in Computer Science at Rivier University in the USA."

Subba Rao
Education Loan Customer

SME Business Loans

InCred envisions India as the fastest growing economy in the world, driven by the burgeoning numbers of over 50 mn thriving SMEs. Yet, their growth and expansion often stall due to insufficient financing and limited access to credit. InCred rises to the challenge, offering bespoke financing solutions, working capital, and growth capital to help these businesses soar.

Value Drivers

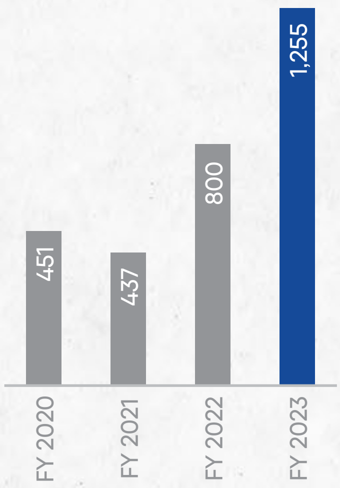
- Concentrating on key customer industries, including E-commerce & Food delivery platforms, D2C companies, Automobile, IT vendors, Surveillance platforms
- Cash flow-based lending where reliance is placed on alternate ratios instead of traditional financial statements
- Mitigating risk by end-use monitoring or repayment through escrow account and stop-supply arrangement with Anchors
- Low Turnaround time, bespoke products, deep tech integrations with platforms and pan-India sourcing along with collection tie ups

Future Growth

- Sectoral expertise and new product offerings - revolving line of credit and revenue-based financing
- Adding more industry segments and Anchors with focus on granularity across Anchor and Borrower level
- Smart use of technology to reach the Tier-2/Tier-3 layer of supply chain in Tier-2/Tier-3
- Leveraging existing Anchor relationships and broadening tie-ups by adding new partners

Progress So Far...

AUM (₹ in crores)



Quick Facts

Loan Amount	Tenure	Rate of Interest	AUM	Customer Profile
50k to 3 crores	60 days - 36 months	13%-32%	₹ 1,255 crores	SMEs across varied industries

"The team at InCred was a pleasure to work with and the entire process was extremely smooth. Looking forward to a long-term relationship with InCred."

Ajith Karimpana
Founder & CEO
Furlenco Business Loan Customer

Secured School Financing & LAP

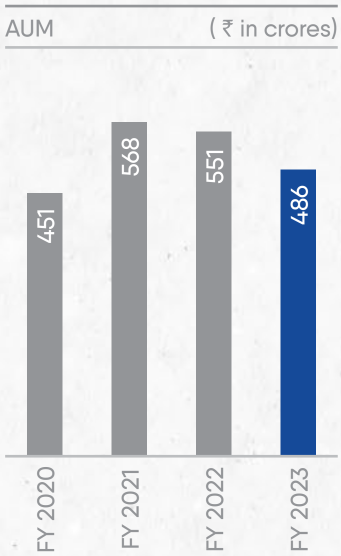
Value Drivers

- Focussing on small to medium-sized schools looking to move up the value chain by expanding their infrastructure
- Target skill development institutes and undergraduate degree colleges with strong visibility on placements
- USPs - Highly experienced sales and credit team, strong awareness of market & state dynamics
- Affordable LAP to focus on Pre-dominant traders, small time service providers and salaried customers

Future Growth

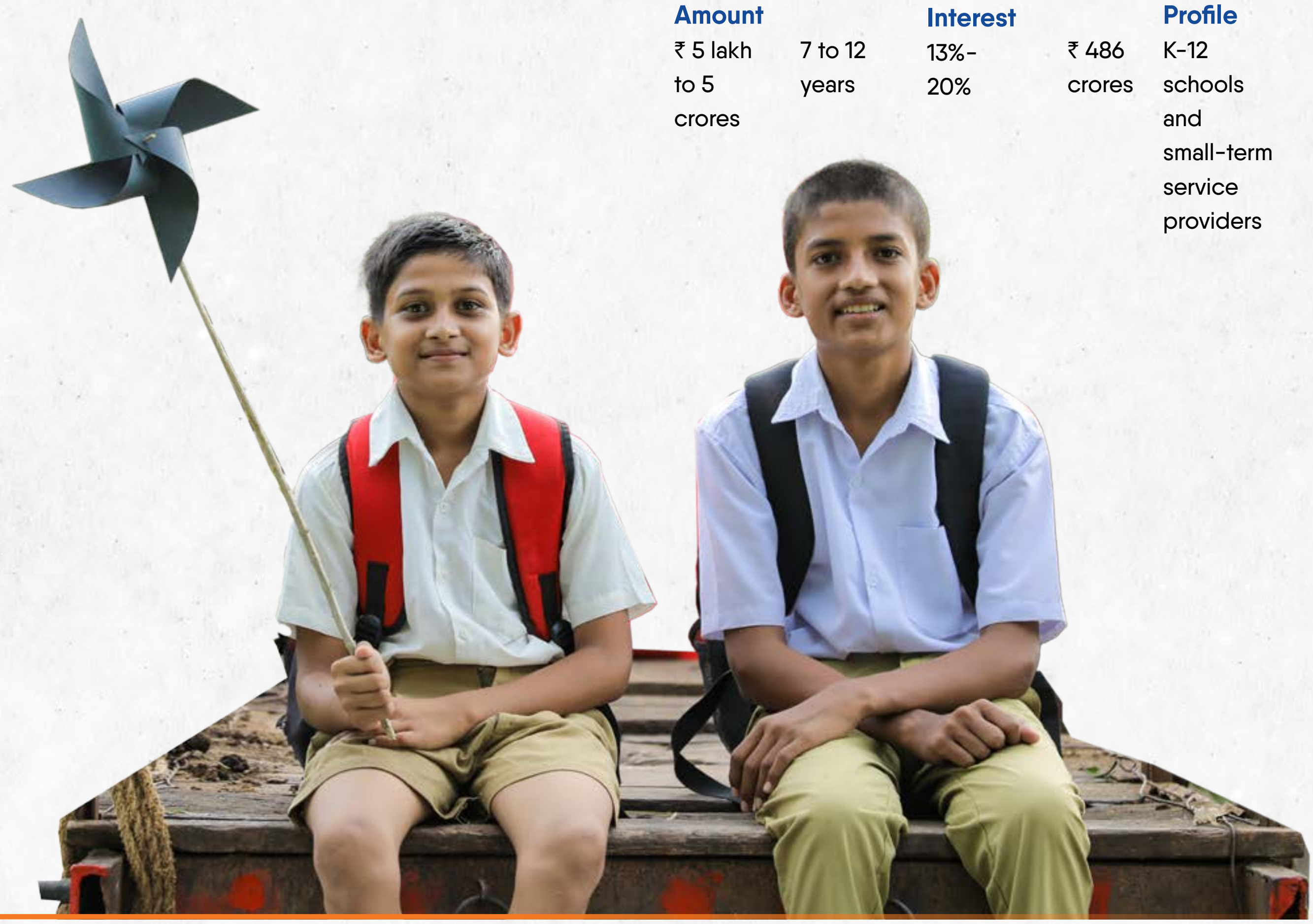
- Strategic entry into new geographies
- Introduction of top-up products

Progress So Far...



Quick Facts

Loan Amount	Tenure	Rate of Interest	AUM	Customer Profile
₹ 5 lakh to 5 crores	7 to 12 years	13%-20%	₹ 486 crores	K-12 schools and small-term service providers



Lending to FIs

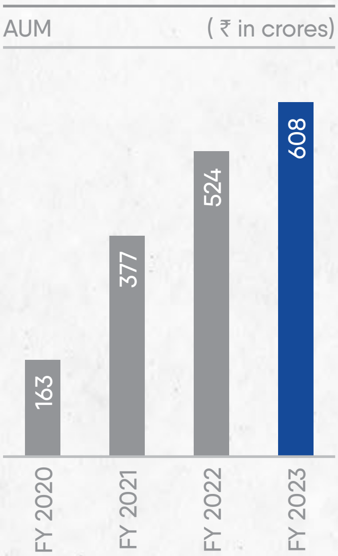
Value Drivers

- Following prudent selection of NBFCs – businesses where InCred Financial Services Limited can leverage its team's deep domain knowledge
- Focussing on FinTechs by partnering with firms, backed by strategic players or Indian VCs
- Lending to the regulated NBFC and not the technology HoldCo to mitigate risks
- Undertaking mandatory periodic audit for each borrower through branch visit and system check
- Forging strong industry connect to share notes and analysis on individual borrowers

Future Growth

- Banking correspondent model for deeper penetration
- Stronger relationships with VC firms to grow referrals

Progress So Far...



Quick Facts

Loan Amount	Tenure	Rate of Interest	AUM	Customer Profile
Upto ₹ 15 crores	1 to 3 years	13%-16%	₹ 608 crores	NBFCs / NBFC- MFI registered with RBI

InCred finance

FROM THE
CEO'S DESK

"InCred Finance is now truly breaking into the big league with our FY 2022-23 performance laying down a marker, especially for ourselves. We will continue to strive to improve upon this exponentially, generating value for everyone and enabling the creation of a more financially enabled country."

Dear Stakeholders,

It gives me great pleasure to present to you the Annual Report of InCred Financial Services Limited. It was a great year for the Company as we truly created a lasting impact on the lives of lakhs of Indians, helping empower them financially to enable them to achieve their dreams and aspirations. It was equally heartening that we were able to do this in a manner which was value accretive to our entire ecosystem, be it our shareholders, employees, partners, regulators, and our clients, as mentioned before. This has been recognised through multiple awards through the years including Most Preferred Workplace FY 2022-23 by Allegiant Market Research for Team Marksmen Network Pvt. Ltd. and ET Best Brands 2022.

FY 2022-23, in many ways, was a year where we let our actions and resultant performance speak for themselves! A key highlight for the year was the conclusion of KKR India's merger with InCred Finance, creating a lending powerhouse for the future. We had a few key focus areas for the year, and we delivered on all of them with aplomb. Growth has been an important vector for us, and we continued FY 2022-23 in the same vein as FY 2021-22, delivering a 58% growth in our AUM from ₹ 3,844 crores to ₹ 6,063 crores. This was supplemented by a 4-times rise in our Profit Before Tax from ₹ 48.17 crores in FY 2021-22 to ₹ 207.01 crores in FY 2022-23. This has been achieved on the back of the unwavering commitment of our 1,200+ strong employee base who continue to be the core foundation on which our business has been built. Creating an enabling workplace where employees are empowered to give their best has been another of our focus areas and our progress towards this was re-inforced with the 'Best Place to Work' award, given to InCred Finance. We are also working towards diversifying our liabilities with strong retail demand in NCD issuances. We have also worked hard to strengthen our liability franchise. We received a rating upgrade from leading rating agencies, CRISIL and CARE, and are now rated A+/Stable on the back of improving financial performance and a strong balance sheet. This year, we have also focussed on enlarging our retail presence, and not just from a customer base perspective. We have expanded our network and are now present in nearly 40 branches across the country.

On the back of all these initiatives, we have been able to maintain considerable growth across our diversified product mix, encompassing Personal Loans, Student Loans, Anchor & Escrow Backed Loans, Small Medium Enterprise (SME) Business Loans and Financial Institution (FI) Lending. This diversified model has helped drive overall performance, leading to one of the best RoAs in the industry at 4.1%. The diversified growth also helps in keeping NPAs in check, with a 2.1% GNPA and 56% provision coverage, backed by a 98%+ collection efficiency. Despite our strong growth, we continue to be very well-capitalised with Debt Equity Ratio of 1.6x and Capital Adequacy Ratio of 34%.

We take our social responsibility equally seriously, building InCred with a vision of enabling financial upliftment of every individual in society. We now serve more than 3,50,000+ clients across 27 cities. Our social goals are spread across three silos – education, empowerment and equality, and we've done well in each one of them. We now enable access to primary, secondary and global college education to more than 6.5 lacs students through our Education portfolio – lending to both schools in India, as well as students for global higher education. As part of our empowerment initiatives, we now reach more than 40 lac individuals as part of our MFI lending initiatives, while directly benefiting more than 15,000 small businesses.

Looking ahead, the availability of a strong balance sheet with adequate equity and liquidity, a strong and experienced management who were adept in handling crises situations, and an agile business model will be key to our future growth trajectory. So far, we have witnessed growth through a mix of digital lending with specific on-ground presence. Looking ahead, we are optimistic about strengthening our moats even as we scale up aggressively, while being conscious of the risk present in these businesses. We will also focus on providing tailor-made products to our customers, thereby defining InCred's customer-centricity. Our emphasis stays on continuing to leverage our technological superiority across our product stack and expanding both digital and physical presence across the country through more digital partnerships and wider footprint. Additionally, we will work towards strengthening our balance sheet through diversification of funding sources.

InCred Finance is now truly breaking into the big league with our FY 2022-23 performance laying down a marker, especially for ourselves. We will continue to strive to improve upon this exponentially, generating value for everyone and enabling the creation of a more financially enabled country.

Warm regards,

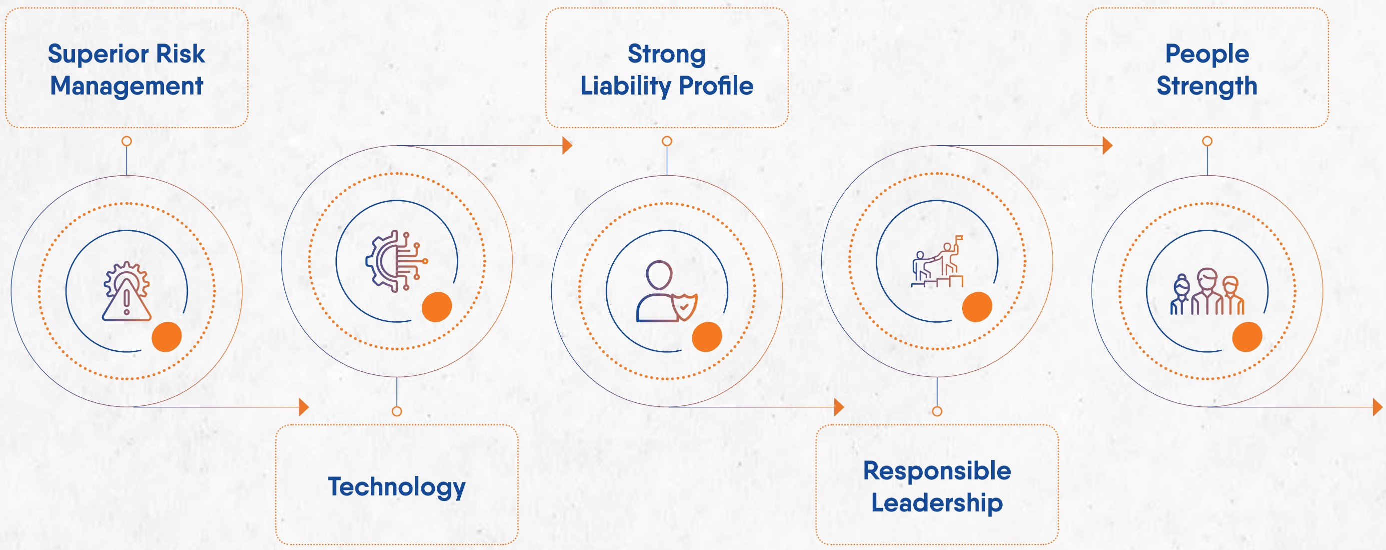
Bhupinder Singh

Founder and CEO

ALIGNING STRENGTHS

TO DRIVE ACTION

Our core strengths at InCred have been moulded around a few key vectors. These strengths are what differentiate us from our peers and create, what we believe, is a strong moat which will help us outperform competition in delivering industry-leading performance metrics. With a foundation built on cutting-edge technology, exceptional talent, and a culture of excellence, we are poised to act as an enabler, making a lasting impact on the world of finance, and beyond.



SUPERIOR RISK MANAGEMENT

Risk management is critical in any business, and we firmly believe that it is the cornerstone on which great lending businesses are built. We have built InCred Finance on the same principles, putting risk management and mitigation at the centre of every decision we take. We truly believe that we are one of the finest proponents of creating industry-leading risk management tools, leveraging technology, and especially analytics to build checks and balances which help us maintain one of the best asset quality in our competitive segments. We will continue to use our superior, proprietary risk management capabilities to create a sizeable differentiation compared to our peers.

TECHNOLOGY

The transformational ability of technology is well-articulated. We also belong to the same school of thought and use technology across our entire value chain, right from customer outreach to on-boarding, from disbursal, to collections. Providing a completely digital experience not only enables us to enhance the customer experience, it also helps us to reach customers who do not have access to a physical presence from lenders. We also leverage technology extensively in our rule-based underwriting policies. As we look ahead, we feel that the technology curve is like a treadmill. With new innovations like Artificial Intelligence (AI) changing how we perceive the world around us, it is imperative that organisations are agile enough to adapt to such changes, which we continue to strive to do at InCred.

STRONG LIABILITY PROFILE

We continuously obsess over improving our liability profile so as to enable (1) comfortable ALM (2) diversified sources of borrowing (3) improving our cost of funding, in that particular order. Our strong ALM has been tested through multiple challenging situations including the post-ILFS period as well as the multiple waves of Covid-19 pandemic. We have come through stronger after each of these periods and we remain supremely confident that we are very comfortable on the liquidity front. We are also focussed on continuously diversifying our lending base and now have lending relationships with more than 35 partners, covering almost all major public and private sector banks. This is augmented by lending from DFIs, which support us in our social empowerment initiatives as well as a growing proportion of retail NCD issuances which also reflects well on InCred' brand visibility. Lastly, on the cost of funds side, in a year which has seen multiple rate hikes with MCLR being re-priced ~130 bps, InCred Finance actually managed to lower its overall cost of borrowing! This will continue to be our endeavour as our performance continues to go from strength to strength.

PEOPLE & LEADERSHIP

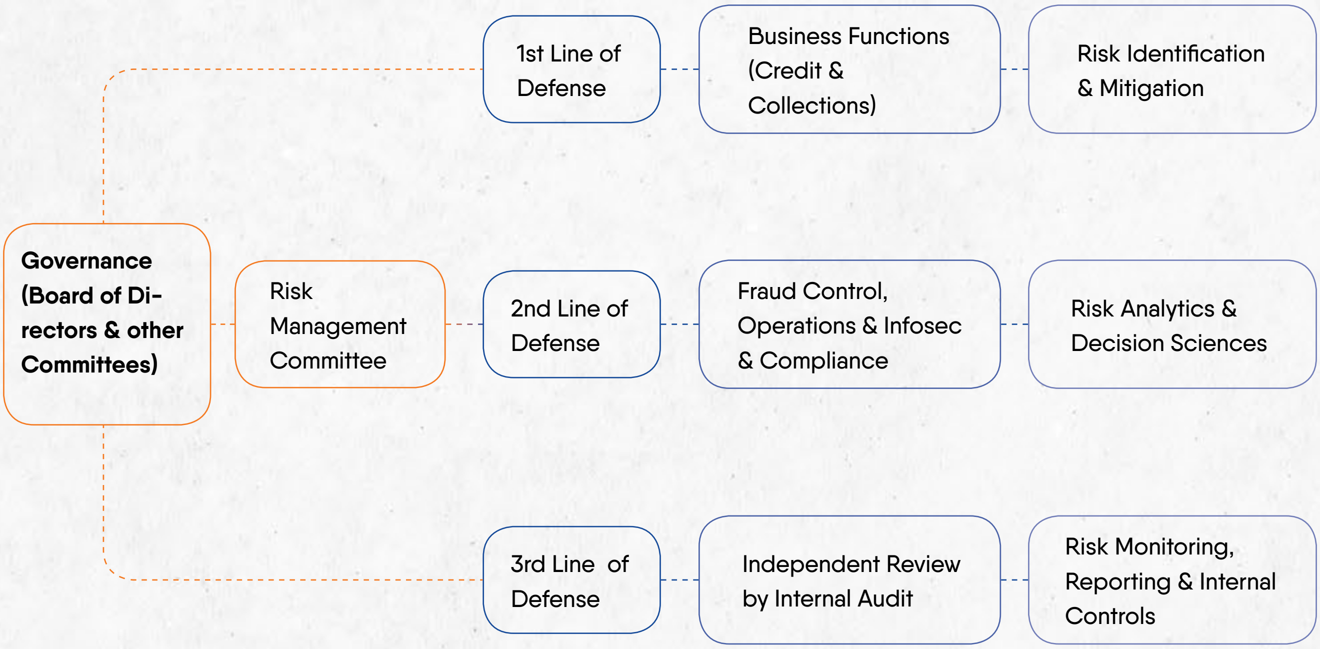
Our leadership team has been a key driver of the ever-improving performance that we have seen. Our leadership is an experienced group of people who have seen decades of experience individually both domestically and across the globe. We have also been highly successful in retaining the core of this team with almost no attrition in our top 25 people over the last few years.

This is supplemented by a strong focus on ensuring that the larger people franchise feels a sense of belongingness to InCred through multiple employee initiatives. By providing people challenging work opportunities, fair compensation and creating a sense of togetherness, we have been able to empower our people to scale new heights.

MITIGATING RISK

THROUGH RIGHT ACTION

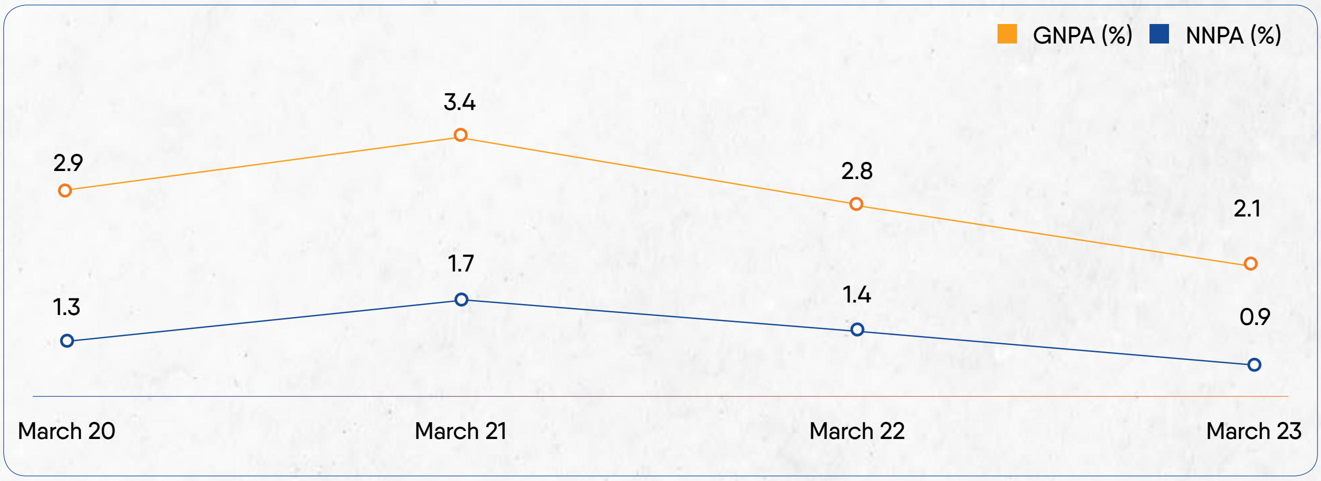
At InCred, we understand the importance of balancing risk and growth in business. In this direction, we have implemented a comprehensive management framework that prioritises both. This framework enables us to identify and mitigate potential risks effectively, while creating an environment that encourages the pursuit of growth opportunities.



RISK MANAGEMENT COMMITTEE

- Define the overall Risk governance framework & Internal Control system for integrated risk management
- Risk oversight, risk measurement and alignment of risk appetite in line with business strategy and financial goals of the organisation
- Review and recommend appropriate policies & procedures relating to Risk management governance, practices, regulatory compliance and risk control infrastructure for the organisation
- Review significant risks & mitigation plans to ensure compliance and risk monitoring as per Risk Management framework

Due to our strong risk management ability and superior underwriting process we have achieved healthy collection and low NPAs.



Collection efficiency*	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
	71%	89%	96%	97%	97%	98%	98%	98%	98%	98%	98%	98%

*Collection Efficiency for Non-NPA book, excluding discontinued products and wholesale portfolio of KIFS

Positive Selection
Building distinctive products based on customer needs to deliver best customer experiences and attract the best risk profiles.

Customer Life-Cycle Management
Data led on-going customer relationship management for calibration of risk and product terms.

Risk Separation
Data-analytics-based portfolio risk management to distinguish different levels of risk, identify early alerts and portfolio volatility within different customer segments.

Culture of Risk Management
Inclusive risk culture across all functions of InCred Finance including Sales, Operations, HR, and Technology to build risk management capacities at all levels of the organisation.

Risk-based Products
Being conscious of rather than averse to risk through periodic risk assessment for controls and mitigations.

Full-suite Fraud Control
Fraud control is the foundation of risk management. Digital and analogue fraud defences, based both on algorithms and human intelligence

InCred finance

DRIVING ACTION
THROUGH TECH INTEGRATION

We have made a concerted effort to incorporate technology throughout our sales, operations, credit, and collections verticals to ease our operations. Our robust technology design is scalable enough to handle millions of transactions and applications seamlessly from anywhere. By leveraging tech integration, we act smarter, faster, and more efficiently, ultimately delivering better service to our customers.

The availability of real-time data for all critical business functions has proven to be a valuable asset, enabling us to launch products rapidly and integrate with third-party providers with ease. We are the best in industry with respect to process turn-around-time across deliverables, with same day disbursals across products, once file is received.

Our banking process (NACH, E_NACH) is one of the most efficient ones. Tracking and updating of NACH registrations and subsequent presentation, re-presentation has been absolutely accurate all this while. With auto-NACH (95% of the in-house loans), this has been even more effective. We have created real time dashboard which tracks any process related issues which come up in terms of disbursal done v/s money not released, high value transactions made by customers but loans not closed, double payments made by customers but refunds not processed and so on.

We have a very process-oriented approach to customer queries and escalations. Work flows have been well-defined in Customer Relationship Management (CRM) for ease of tracking and ensuring that we do not miss a ticket. The first time right for customer care is at 84% against an industry benchmark of 75%. Our grievance TAT is one of the best (T+4 hours) in industry. Any grievance-related email is personally checked by the Head of OPs/ Principle Nodal Officer and is tracked until its closed.

OUR TECHNOLOGICAL FOCUS

Fully Secured

Protected against all known vulnerabilities by continuous testing

Significant Scale

Presently handling median of 80 lakhs API requests/day and a maximum of 1.2 crores API hits/ day

Operating Leverage

100X volumes handled with flat 100-member operations team

Automatic Unwind

Can go to last known good configuration at push of a button

Highly Performant

Fast page load and API response times; investing in this further to expand to tier-2, tier-3 regions with slow internet and 99.9% uptime

Rapid Deployment

Increased velocity of shipping features

Deployment Independence

Teams can deploy with confidence independently of each other and as per their own schedule

Low Mean Time to Ship Once Built

Once a feature is built, it should go into production with minimal delay

Fully Compliant

Encrypt / transmit / store data and PII data with full compliance

Highly Observable & Diagnosable

Detect problems ourselves as opposed to getting told by customers; and find root cause within 30 minutes of an incident

Readily Available

Internal and external customers get 99.9% uptime to do their tasks

Highly Durable

No loss of fidelity for any of our data assets

Low Cost

Carefully cost optimised services - across compute, storage and database

Maintainable & Discoverable

Simple and easy-to-understand code base with low cyclomatic complexity that is easy for newcomers to get context and to aid team rotation. All the modules are version controlled and fully documented, allowing anyone to be able to use the domain service with minimal help

Transparent

Allows fact-driven assessments via statistics – published in one simple page – accessible to all

PARTNERSHIPS TO DRIVE ACTION

We have forged strategic partnerships with a wide range of online and offline platforms, with the goal of leveraging business data to drive consumer lending. Through this collaborative approach, we have been able to provide rapid financing for consumer purchases, as well as SME working capital. This has resulted in a high level of customer satisfaction, as evidenced by increased conversions, transactions, revenue, and profitability for our partner platforms. Our action-driven partnerships have reinforced our commitment to drive value for our partners and provide customers with a superior lending experience.

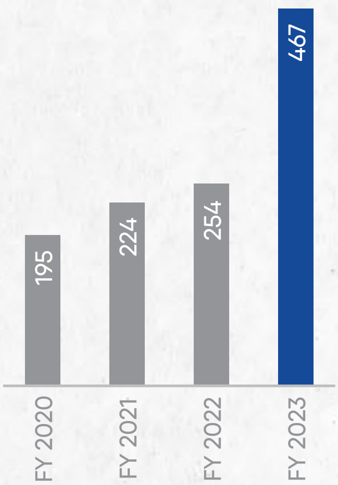
InCred finance

DELIVERING EXCELLENCE

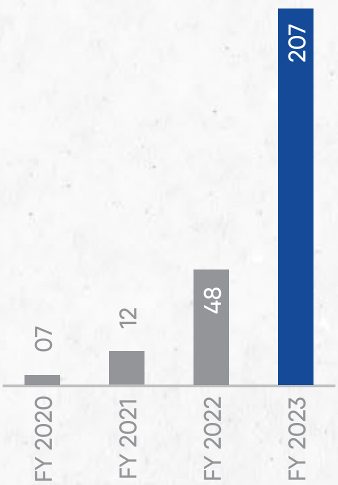
THROUGH OUR ACTION

KEY PERFORMANCE INDICATOR

Net Income (₹ in crores)

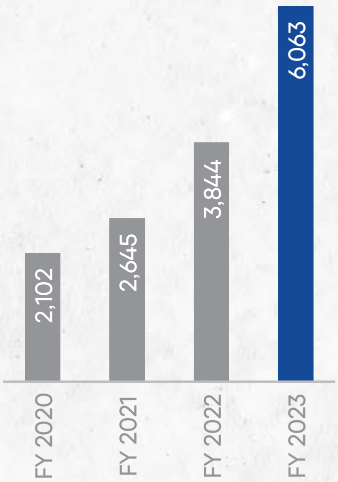


PBT (₹ in crores)

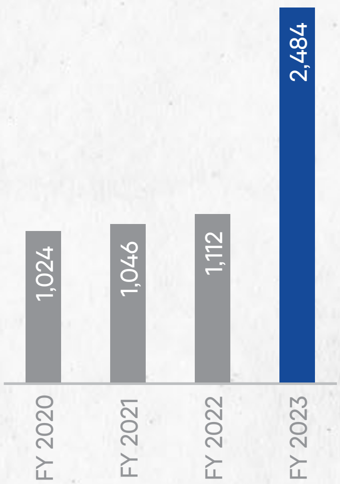


Pre-Tax ROA (%)

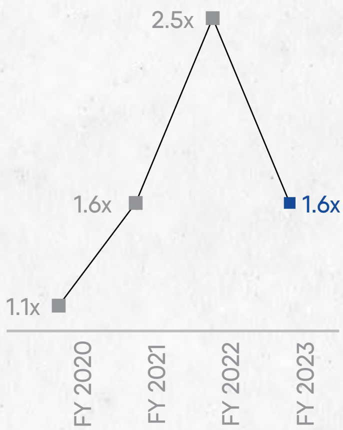
AUM (₹ in crores)



Net Worth (₹ in crores)



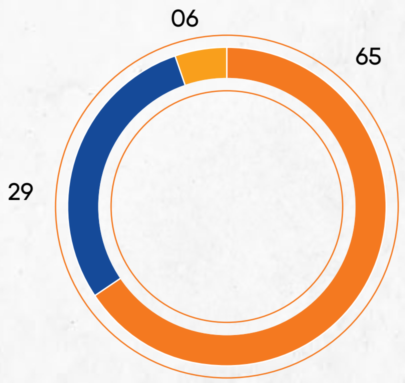
Leverage



LIABILITY

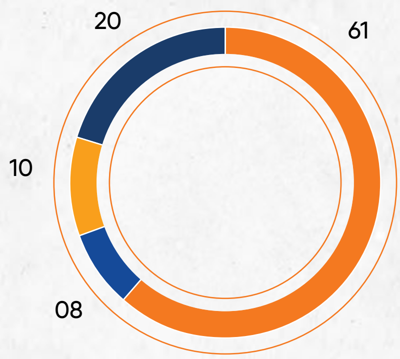
With unwavering commitment to robust liability performance, our borrowing strategy is effectively designed to maintain an optimal liquidity profile at all times. Through a well-calibrated approach that places emphasis on diversification of liabilities and lenders, we have fortified our financial resilience in the face of ever-evolving market dynamics.

Breakdown by Facility (in %)



- Term Loans
- Non-Convertible Debentures (NCDs) & Market-Linked Debentures (MLDs)
- Cash Credit (CC) / Working Capital Demand Loans (WCDLs) / CP/ICD

Breakdown by Source (in %)



- Banks
- NBFCs
- Financial Institutions (FIs) and DFIs
- Capital Markets

Fund Raised (in ₹ crores)

2,110 — FY 2022

2,955 — FY 2023

Breakdown of Borrowings (in ₹ crores)

	Term Loan including External Commercial Borrowings (ECBs)	NCDs including MLDs	CC,CP & ICD
O/S as of FY 2023	2,733	1,144	10
Raised in FY 2023	1,584	457	355

InCred finance

DRIVING SUCCESS

THROUGH UNITED ACTION

Over the past 7 years, InCred has undergone a transformative journey, growing from a small team to a formidable force of over 1,200 employees, spread across 39 offices in 27 cities. In the face of unprecedented challenges posed by the Covid-19 pandemic and the macroeconomic landscape, our team has demonstrated exceptional resilience. The responsible and concerted actions of our team have enabled us to navigate with unwavering determination, in process emerging stronger than ever.

Our organisation emphasises building a culture of appreciation and motivating employees to excel through our InCred Premier League (IPL) programme. This innovative rewards and recognition programme has empowered every employee to recognise exceptional performance without requiring approval from higher authorities. It has generated interest and excitement amongst our workforce, fostering camaraderie and collaboration.

At InCred, we believe in being people-centric. Our HR structures and policies reflect this fundamental principle. Our hiring and internal promotion decisions are solely driven by meritocracy, ensuring that every individual is given an equal opportunity to succeed and contribute to our shared goals. We firmly believe that this approach not only fosters a culture of excellence but also creates a sense of ownership and pride among our employees.

Throughout the year, we have organised events like InCred Champions League, Women's Day, InCred Corporate Cricket Season 2, Shark Tech Tank event, flag hoisting during 75th Independence Day. We actively celebrate festivals like Diwali, Dussehra and Christmas. An offsite for the senior leadership team was organised after a nearly three-year hiatus. 110+ employees were invited for two days of learning, bonding, team building and relaxation.

Every once in a while, we like to check the pulse of our employees and seek their views on our culture, internal process and policy. Therefore, we ran 'Employee Survey 2023' which saw 97% participation from employees. This was the fourth such survey we ran at InCred, with our engagement scores showing a positive upward trend YoY, with this year being the highest ever at 4.19/5.

We have earned the recognition of the 'Most Preferred Workplace 2022-23' alongside a few industry leaders in the BFSI sector through an industry-wide study conducted by Allegiant Market Research for Team Marksmen Network Private Limited. This remarkable feat is a testament to the efficacy of our well-defined strategies and the relentless efforts of our team to create a great workplace culture. We were also selected by Fortune India Magazine as one of the 'Employers Of The Future'. This acknowledgement is an exceptional affirmation of our people-first offering, and it inspires us to keep offering a nurturing and affirmative workplace for our employees to grow.

InCred finance

STEERING AHEAD

THROUGH CONSCIOUS ACTION

Our Environmental, Social and Governance (ESG) programmes are aimed at touching lives through impactful projects. Our goals align with three of the 17 goals specified by the UN for sustainable development. Our three pillars of impact are Education, Empowerment and Equality. Through our ESG initiatives, we strive to act responsibly, creating a better future for our community.

EDUCATION

Our aim is to empower students with the knowledge and skills, necessary to succeed in the job market or in entrepreneurship. We have approved US$ 1 bn in loans since inception, covering 585 universities across 25 countries. In the process, more than 5,500 student borrowers have gone to pursue higher studies. Approximately 99.5% of students, who have completed the course, have found gainful employment.

EMPOWERMENT

Our goal is to empower individuals to increase their economic productivity and promote the formalisation and growth of micro, small, and medium-sized enterprises. We are enabling access of a lending platform to underdeveloped sectors by focussing on multiple partnerships, which are connected to the roots of cities. The access to formal lending channel increases their overall economic wealth.

EQUALITY

Our objective is to facilitate progressive and sustainable income growth among underserved segments of the population, including those who face challenges related to income, geography, and gender.

TOUCHING LIVES

THROUGH IMPACT PROJECTS

At the core of our corporate ethos lies a deep-seated commitment to social and economic progress, and we take immense pride in our Corporate Social Responsibility (CSR) mission. Our actions are aimed to make a positive impact on the community we serve. Through a series of interventions, we steadfastly focus to empower and uplift the lives of those-in-need.

We firmly believe that sustainable growth can only be achieved by integrating our activities in community development, social responsibility, and environmental responsibility. To that end, we encourage each business unit or function to embrace these considerations as an integral part of their operations.

1 mn +
Lives Changed

20 mn +
Money Donated

PROMOTING EDUCATION

Education is the bedrock of progress, and we are committed to ensuring that every child has access to quality education. Our interventions include educational sponsorships, infrastructure support, and skill-building programmes that empower students and elevate academic standards. Through these initiatives, we aim to create a conducive learning environment and bridge the skill gap in the financial services sector, transforming aspiring professionals into job-ready experts.

PROMOTING PUBLIC HEALTH

We believe that good public health is crucial for sustained livelihood options and will support public health projects such as primary health centres, medical camps, and public area amenities. We aim to improve healthcare access and create a healthier, more resilient community, fostering a culture of well-being for a brighter future.

ENVIRONMENTAL SUSTAINABILITY

As a responsible corporate citizen, we are committed to introducing environment-friendly practices that promote sustainability and safeguard the interests of the community. We firmly believe that social communication will promote awareness and influence behaviour towards creating a sustainable environment for the community, in line with our vision for a better tomorrow.

ERADICATING POVERTY

At InCred, we believe that our employees are not just valuable assets, but also responsible citizens who care deeply about making a positive impact on society. To support their charitable causes and encourage them to give back to the community, we have implemented a programme that allows employees to choose a charity of their choice and donate time or money towards causes, close to their hearts.

The donations can take various forms such as money, materials, or time. These are aimed to support causes such as education, orphanages, old age homes, hospitals, assisted living, and medical care for the poor, disadvantaged, and elderly. Through this initiative, we aim to empower our employees to become active agents of change and foster compassion, generosity, and community service.

NANHI KALI FOR THE GIRL CHILD

ACHIEVING MORE

THROUGH ACTION-ORIENTED LEADERSHIP

BOARD OF DIRECTORS

Bhupinder Singh

Whole Time Director & CEO

Previously Co-Head of Investment Banking & Securities for Asia Pacific Region at Deutsche Bank

Vivek Bansal

Whole Time Director & CFO

Previously Dy. CFO & Group Head for Finance at Yes Bank, Director - Finance for Fidelity, London

Ambika Bisla

Independent Director

Previously served as technical advisor to Ministry of Finance, and Department of Financial Services, among others.

Karnam Sekar

Independent Director

Former DMD - SBI and MD - Dena Bank and IOB

Rupa Vora

Independent Director

Former Group Director and CFO of IDFC Alternatives Ltd

Sankaran Nair Rajagopal

Independent Director

Previously Regional Director on RBI, Nominee Director on the Board of Bank of Maharashtra

Sunita Gupta

Independent Director

Former Executive Director and CFO in PNB Gilts Ltd. and senior finance positions at Punjab National Bank

Gaurav Trehan

Non-Executive Director

Partner and CEO for KKR India, Previously worked with Morgan Stanley in M&A, restructuring department and has spent more than fifteen years with TPG Capital Asia

MANAGEMENT TEAM

Rohan Suri

Non-Executive Director

Director in KKR India, Serves on the Boards of Shriram General Insurance Company Ltd., Re Sustainability Ltd., Vini Cosmetics Pvt. Ltd.

Ashwin Sekar

Chief Technology & Product Officer

Previously worked with GAIN Credit and Global Analytics at senior Tech positions

Kamlesh Dangi

Group Head - Human Resource

Previously Group President at UTI AMC, Group Chief People Officer at Religare Ent. & Joint GM- ICICI

Vivek Anand P S

Non Executive Director

Founder and MD at Oaks Asset Management

Over 20 years of experience in Banking & Finance

Prithvi Chandrasekhar

Head - Consumer Finance

Previously in leadership roles at Capital One and Experian, and in management consulting at Accenture and McKinsey

Saurabh Jhalaria

Head - Education & SME Business

Previously responsible for Corporate & SME credit risk management for India & SEA at Deutsche Bank

- Board Of Directors
- Management Team

Directors' report

Dear Members,

The Board of Directors of InCred Financial Services Limited (erstwhile known as KKR India Financial Services Limited) ("the Company") are pleased to present the Twenty Eighth Annual Report for the Financial Year ended March 31, 2023.

COMPOSITE SCHEME OF ARRANGEMENT

The Company has undergone a Composite Scheme of Amalgamation and Arrangement amongst InCred Holdings Limited (erstwhile known as 'KKR Capital Markets India Limited') ("IHL"), Bee Finance Limited, InCred Financial Services Limited (erstwhile known as 'KKR India Financial Services Limited') ("the Company/IFSL"), InCred Prime Finance Limited (erstwhile known as 'InCred Financial Services Limited') ("IPFL/erstwhile IFSL") and their respective shareholders, hereinafter referred to as Scheme. The Composite Scheme was approved by the National Company Law Tribunal vide its order dated May 06, 2022, certified true copy of which was received by the Company on June 06, 2022.

Accordingly, the Board of Directors at its meeting held on July 26, 2022, have made the Scheme effective. Upon the Scheme becoming effective, the identified business, branches, assets specific & general liabilities, debts, accumulated tax loss and unabsorbed tax depreciation, obligations, permits, contracts, employees, agreements, policies, arrangements, approvals, sanctions and proceedings etc. of the InCred Demerged Undertaking as defined in the Scheme carried on by erstwhile IFSL have vested in IFSL. Further, pursuant to the said Scheme becoming effective, the Non-Convertible Debentures ("NCDs") of the erstwhile IFSL, have transferred to and vested in IFSL, and the obligations towards payment of interest or repayment of the principal amounts will vest in IFSL.

Further as per the Scheme, the remaining NBFC business (i.e after excluding the InCred Demerged Undertaking) shall continue to be carried out by IPFL. Pursuant to the Scheme, the name of InCred Financial Services Limited has changed to InCred Prime Finance Limited w.e.f. August 01, 2022 and the name of the Company has changed to InCred Financial Services Limited w.e.f. August 03, 2022.

FINANCIAL RESULTS

A summary of the Consolidated and Standalone financial performance of the Company, for the Financial Year ended March 31, 2023, as compared to previous FY ended March 31, 2022 has been summarised below:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	FY 2023	FY 2022	FY 2023	FY 2022
Revenue from Operations	86,457.87	48,803.15	86,375.37	48,791.66
Other Income	1,287.52	3,624.09	1,278.10	3,330.04
Total Income	87,745.39	52,427.24	87,653.47	52,121.70
Total Expenses	63,352.76	47,820.80	62,572.03	47,304.50
Profit / (Loss) before tax and exceptional items	24,382.49	4,185.54	25,081.44	4,817.20
Exceptional Items	4,065.48	-	4,379.81	-
Profit / (Loss) before Tax	20,317.01	4,185.54	20,701.63	4,817.20
Total Tax Expense	8,224.93	1,102.78	8,621.52	1,205.43
Profit / (Loss) after Tax	12,092.08	3,082.76	12,080.11	3,611.77
Other Comprehensive Income	(3.89)	(83.36)	(6.09)	(83.36)
Total comprehensive income	12,088.19	2,999.40	12,074.02	3,528.41
Earnings per equity share (EPS)				
Basic (₹)	2.63	0.67	2.62	0.94
Diluted (₹)	2.63	0.67	2.62	0.93
Appropriations:				
Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	2,416.02	722.35	2416.02	722.35

REVIEW OF FINANCIAL PERFORMANCE AND OPERATIONS OF THE COMPANY

The Company is registered with Reserve Bank of India (RBI), as a Non - Deposit Taking Non-Banking Financial Company under Section 45-IA of the RBI Act, 1934 and continues to comply with the applicable guidelines, circular, notification and directions issued by applicable to a Systemically Important Non - Deposit Taking Non- Banking Financial Company ('NBFC-ND-SI').

The Company's performance during the year ended March 31, 2023 in comparison with the year ended March 31, 2022, is summarised as follows:

- The Company has earned revenue from operations of ₹ 86,375.37 lakhs
- Profit After Tax stood at ₹ 12,080.11 lakhs as against ₹ 3,611.77 lakhs in the previous year;
- The Assets Under Management (AUM) grew to ₹ 5,55,231.55 lakhs as against ₹ 3,82,323.85 lakhs in previous year.

The Gross Non-Performing Assets ("GNPAs") and Net Non-Performing Assets ("NNPAs") as recognised stood at 2.06% and 0.91% of loans respectively.

The Business and Operations of the Company comprised of the below:

- Consumer Loan
- Educational Loan
- MSME Loan

IMPACT OF COVID -19 PANDEMIC

The COVID-19 pandemic outbreak which began in the middle of March 2020 continued to impact the economy through FY 2022-23. The detailed disclosure on the material impact of COVID-19 pandemic on the Company is forming part of the Financial Statements of the Company.

TRANSFER TO RESERVES

During the year, the Company has transferred ₹ 2,416.02 lakhs, representing 20% of the profits made in the year to a Special Reserve created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934 and as amended from time to time.

DIVIDEND

For the year ended on March 31, 2023, the Company has not proposed any dividend, in order to strengthen the balance sheet for its lending business.

CHANGE IN REGISTERED OFFICE OF THE COMPANY

During the year, the Company has changed its registered office from 2nd Floor, Piramal Tower, A Wing, Peninsula Corporate Park, G K Marg, Lower Parel West, Mumbai 400 013 to Unit No, 1203, 12th Floor, B wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Mumbai – 400051 w.e.f. July 26, 2022.

CHANGE IN REGISTRAR AND SHARE TRANSFER AGENT (RTA)

During the year, the Company had changed its RTA from 'kfin Technlogies Limited' to 'Link Intime India Private Limited' with effect from August 05, 2022.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY/MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis Report, for the year under review is presented as **Annexure A** which forms part of this report.

RBI COMPLIANCE

The Company continues to comply with the RBI regulations as applicable to it. The Company being a Non-Deposit Accepting Non-Banking Financial Company has not accepted any deposits from the public during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI. Further, the Company being an NBFC, disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

The Company has also complied with the applicable provisions of the Act, the Reserve Bank of India Act, 1934 and other applicable rules/regulations/guidelines, issued from time to time.

CAPITAL ADEQUACY RATIO (CRAR)

The Company maintains a healthy CRAR of 33.40% which is much higher than the prescribed minimum CRAR of 15% as per prudential norms.

Following are the details of Tier I & II Capital of the Company as on March 31, 2023:

CRAR- Tier I Capital	:	32.89 %
CRAR- Tier II Capital	:	0.51 %

SHARE CAPITAL

Authorised Share Capital:

As on March 31, 2023, the Authorised Share Capital of the Company stood at ₹ 5,00,00,00,000 comprising of 50,00,00,000 Equity Shares of ₹ 10/- each.

Issued, Subscribed and Paid-up Share Capital:

As on March 31, 2023, the issued, subscribed and paid up share capital of the Company stood at ₹ 4,60,22,65,380 comprising of 46,02,26,538 fully paid-up equity shares of face value of ₹ 10/- each. InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited), holding company and its nominees hold the equity share capital of the Company and as required under the provisions of Act, the said shares are held in dematerialised form.

FUND RAISING

During the year under review, the Company has raised fresh term loans of ₹ 1,583.65 crores from Banks and Financial Institutions. The Company also raised ₹ 456.74 crores by issuance of NCDs (including ₹ 231.04 crores by public issuance of NCDs). Further, borrowings by way of fresh Working Capital limits, Commercial Papers and Inter Corporate Deposits (ICDs) amounted to ₹ 355.00 crores.

In addition to the above, the Company has also raised borrowings of ₹ 559.60 crores by way of co-lending of Education loans, Loan Against Property and personal loans; leading to aggregate fresh borrowings of ₹ 2,954.99 crores in the FY 2022-23.

DEBENTURE TRUSTEE

The details of Debenture Trustee are as under:

Name of Debenture Trustee: Catalyst Trusteeship Limited
Address: Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400098, Maharashtra, India
Tel. Nos.: 022-49220548
Email addresses: compliancectl-mumbai@ctltrustee.com
Website: https://www.catalysttrustee.com/

Directors' Report (Contd.)

CREDIT RATING

During the period under review, CRISIL Ratings Limited ("CRISIL") and CARE Ratings Limited ("CARE ") had given the ratings as follows:

Rating Agency	Facilities	Ratings
CRISIL Ratings Limited	Bank Loan Facilities	CRISIL A+/Stable
	Non-convertible debentures	CRISIL A+/Stable
	Principal Protected Market Linked Debenture	CRISIL PPMLD A+/ Stable
	Commercial paper	CRISIL A1+
CARE Ratings Limited	Long Term Bank Facilities	CARE A+/Stable
	Principal Protected Market Linked Debenture	CARE PP- MLD A+/Stable
	Non-convertible debentures	CARE A+/Stable
	Commercial paper	CARE A1+

CHANGES IN THE NATURE OF BUSINESS

The Company continues to carry on its business as Non-Deposit taking Non-Banking Financial Company within the framework given by RBI for NBFCs.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company has four subsidiaries viz. InCred Management & Technology Services Private Limited ("IMTS"), Booth Fintech Private Limited ("BFPL"), mValu Technology Services Private Limited ("mValu") and InCred.Ai Limited ("IAIL") as on March 31, 2023.

In light of the acquisition of additional stake in the shareholding of mValu by BFPL in May 2022, mValu became a subsidiary of the Company.

Pursuant to the effectiveness of the Scheme, the subsidiaries of IPFL have become the subsidiaries of the IFSL.

PERFORMANCE AND FINANCIAL POSITION OF EACH SUBSIDIARY/ASSOCIATE AND JOINT VENTURE COMPANIES

The statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014, in Form AOC 1, is provided as **Annexure B**.

Pursuant to Section 129(3) of the Companies Act, 2013 ("the Act"), the Company has prepared Consolidated financial statements comprising of the balance sheet, profit & loss accounts and the cash flow statements of the Company which shall be laid before the ensuing Annual General Meeting of the Company. The audited Consolidated financial statements together with Auditors' Report form part of the Annual Report.

DIRECTORS

The Board comprises of the following Directors as on March 31, 2023:

Sr. No.	Name of Director	DIN	Designation
1.	Mr. Bhupinder Singh	07342318	Whole Time Director and CEO
2.	Mr. Vivek Bansal	07835456	Whole Time Director and CFO
3.	Mr. Gaurav Trehan	03467781	Non-Executive Director
4.	Mr. Rohan Suri	07074450	Non-Executive Director
5.	Mr. Vivek Anand PS	02363239	Non-Executive Director
6.	Ms. Rupa Vora	01831916	Independent Director

Sr. No.	Name of Director	DIN	Designation
7.	Mr. Sekar Karnam	07400094	Independent Director
8.	Ms. Sunita Gupta	06902258	Independent Director
9.	Ms. Ambika Bisla	09789579	Independent Director
10.	Mr. Sankaran Nair Rajagopal	10087762	Independent Director

The composition of the Board is in accordance with the provisions of Section 149 of the Act and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), with an appropriate combination of Executive Directors, Non-Executive Directors and Independent Directors.

As on the date of this report, the Board of Directors of the Company comprises of 10 directors comprising of 5 Independent Directors, 3 Non-executive Non-Independent Directors and 2 Executive Directors.

Following changes with respect to the Board took place during the year under review:

Appointment:

Pursuant to effectiveness of the Scheme, the Board of the Company was reconstituted on July 26, 2022.

Mr. Bhupinder Singh, Mr. Vivek Bansal, Ms. Rupa Vora, Mr. Debashish Dutta Gupta, Mr. Sekar Karnam, Mr. Vivek Anand PS, Mr. Gaurav Trehan and Mr. Sanjay Nayar were appointed as Directors with effect from July 26, 2022.

Mr. Gaurav Trehan and Mr. Sanjay Nayar were appointed on the Board as representative of the KKR Group as per the Shareholders' Agreement.

Further on March 30, 2023, Ms. Sunita Gupta, Ms. Ambika Bisla, Mr. Sankaran Nair Rajagopal were appointed as the Independent Directors of the Company and Mr. Rohan Suri was appointed as Director on the Board as the representative of KKR Group ("KKR") as per the Shareholders' Agreement.

Cessation:

Mr. Jigar Shah, Director had resigned with effect from June 30, 2022, to devote time to other commitments.

Mr. Anil Nagu, Mr. Brian Dillard, Mr. Karthik Krishna and Ms. Aparna Ravi resigned with effect from July 26, 2022, on effectiveness of Scheme.

Mr. Sanjay Nayar, who was appointed as a Director on the Board as a Nominee Director of KKR resigned with effect from March 21, 2023, due to his other commitments and in order to fill the vacancy, Mr. Rohan Suri was appointed in his place.

Further, Mr. Debashish Dutta Gupta resigned with effect from March 30, 2023, due to other commitments.

The Board places on record its sincere appreciation for the valuable contribution and guidance provided by Mr. Jigar Shah, Mr. Anil Nagu, Mr. Brian Dillard, Mr. Karthik Krishna, Ms. Aparna Ravi, Mr. Sanjay Nayar and Mr. Debashish Dutta Gupta during their association with the Company towards establishing and building the Company into a well-respected and highly profitable credit institution.

Further the terms and conditions of appointment of Independent Directors are available on the website of the Company viz. www.incred.com.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and hold highest standards of integrity.

Based on the declarations and confirmations received in terms of the provisions of the Act, the Listing Regulations and the RBI Directions, none of the Directors on the Board of the Company are disqualified from being appointed or to continue as Directors.

There were no pecuniary relationship or transactions with the non-executive directors, vis-à-vis the Company during the financial year 2022-2023 therefore there are no disclosures to be provided herein.

Director liable to retire by Rotation

Pursuant to the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Vivek Anand PS, Director (DIN: 02363239) will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment.

Necessary details for re-appointment as required under the Act is given in the notice of ensuing Annual General Meeting.

Declaration by Directors

Each of the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed under Chapter XI of RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated September 01, 2016 (as amended from time to time) and that they are not disqualified from being appointed/ continuing as Directors in terms of section 164(2) of the Act.

DECLARATION FROM INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI Listing Regulations and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/ her duties with an objective independent judgment and without any external influence.

FIT AND PROPER CRITERIA & CODE OF CONDUCT

All the Directors meet the fit and proper criteria stipulated by the RBI. All the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Anil Nagu and Mr. Binoy Parikh ceased to be the Chief Financial Officer and the Company Secretary of the Company w.e.f. July 26, 2022.

Pursuant to the provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following officials are the Key Managerial Personnel of the Company as on March 31, 2023, as well as on date of this report:

Name	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 & Compliance Officer

The Board at its meeting held on July 26, 2022, appointed Mr. Bhupinder Singh as the Chief Executive Officer, Mr. Vivek Bansal as the Chief Financial Officer and Mr. Gajendra Thakur as the Company Secretary and Compliance Officer of the Company.

BOARD DIVERSITY

The Company recognises and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage difference in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race, gender that will help us retain our competitive advantage.

MEETINGS OF THE BOARD

The details of the Board Meetings held during FY 2022-23 have been disclosed in the Corporate Governance Report appended to this Report.

COMMITTEES OF THE BOARD

The Board has constituted the following committees to support the Directors in discharging their responsibilities and ensure expedient resolution of diverse matters in accordance with the applicable provisions of the Act and RBI regulations:

1. Audit Committee
2. Finance Committee
3. Asset Liability Management Committee

4. Risk Management Committee
5. Nomination and Remuneration Committee
6. Stakeholder Relationship Committee
7. Corporate Social Responsibility Committee
8. IT Strategy Committee
9. Credit Risk Committee

The Company Secretary acts as the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions, which are noted by the Board / respective Committees of the Board at their next meetings. The Board notes the minutes of meetings of all Committees at regular intervals.

The details of formation, constitution, terms of reference, meetings held and attendance of the Members are disclosed in the Corporate Governance Report appended to this report.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations, requires the Nomination and Remuneration Committee ("NRC") to formulate a policy relating to the remuneration of the Directors, Senior Management/ KMPs and other employees of the Company and recommend the same for approval of the Board.

Further, Section 134 of the Act stipulates that the Board's Report is required to include a statement on Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMPs and other employees.

The Board of Directors have, based on the recommendation of the NRC, approved the policy on Directors' appointment and remuneration for Directors, KMP and other employees, which is available on the website of the Company at https://www.incred.com/Investor_Relations.html

PERFORMANCE EVALUATION

The Board acknowledges its intention to establish and follow "best practices" in Board governance to fulfil its fiduciary obligation to the Company. The Board is committed to assessing its own performance as a Board to identify its strengths and areas in which it may improve its functioning.

The Company has laid down an Evaluation Policy for Board Evaluation setting the criteria based on which the Board has carried out an annual performance evaluation of its own performance, the individual directors as well as the evaluation of its various Committees. The evaluation was conducted based on a structured questionnaire which comprises performance criteria such as performance of duties and obligations, independence of judgement, level of engagement and participation, their contribution in enhancing the Board's overall effectiveness, etc. The Board has expressed their satisfaction with the evaluation process.

REPORT ON CORPORATE GOVERNANCE

The Company recognises its role as a corporate citizen and endeavors to adopt practices and standards of corporate governance through transparency in business ethics, accountability to its customers, government and various stakeholders for building the strong foundation the Company.

Thus, in accordance with terms of the Companies Act, 2013, Listing Regulations (to the extent applicable) and as required under Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Report on Corporate Governance of the Company forms an integral part of this report and annexed as Annexure C.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the operational management, confirm in pursuance to provisions of Section 134(5) of the Act, that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

Directors' Report (Contd.)

2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws including Secretarial Standards and that such systems were adequate and operating effectively.

AUDITORS AND THEIR AUDIT REPORT

Statutory Auditors:

Pursuant to the provision of Section 139, 142, and other applicable provisions of the Act read with Companies (Audit and Auditors) Rules, 2014 and on the recommendation of the Audit Committee and Board of Directors, the Shareholders of the Company at their meeting held on September 30, 2021 had appointed M/s V.C. Shah & Co., Chartered Accountants (ICAI Firm Registration No. 109818W), as the Statutory Auditors of the Company. Further, M/s V.C. Shah & Co., Chartered Accountants, had resigned as the Statutory Auditors of the Company with effect from August 05, 2022.

In compliance with Reserve Bank of India (RBI)'s Guidelines issued vide its circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 for appointment of Statutory Auditors (SAs) of Non-Banking Financial Companies (NBFCs) ("RBI Guidelines") and pursuant to the provision of Section 139, 142, and other applicable provisions of the Act read with Companies (Audit and Auditors) Rules, 2014 and to fill the casual vacancy occurred due to resignation and on the recommendation of the Audit Committee and Board of Directors, the Shareholders of the Company at their meeting held on August 25, 2022, had approved the appointment of M/s S.R. Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W/E300004) as the Statutory Auditors of the Company for a period of one year till the conclusion of 28th AGM.

It is proposed to appoint M/s S.R. Batliboi & Associates LLP, Chartered Accountants (FRN 101049W/E300004), as the statutory auditors for a tenure of 1 year i.e for financial year 2023-24 subject to the approval of the Members of the Company, to hold office till the conclusion of the next annual general meeting.

AUDITORS' REPORT

The Auditors' Report to the Members during the year under review is unmodified/clean. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Ashish Karodia & Co. to undertake the secretarial audit of the Company for the financial year 2022-23.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, issued by SEBI, M/s. Ashish Karodia & Co. has issued the Annual Secretarial Compliance Report, confirming compliance by the Company of the applicable Listing Regulations and circulars / guidelines issued thereunder.

The Secretarial Audit Report is appended as Annexure D to this Report. There is no adverse remark, qualification, reservation or disclaimer in the Secretarial Audit Report.

REPORTING OF FRAUDS BY AUDITORS

During the year under review the Statutory Auditors, have not reported any instance of frauds committed in the Company by its officers or employees to the Audit Committee/Board of Directors under Section 143(12) of the Act details of which needs to be mentioned in this Report.

There were no frauds reported by the Auditors of the Company under Section 143(12) of the Act to the Audit Committee ("AC").

MAINTENANCE OF COST RECORDS

The Company is in the financial services industry. In view of the nature of activities which are being carried on by the Company, the maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Act is not applicable on the Company and hence such accounts and records are not maintained.

INTERNAL AUDIT AND ITS ADEQUACY:

The Company has in place a well-defined and robust internal audit plan, as agreed by the Audit Committee is aligned in a way that provides an independent view to the Board of Directors, the Audit Committee and the Senior Management on the quality and efficacy of the internal controls, governance systems and processes in place. As per the agreed scope of audit, the appointed Internal Auditor Mr. Bhushan Patkar periodically carries out audit on a test basis and report their observations and recommendations to the Audit Committee for corrective and preventive actions.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors of the Company for inefficiency or inadequacy of such controls. M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, have issued unqualified report on Internal Financial Controls.

To the best of our knowledge and belief, and according to the information and explanations obtained by us and based on the report(s) of Statutory Auditors of the Company for the financial year under review, the Directors are of the view that the internal financial controls with reference to the financial statements of the Company were adequate and operating efficiently.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended as **Annexure E** to this report.

In terms of second proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said Annexure is available for inspection by the Members.

The Board of Directors affirms that the remuneration paid to the employees of the Company is as per the Policy on Directors' appointment and remuneration for Directors, KMPs and other employees and is in accordance with the requirements of the Act and Listing Regulations and none of the employees listed in the said Annexure are related to any Directors of the Company.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at workplace.

Further, the Company has constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder that looks into the complaints of aggrieved women employees, if any, and is instrumental in:

- promoting gender equality and justice and the universally recognised human right to work with dignity
- prevention of sexual harassment of women at the workplace.

During the year under review, the Company had received 2 (two) complaints in this regard and both were disposed-off during the financial year.

VIGIL MECHANISM

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the Company has established vigil mechanism for directors, employees, and other external stakeholders to report genuine concerns. Vigil Mechanism forms part of Whistle Blower Policy, which has been approved by the Board of Directors and is displayed on the website of the Company at https://www.incred.com/investor-relation

The Vigil Mechanism Framework empowers all levels of employees including top management to raise voice against actual/ suspected violations. The framework ensures protection to the whistle-blower to avoid any sort of unfair or prejudicial employment practices. The Chairperson of the Audit Committee has direct access to all complaints raised through the framework. At the Audit Committee, brief update is presented to the Members for their review. The Committee takes necessary actions to maintain confidentiality within the organisation on matters brought to its attention.

The mechanism framed by the Company is in compliance with the requirements of the Act and Listing Regulations.

During the FY 2022-23, two cases under this mechanism were reported to the Company and both were disposed-off during the financial year.

The Whistle-Blower policy & Vigil Mechanism has been hosted on the Company's website at the web link: https://www.incred.com/Investor_Relations.html

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report.

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules"), the Company was not required to make CSR expenditure for the financial year 2022-23.

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT AND RULES MADE THEREUNDER

The Annual Return in Form MGT-7 as required under Section 92(3) of the Act shall be hosted on the website of the Company viz www.incred.com .

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans given, investments made, guarantees given and securities provided, if any, are covered under the provisions of Section 186 of the Act and are given in the Notes to the Financial Statements as applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved the policy on transactions with related parties ("RPT Policy"), pursuant to the recommendation of the Audit Committee. In line with the requirements of the Act, RBI Regulations and the Listing Regulations, the Company has formulated the RPT Policy which is also available on the website of the Company at https://www.incred.com/Investor_Relations.html. The Policy on Related party Transactions intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the Audit Committee of the Company for approval, irrespective of its materiality and any subsequent material modification to any existing RPTs. The Audit Committee, also approves any subsequent modification in the RPTs. The process of approval of RPTs by the Audit Committee, Board and Shareholders is as under:

  a) **Audit Committee:**

  All RPTs and subsequent material modification, irrespective of whether they are in the ordinary course of business or at an arm's length basis will require prior approval of Audit Committee.

  RPTs to which the subsidiary of the Company is a party but the Company is not a party, would require prior approval of Audit Committee of the Company:

  - if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity with effect from April 01, 2022.
  - if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary with effect from April 01, 2023.

b) **Board:**

Generally, all RPTs would be in the ordinary course of business and at arm's length price.

RPTs which are not at arm's length and which are not in the ordinary course of business and/or which requires shareholders' approval would be approved by the Board.

c) **Shareholders:**

All material RPTs and subsequent material modification would require approval of the shareholders, based on recommendation of the Board, through ordinary resolution passed at the general meeting.

Where any contract or arrangement is entered into by a director or any other employee without obtaining the consent of the Board or approval by an ordinary resolution in the general meeting, it is required to be ratified by the Board or the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into.

- All RPTs that were entered into during FY 2022-23 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. The Company has entered into transactions with its subsidiaries in normal course of business and on an arm's length basis. The particulars of such contracts or arrangements with related parties referred to Section 188(1), as prescribed in Form AOC – 2 under Rule 8(2) of the Companies (Accounts) Rules, 2014, are specified in the Annexure F annexed to this Report. The Directors draw attention to notes to the Financial Statements which sets out related party disclosures.

  The details required as per Regulation 53 (1)(f) of the Listing Regulations for the financial year 2022-23 is specified in **Annexure G** of this Report.

MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes or commitments which affect the financial position of the Company which have occurred between end of the financial year to which the financial statements relate, and the date of this Report other than as explained above in the para – Composite Scheme of Arrangement.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

A. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & EXCHANGE EARNINGS & OUTGO

Considering that the Company is a Non-Banking Financial Company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to Section 134(3) (m) of the 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 not relevant to its activities.

B. FOREIGN EXCHANGE EARNING & OUTGO

During the year under consideration, the Foreign Exchange Earnings and Expenditures were as follows:

(Rupees in million)

Particulars	FY 2023	FY 2022
Foreign exchange earning	NIL	NIL
Foreign exchange expenditure	154.89	41.30

The Company has incurred ₹ 154.89 mn expenditure in foreign exchange but not earned any Foreign Exchange during the year of review.

RISK MANAGEMENT FRAMEWORK

The Company has constituted a Risk Management Committee ("RMC") in terms of the requirements of Regulation 21 of the Listing Regulations and RBI. The details of the same are disclosed in the Corporate Governance Report.

The Company has a risk management framework and Board members are informed about risk assessment and minimisation procedures and periodical review to ensure management controls risk by means of a properly designed framework.

The Company has in place a Risk Management Policy covering identification, assessment, measurement, mitigation and monitoring of all the key risks faced by the Company. This policy has been approved by the Board and is subjected to its review at an annual frequency at the minimum. The RMC assists the Board in providing oversight on the implementation of risk management framework laid down in the policy.

The Company, as it advances towards its business objectives and goals, is often subjected to various risks. Credit risk, market risk, liquidity risk and operational risk are some of the risks that the Company is exposed to and details of the same are provided in the Management Discussion and Analysis Report.

THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:

The Company has not filed any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), during the year.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

During the year under review, there was no instance of one time settlement with any banks or financial institutions.

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of provisions of Section 118 of the Act, the Company is in compliance with Secretarial Standards on meetings of the Board of Directors and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration/ license / authorisation, by whatever name called from any other financial sector regulators.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to RBI, Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited, Ministry of Finance, Ministry of Corporate Affairs, National Company Law Tribunal, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries across all levels, for exhibiting outstanding performance during the year.

For InCred Financial Services Limited
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh
Wholetime Director and CEO
DIN: 07342318

Vivek Bansal
Wholetime Director and CFO
DIN: 07835456

Place: Mumbai
Date: April 27, 2023

Management Discussion and Analysis Report

ANNEXURE "A"

InCred Financial Services Limited ('InCred' or 'the Company') is a non-deposit taking Non-banking Financial Company (NBFC) registered with the Reserve Bank of India ('RBI').

InCred is engaged in the business of lending. It has a diversified lending portfolio across retail and SME customers with presence in all major cities of India. It offers variety of financial services products to its customers which primarily include personal loans, student loans and secured & unsecured loans to businesses.

MACROECONOMIC OVERVIEW:

The last couple of years have been challenging for the Indian economy. While Indian GDP contracted by 6.6% in FY 2019-20, FY 2020-21 and FY 2021-22 witnessed revival with GDP growth of 8.7% and 7.0% respectively, although on a low base. On the global economic front, inflation has emerged as a key challenge owing to factors such as rise in energy prices, disruption in global supply chains and rising freight costs. The escalating tension among countries in the backdrop of the war between Russia and Ukraine has also contributed to surge in commodity prices globally. To curb inflation, central banks across the world have adopted quantitative tightening i.e. raising interest rates to curb liquidity. Albeit the recent pause in repo rate, RBI also followed suit and hiked rates by an aggregate of 250 bps starting from April 2022.

While the global environment remains challenging, the Indian economy continues to show resilience and remains one of the fastest growing large economies in the world. With structural reforms and initiatives such as production-linked incentive scheme, robust GDP growth is expected in FY 2023-24. The RBI has forecasted India's GDP growth rate for FY 2023-24 to 6.5% during its Apr'23 Monetary Policy meeting. This looks particularly impressive considering the global economy is slowing down and many economists are forecasting recession.

INDUSTRY OVERVIEW:

Financial Services, which forms the backbone of the Indian economy, is primarily made up of commercial banks, insurance companies, NBFCs, cooperatives, pension funds, mutual funds and other smaller financial institutions. NBFCs play a pivotal role in financial intermediation and promoting inclusive growth by providing credit access to a large chunk of under-banked customers. Faster TAT, superior service standards and customer orientation typically differentiate NBFCs from commercial banks. As of February 28, 2023, there were 9,471 registered NBFCs in India.

In the past few years, the NBFC sector has faced various headwinds such as IL&FS crisis, COVID pandemic etc. which posed various systemic challenges such as liquidity stress, rating downgrades, and higher borrowing costs. Nonetheless, these events have also acted as a 'quality separator' between well managed NBFCs and the average ones. NBFCs with strong risk and collections management competencies, which are well capitalised, focused on technology and have talented leadership have emerged as clear winners. We believe going forward these NBFCs will assume more systemic importance due to their strong linkage with the banking sector, capital market and other financial sector entities. Overall, NBFCs are poised to play a significant complementary role in financial intermediation, along with banks in India and are poised to bridge the credit gap in the large underserved Indian market.

THE COMPANY:

InCred steered FY 2022-23 with flying colors on various front such as robust risk mechanism, well capitalised structure, and prudent management. Some of the focus areas were:

- **Continued Risk Focus:** Risk management is culturally embedded in InCred's DNA. We continued investments into creating robust risk management framework to ensure that the portfolio quality is maintained to the best of possibilities. This is reflected in our GNPA% and NNPA% which have come down from 2.8% and 1.4% in FY 2021-22 to 2.1% and 0.9% respectively in FY 2022-23. Our overall collection efficiency also remained robust at 98% during FY 2022-23
- **Diversified Portfolio Strategy:** To avoid concentration risks, we maintained product diversification and geographical spread that allowed us contain risks within acceptable limits. As on Mar'23, Consumer Loans contributed 42% of AUM, Student Loans 17% and MSME Loans 41%.
- **Focus On Operating Leverage:** We continue to have prudent cost control measures for both salary and other operating costs which resulted in significant improvement in operating leverage and capital preservation. The cost to income ratio reduced from 65% in FY 2021-22 to 54% in FY 2022-23 showcasing efficiencies of scale.

- **Conservative Liquidity Management:** InCred has prudently managed its asset liability management (ALM) by raising long-term borrowings and maintaining a judicious mix of borrowings between banks, CPs, NCDs etc. We continue to diversify our liability profile (a recent example of being our highly successful retail bond issue). This prudent management has led to cumulative positive gaps across all tenors in structural liquidity buckets.
- **People first:** To support strong growth in all our businesses, we ended the year with 1,200+ employees. The Company continued focus on hiring and retaining high quality talent across the organisation and ensured lot more employee engagement initiatives to keep fine balance between work demands and workplace fun for employees. Consistent and timely feedback and guidance from superiors, regular communication with senior management, continued emphasis on building skills through training and development remain some of the key strategic priorities in shaping the desired culture for the organisation.
- **Tech Focus:** Being a digitally driven company, tech remains at the core of our DNA. During financial year 2023, the Company optimised its manpower and focused on increasing per person productivity through improved processes and development of IT systems. Robust performance at significant scale, security against all known (and unknown) vulnerabilities and compliance across regulatory requirements remain themes that we focus on at tech.

Some notable milestones that InCred achieved in FY 2022-23:

- **Merger with KKR:** We successfully concluded strategic merger of InCred Financial Services Limited and KKR India Financial Services Limited during the year. The combination meaningfully added to the equity base of InCred Finance and is poised to create a lending powerhouse delivering class leading offerings at a large scale and to capitalise on the enormous credit opportunity in India.
- **Long Term Rating upgraded to A+:** During FY 2022-23, both CRISIL and CARE upgraded InCred's rating to A+ (Stable) driven by strong capitalisation, high pedigree of investor base, experienced senior management team and pristine portfolio quality. With this upgrade, InCred stands at par with some of the best mid-tier NBFCs in the country. Also, this helped partially offset increase in the cost of borrowing for the Company in the wake of the rising interest rate scenario.
- **Accolades and Recognition:** InCred continues to receive multiple awards across entrepreneurship, innovation and branding on various forums such as Economic Times' 'Best Brands Award 2022' and 'Most Preferred Workplace (BFSI Sector)' Award. These are testimony to company's continued focus on using technology as the core engine and recognise its contribution to the financial services ecosystem while keeping consumer needs at the core.

Performance highlights of the Company (Standalone):

✓ AUM grew to ₹ 6,062.77 crores against ₹ 3,843.76 crores in the previous year

✓ Net Interest Income – ₹ 466.72 crores

✓ Profit before Tax – ₹ 207.02 crores

✓ Profit after Tax – ₹ 120.80 crores

The Company is present in over 39 offices in 10+ states across the country.

InCred is well capitalised with a capital-to-risk weighted asset ratio (CRAR) of 33.40% as on March 31, 2023. It remains one of the most capitalised among new NBFCs in India.

InCred's Gross NPA stood at 2.1% for the year ended March, 2023 while the net NPA at 0.9% is among the lowest in the NBFC industry.

During the year, InCred also raised retail NCDs for more than ₹ ~230 crores by way of public issue.

BUSINESS UPDATE:

The Company caters to lower middle class to middle class Indian households for their personal finance needs like personal loans, education loans etc. Correspondingly, it also offers secured and unsecured business loans to small businesses, secured loan to K-12 Indian schools for their expansion plans, supply chain financing, financial institution lending to profitable micro finance companies and escrow backed lending through its SME vertical. Our guiding principle that the Company will operate in areas where we have a 'right to play' because of our deep domain expertise in comprehensively understanding underlying risks in any segment has been the most vital in our success.

PERSONAL LOANS:

We are continuing to grow cautiously and outperforming our benchmarks across risk, origination and operational efficiencies:

- ✓ AUM saw growth of 75% during FY 2022-23 and stood at ₹ 2,550.10 crores
- ✓ Gross disbursements in FY 2022-23 were ₹ 3,169.72 crores
- ✓ PL business was fuelled by growing customer franchise, strategic partnerships, investment in advanced analytics and customer centric processing capabilities
- ✓ A number of initiatives were taken to improvise the disbursement process
- ✓ Our best in class risk, analytics and tech capabilities play a pivotal role particularly in this segment

STUDENT LOANS:

In this niche lending space, we primarily focus on providing loans for students pursuing higher education abroad. Our experienced team has created one of the strongest brands for InCred in this space. 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.

- ✓ AUM stood at ₹ 1,037.95 crores as on March 31, 2023 vs ₹ 491.42 crores an year ago
- ✓ Student Loans closed the financial year with a remarkable gross disbursement number of ₹ 617.06 crores
- ✓ InCred funded students that are coming out after completing their courses are getting salaries ranging from $ 50,000+ to $ 1,50,000+, endorsing our superior underwriting
- ✓ The portfolio quality remains consistently excellent with near 100% collection efficiency across all buckets

SECURED FINANCING TO SCHOOLS AND MSMES:

School financing is another business vertical wherein InCred is a dominant player because of its specific expertise and is lending to K-12 schools in India. Since this sector is slowly emerging out of the grip of pandemic, during the year, we had a cautious approach and our major focus remained towards collections.

- ✓ School loans AUM was ₹ 357.31 crores as on March, 2023
- ✓ Predominantly spread across South and West because of the prevailing culture of education and more transparent fees structures

We also forayed into affordable Loan Against Property segment for MSME borrowers with Self occupied residential and commercial properties. Although we are increasing our branch network to accelerate growth, with an AUM of ₹ 128.60 crores as on March'23.

ANCHOR & ESCROW BACKED BUSINESS LOANS:

- ✓ AUM increased from ₹ 816.87 crores to ₹ 1,379.87 crores i.e. growth of 69%
- ✓ Focus on customers and partnerships engaged in IT distribution, consumer business, D2C companies, ecommerce platform, restaurant, and food delivery platforms. Our Revenue-Based Financing business is an increasingly important area of focus, and continues to scale up sharply
- ✓ We continue to witness strong demand in this segment given the strong feedback from our anchors on InCred's product and our continued tech and operational excellence
- ✓ Risks are contained owing to proactive monitoring of portfolio, regular evaluation of cash flows of borrowers, FLDG/ recourse from Anchors and coverage under government guarantee schemes

LENDING TO FI'S:

- ✓ AUM grew by 16% to ₹ 608.10 crores from ₹ 524.22 crores
- ✓ We continue to focus on companies with robust ALM practices and companies financing microfinance sector

Management Discussion and Analysis Report (Contd.)

OPPORTUNITIES & THREATS:

As an NBFC, Incred is operating in a dynamic and evolving landscape, offering financial services and credit to diverse segments of economy. While we have witnessed significant growth and played a vital role in bridging the gaps left by traditional banking institutions, we also face range of opportunities and threats such as:

Opportunities:

Huge demand owing to large credit starved retail & MSME sectors

Expanding digital and physical footprint through more digital partnerships and branches in new locations

Further enhancement in liability profile through avenues such as co-lending

Threats:

Economic slowdown due to uncertain geopolitical environment

Stiffer competition from other NBFCs and banking sector

Future wave(s) of unforeseeable threat

RISKS & CONCERNS:

In view of the growing volatility in the operating environment impacting global businesses on an unprecedented scale, we are adopting a more proactive risk management and mitigation framework which is based on assessment of risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This mechanism is supported by regular review, control, self-assessment, and monitoring of key risk indicators. The key risks are the following:

Liquidity Risk is the inability of the Company to either meet the financial obligations, including debt servicing, or its inability to raise funds from external sources at an optimal pricing. The Company has in place Asset Liability Management Committee (ALCO), consisting of Directors and senior officials. The committee regularly meets and reviews the policies, systems, controls, and positions of the financing business and oversees the implementation and ensures adherence to the risk tolerance/limits and liquidity buffer

Credit Risk is the risk of default or non-repayment of loan by a borrower. Incred has a stringent Credit Appraisal System and monitoring processes for identification, assessment and mitigation of Credit Risk

Regulatory Risk is the risk of change in laws & regulations materially affecting the business. We fully comply with all the periodic guidelines issued by the RBI and other regulators and adhere strictly to Capital Adequacy, Fair Practice Codes, RBI Reporting, Asset Classification and Provisioning Norms, etc. to ensure zero-tolerance on the non-compliance aspect

IT risk, we have put in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting. The management periodically reviews various technology risks such as protecting sensitive customer data, identify theft, data leakage, business continuity, access control etc.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company's internal control framework is designed to ensure operational efficiency in a secure environment, accuracy in financial reporting and compliance with laws and regulations. The function is governed by Internal Audit 'IA' Policy and Charter approved by Audit Committee. The IA policy and charter has following aspects covered:

Internal Audit structure and reporting lines (Internal Audit Head reports functionally to Audit Committee)

Responsibilities of IA includes preparing and executing risk-based IA plan in discussion with Audit Committee and Executive Management

Risk based IA plan is prepared on annual basis and the same is discussed and approved by Audit Committee

The internal audit function avoids conflict of interest and does not execute any operational duties

IA function is adequately skilled to deliver on IA plan. Internal Audit findings / reports are discussed with process owners and agreed action plan is tracked for implementation. Significant observations and action plan status is updated to Audit Committee.

Basis above, the Company has robust internal control system in place which is commensurate with its size, nature and operations.

WAY AHEAD:

- In the light of the economic and geopolitical turmoil that the world is grappling with, we believe FY 2023-24 will continue to be a challenging year globally. However, in our view, with government's investment push and the large domestic market, India will be the shining star in the global economy.
- While we expect growth across all major sectors, financial services and especially the NBFC sector will be the growth engine of the next decade. With credit to GDP ratio below 60%, India is way behind its peers and lower than the world average, indicating high unmet demand for credit translating into strong growth potential.
- With strong tailwinds, InCred is primed for another strong growth year. We have all the ingredients in place, which we will continue to build upon and expand both on digital and physical fronts across the country. Strengthening balance sheet through diversification of funding sources, enhancing investment in human capital, building on differentiating moats, and technological superiority across our product stack will remain our key focus areas. Our long-term goal is to create a world-class NBFC with customer centricity at its core.

For **InCred Financial Services Limited**

Bhupinder Singh
Wholetime Director and CEO
DIN: 07342318

Vivek Bansal
Wholetime Director and CFO
DIN: 07835456

Place: Mumbai
Date: April 27, 2023

ANNEXURE "B"

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

PART "A": SUBSIDIARIES

Amount (₹ in Lakhs)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures					
1	**Sr. No.**	**1**	**2**	**3**	**4**
2	**Name of the Subsidiary**	**InCred Management and Technology Services Private Limited**	**Booth Fintech Private Limited**	**InCred.AI Limited**	**mValu Technology Services Private Limited**
3	Registered Office	Mumbai	Mumbai	Mumbai	Mumbai
4	Nature of Business	Support services	Advisory and Consultancy services company	Advisory and Consultancy services company	Other services
5	No. of Branches	1	1	1	1
6	Reporting period	April 01, 2022 to March 31, 2023	April 01, 2022 to March 31, 2023	April 01, 2022 to March 31, 2023	April 01, 2022 to March 31, 2023
7	Reporting currency	₹	₹	₹	₹
8	Exchange rate on the last day of the financial year	NA	NA	NA	NA
9	Share Capital	2,290.00	3.93	1.00	15.83
10	Reserves and Surplus	(1,679.84)	1,766.63	(0.20)	1,722.19
11	Total assets (Fixed assets + Investments + Other assets)	647.64	1,777.58	4.32	1,761.73
12	Total liabilities (Deposits + Borrowings + Other liabilities + Provisions)	37.49	7.02	3.52	23.71
13	Investments	175.13	1,738.01	-	1,205.30
14	Turnover	15.64	0.06	-	72.62
15	Profit/ (Loss) Before Tax	(375.67)	(1,484.92)	(1.08)	(308.08)
16	Provision for tax	-	-	-	-
17	Profit/ (Loss)After Tax	(375.67)	(1,484.92)	(1.08)	(308.08)
18	Proposed dividend	NA	NA	NA	NA
19	% of shareholding	100%	100%	100%	75.82%*

**Booth Fintech Private Limited acquired additional stake in mValu Technology Services Private Limited on May 21, 2022 thereby becoming the major shareholder resulting which the said Company is now a subsidiary of the Company*

1. Names of subsidiaries which are yet to commence operations - NIL
2. Names of subsidiaries which have been liquidated or sold during the year - NIL

InCred finance

Annexure "B" (Contd.)

PART "B": ASSOCIATES & JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

1	Latest audited balance sheet date	NIL
2	Shares of Associate/joint Ventures held by the Company on the year end	
	Number	
	Amount of investment in associates/ joint venture	
	Extent of holding %	
3	Description of how there are significant influence	
4	Reason why the associate/joint venture is not consolidated	
5	Net worth attributable to shareholding as per latest audited balance sheet	
6	Profit/ loss for the year	
	i. Considered in consolidation	
	ii. Not considered in consolidation	

1. Names of associates or joint ventures which are yet to commence operations - NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year - NIL

For InCred Financial Services Limited
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh
Wholetime Director and CEO
DIN: 07342318

Vivek Bansal
Wholetime Director and CFO
DIN: 07835456

Place: Mumbai
Date: April 27, 2023

Corporate Governance Report

[Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

A. PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of Corporate Governance, business ethics and ethical conduct through transparency and accountability. Corporate Governance is all about the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

The Company ensures good governance through the implementation of effective policies and procedures, and the Company is constantly striving to better them and adopt the best practices. The requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") mandated by the Securities and Exchange Board of India ("SEBI") have been complied with as applicable to the Company. A report on compliance with the SEBI Listing Regulations as prescribed by SEBI is given below.

B. BOARD OF DIRECTORS

The members of the Board of the Company are eminent personalities from various fields and are entrusted with the responsibilities of management, general affairs, direction and performance of the Company. The Board is responsible for and committed to sound principles of Corporate Governance in the Company.

The Board of Directors of the Company accessed and observed that the Directors of the Company possess the required expertise, skill and experience to effectively manage and direct the Company to attain its organisational goals. They also have leadership qualities, proven competence and integrity, and with a strategic bent of mind.

Each member of the Board of Directors of the Company have ensured that his/ her personal interest does not run in conflict with the Company's interests and used their professional judgment to maintain both the substance and appearance of independence and objectivity

1. Composition of Board:

The composition of Board is in compliance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI Listing Regulations. As on the date of this Report, the Board consists of 10 Directors comprising 5 Independent Directors, 3 Non-executive Non-Independent Directors and 2 Executive Directors. The Board consists of eminent personalities from diverse fields: entrepreneurs/professionals, private sector/public sector, social sector/commercial sector, banking/non-banking sector.

The composition of Board of Directors of the Company as on March 31, 2023 is as follows

Sr. No.	Name of Director	DIN	Designation
1.	Mr. Bhupinder Singh	07342318	Whole Time Director and CEO
2.	Mr. Vivek Bansal	07835456	Whole Time Director and CFO
3.	Mr. Gaurav Trehan	03467781	Non-Executive Director
4.	Mr. Rohan Suri	07074450	Non-Executive Director
5.	Mr. Vivek Anand PS	02363239	Non-Executive Director
6.	Ms. Rupa Vora	01831916	Independent Director
7.	Mr. Sekar Karnam	07400094	Independent Director
8.	Ms. Sunita Gupta	06902258	Independent Director
9.	Ms. Ambika Bisla	09789579	Independent Director
10.	Mr. Sankaran Nair Rajagopal	10087762	Independent Director

The Details of changes in composition of the Board during the Financial Year 2022-23 is mentioned in the Director's Report.

All the Independent Directors have confirmed to the Board that they meet the criteria for independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. These confirmations have been placed before the Board. Further, the Whole-time Directors of the Company are not serving as an Independent Director in any company. None of the Directors of the Company are inter-se related to each other.

2. **Board Procedure:**

The Board meets at regular intervals to discuss and decide on policy of the Company / business and strategy apart from other Board business. The Board meetings (including Committee meetings) of the Company as well as of its subsidiaries are scheduled in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, separate special Board/ Committee meetings are held or the approval is taken by passing resolution(s) by circulation, as permitted by law, which is noted in the subsequent meeting.

The Company Secretary approaches various business / department heads in advance with regard to matters requiring the approval of the Board/ Committees to enable inclusion of the same in the agenda for the Board/ Committee meetings. The detailed agenda together with the relevant attachments is circulated to the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

Where it is not practical to circulate any document in advance or if the agenda is of a confidential nature, the same is placed at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items are taken up with the approval of the Chair and majority of Directors. Senior management personnel are invited to the Board / Committee meeting(s) to provide additional inputs for the items being discussed by the Board / Committee(s).

Further, presentations are made on business operations to the Board of various businesses of the Company. Additionally, presentations are made on various matters including the financial statements, fundraising program etc. The Company Secretary is responsible for preparation of the agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises / assures the Board on compliance and governance principles and ensures appropriate recording of minutes of the meetings.

With a view to leveraging technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board / Committee agenda. The Directors of the Company receive the agenda in electronic form through this application, which can be accessed only through i-Pad. The application meets the high standards of security and integrity that is required for storage and transmission of Board / Committee agenda and minutes in electronic form.

During the year meetings were held in person as well as through video conferencing/Other Audio Visual Means. Necessary infrastructural support was provided to the Directors, to ensure seamless attendance in all meetings. The proceedings of the meetings are recorded and stored in accordance with the requirements of the Act.

The draft minutes of the proceedings of the meetings of the Board / Committee(s) are circulated to all the members of the Board or the Committee for their perusal, within fifteen days from the date of the conclusion of the meeting. Comments, if any, received from the Directors are incorporated in the minutes. The minutes are approved by the members of the Board / Committee(s) and confirmed.

3. **Meeting of Independent Directors:**

Section 149(8) of the Act read with Schedule IV of the Act and Regulation 25(3) of SEBI Listing Regulations require the Independent Directors of the Company to hold at least one meeting as per regulatory requirements without the attendance of non-independent directors and members of the management. In view of the aforesaid requirements, the Independent Directors of the Company met on March 22, 2023.

Corporate Governance Report (Contd.)

4. Meetings & Attendance:

During the financial year ended March 31, 2023, 8 (Eight) Board meetings were held on May 6, 2022, 2 meetings on July 26, 2022, August 9, 2022, October 15, 2022, December 14, 2022, January 17, 2023 and March 30, 2023.

All the Directors of the Company as on March 31, 2023 were appointed after the date of AGM, and hence, none of the directors were liable to attend the last AGM of the Company convened through video conferencing/Other Audio Visual Means on June 23, 2022.

The details of attendance of the members of the Board at the meetings held during the year and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2023, are as follows:

Name of the Director	Nature of Directorship	Board Meetings held / conducted during the year	No. of Board Meetings attended	No. of Directorships in other companies [1]	No. of Committee Memberships / Chairmanships (including the Company)[2]		No. of Independent Directorships (Including the Company)[3]
					Member	Chairman	
Mr. Bhupinder Singh	Chairperson (Whole Time Director & CEO)	8	4	10	2	0	0
Mr. Vivek Bansal	Wholetime Director & CFO	8	6	4	1	0	0
Mr. Gaurav Trehan	Non-Executive Director	8	5	3	0	0	0
Mr. Rohan Suri	Non-Executive Director	8	-	6	0	0	0
Mr. Vivek Anand PS	Non-Executive Director	8	4	3	2	0	0
Ms. Rupa Vora	Independent Director	8	6	6	5	5	0
Mr. Karnam Sekar	Independent Director	8	6	4	4	0	1
Ms. Sunita Gupta	Independent Director	8	-	-	2	0	0
Ms. Ambika Bisla	Independent Director	8	-	-	1	0	0
Dr. Sankaran Nair Rajagopal	Independent Director	8	-	-	1	0	0

Notes:

(1) *Excludes Directorship in foreign company.*

(2) *Memberships include Chairmanships. Only memberships of Audit Committee and Stakeholders Relationship Committee are considered. This includes memberships in public company and in high value debt listed entities.*

(3) *Only equity listed companies are considered.*

Except, Mr. Karnam Sekar holding Independent Directorship in UGRO Capital Limited, None of the Directors of the Company hold directorships in any equity listed companies as on March 31, 2023.

5. Information to the Board:

The Board of Directors has access to the information within the Company, which inter alia includes –

- Annual revenue budgets and capital expenditure plans of the Company and its subsidiaries.
- Quarterly results placed before the Board.
- Minutes of the meetings of the Board of Directors and Committees.
- Minutes of the Board meetings of subsidiaries.
- Material default, if any, in the financial obligations to and by the Company or substantial nonpayment.
- Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, if any, which may have strictures on the conduct of the Company.
- Developments in respect of human resources.

6. Post-meeting internal communication system:

The important decisions taken at the Board / Committee meetings are communicated to the departments / subsidiary companies concerned promptly to enable timely action, if required.

7. Board-skills / expertise / competencies:

Sr. No.	Skills / Expertise / Competence	Mr. Bhupinder Singh	Mr. Vivek Bansal	Mr. Guarav Trehan	Mr. Rohan Suri	Mr. Vivek Anand PS	Ms. Rupa Vora	Mr. Sekar Karnam	Ms. Sunita Gupta	Ms. Ambika Bisla	Mr. Sankaran Nair Rajagopal
1.	Knowledge of Sector	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Accounting and Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3.	Corporate Governance and Compliances	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4.	Strategy Development and Implementation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5.	Information Technology	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6.	Stakeholders Relationship	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7.	Risk Management System	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.	CEO/Senior Management Experience / Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

8. Performance Evaluation:

The Nomination and Remuneration Committee has approved a policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of the Company. The process for the aforesaid evaluation as required under the Act is given in the Board's Report.

9. Succession Planning:

The Company has a mechanism and policy in place for ensuring orderly succession for appointments to the Board and to Senior Management.

10. **Confirmation of Independent Directors:**

In the opinion of the Board, Independent Directors fulfill the conditions required for independent directors as per the provisions of the Companies Act, 2013, the SEBI Listing Regulations and all other applicable laws and are independent of the management.

C. BOARD COMMITTEES

The structure of a Board and the planning of the Board's work are key elements to effective governance. Establishing Committees is one way of managing the work of the Board, thereby strengthening the Board's governance role. The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities of the Company. The Board is regularly briefed about the deliberations, including summary of discussions and decisions, taken by the Committees through the minutes of the meetings. The business transacted by the Committees of the Board is placed before the Board for noting/recommendation/approval as applicable.

The Board has currently constituted the following Committees pursuant to the provisions of the Companies Act 2013, SEBI Listing Regulations, Reserve Bank of India regulations and other applicable laws:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility ("CSR") Committee
4. Stakeholder Relationship Committee
5. Risk Management Committee
6. IT Strategy Committee
7. Asset Liability Management Committee
8. Finance Committee
9. Credit Risk Committee

1. Audit Committee ("AC")

Terms of reference:

The role of the AC includes the following:

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 (c) 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 utilised for purposes other than those stated in the offer document/ prospectus/ notice; and the report submitted by the monitoring agency monitoring the utilisation 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 utilisation of loans and/ or advances from/ investment by the Company in, its subsidiary exceeding ₹ 100 crores 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.

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 utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of SEBI(LODR).

Composition:

The Audit Committee of the Board of Directors of the Company as on March 31, 2023 consists of the following Members:

Sl. No.	Name of Director	Member of Committee since
1.	Ms. Rupa Vora	July 26, 2022
2.	Mr. Vivek Anand PS	July 26, 2022
3.	Mr. Karnam Sekar	July 26, 2022
4.	Ms. Sunita Gupta	March 30, 2023
5.	Dr. Sankaran Nair Rajagopal	March 30, 2023

Meetings and Attendance:

The AC met five times during the year on May 05, 2022, August 09, 2022, October 15, 2022, December 14, 2022 and January 17, 2023 The attendance of members at the meetings was as follows:

Sl. No.	Name of Director	Capacity	Number of Meetings of the Committee	
			Held	Attended
1.	Ms. Rupa Vora*	Chairperson	5	4
2.	Mr. Vivek Anand PS*	Member	5	2
3.	Mr. Karnam Sekar*	Member	5	4
4.	Ms. Sunita Gupta**	Member	5	-
5.	Dr. Sankaran Nair Rajagopal**	Member	5	-
6.	Mr. Karthik Krishna***	Member	5	1
7.	Ms. Aparna Ravi***	Member	5	1
8.	Mr. Anil Nagu***	Member	5	1
9.	Mr. Debashish Dutta Gupta****	Member	5	4

**Appointed as a member of the Committee w.e.f. July 26, 2022*

*** Appointed as a member of the Committee w.e.f. March 30, 2023*

**** ceased to be the member of the Committee w.e.f. July 26, 2022*

***** ceased to be the member of the Committee w.e.f. March 30, 2023*

All the recommendations by the AC to the Board during the year have been accepted.

All the members of the AC are financially literate and have accounting or related financial management expertise. The Company Secretary is the Secretary to the Committee.

2. **Nomination and Remuneration Committee(“NRC”)**

Terms of reference:

The role of the NRC includes the following:

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 required to be performed by the aforesaid Committee as per RBI regulations/master direction/circular/notification and any other assignment as may be 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.

Corporate Governance Report (Contd.)

Composition:

The Nomination and Remuneration Committee of the Board of Directors of the Company as on March 31, 2023 consists of the following Members:

Sl. No.	Name of Director	Member of Committee since
1.	Mr. Bhupinder Singh	July 26, 2022
2.	Mr. Gaurav Trehan	July 26, 2022
3.	Ms. Rupa Vora	July 26, 2022
4.	Mr. Karnam Sekar	March 30, 2023
5.	Dr. Sankaran Nair Rajagopal	March 30, 2023
6.	Ms. Ambika Bisla	March 30, 2023

Meetings and Attendance:

The NRC met two times during the year on August 09, 2022 and March 30, 2023.

The attendance of members at the meetings was as follows:

Sl. No.	Name of Director	Capacity	Number of Meetings of the Committee	
			Held	Attended
1.	Mr. Bhupinder Singh	Member	2	1
2.	Mr. Gaurav Trehan	Member	2	2
3.	Ms. Rupa Vora	Member	2	2
4.	Dr. Sankaran Nair Rajagopal	Member	2	-
5.	Ms. Ambika Bisla*	Member	2	-
6.	Mr. Karnam Sekar	Member	2	-
7.	Mr. Debashish Dutta Gupta**	Member	2	2

** Appointed as a member of the Committee w.e.f. March 30, 2023*

***ceased to be the member of the Committee w.e.f. March 30, 2023*

Remuneration Policy:

The remuneration of the Board members is based on the Company's size, its economic and financial position, industrial trends and compensation paid by peer companies. The compensation reflects each Board member's responsibility and performance.

Remuneration to Executive Directors, KMPs and other employees:

- Remuneration to the Executive Directors is proposed by the Committee and recommended to the Board for its approval subject to the approval of the shareholders' as per the Act, wherever applicable;
- Employee remuneration is determined based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs and in terms with the Company's HR policies;
- Increments to the existing remuneration of the Directors is be placed before the Committee for its approval / ratification, as the case may be. The remuneration proposed is consistent with the regulatory requirements, strategy of the Company and in line with the comparable market and internal remuneration benchmarks; and
- Increments to the existing remuneration of employees including the Chief Financial Officer and the Company Secretary of the Company is in terms of the internal HR policy on remuneration of employees. The remuneration proposed will be consistent with the strategy of the Company and in line with the comparable market and internal remuneration benchmarks.

Remuneration to NEDs and Independent Directors:

- Independent Directors are paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The Board may at its discretion revise the sitting fees payable to the NEDs and/or Independent Directors from time to time provided in accordance with the Act.
- Directors are reimbursed for any expenses incurred by them for attending meetings of the Board and its Committees.
- Independent Directors are not entitled to any stock option of the Company.

The Company paid sitting fees of ₹ 1,00,000 per Board meeting and ₹ 60,000 per Committee meeting for the F.Y 2022-23. Further, the Company had revised the sitting fees for attending the meetings of the Board and of Committees from F.Y. 2023-24 as tabled below

Type of Meeting	Proposed sitting fees
Board of Directors	₹ 1,00,000/-
Committees constituted by the Board	₹ 1,00,000/-

None of the Non-Executive Directors have any pecuniary relationship with the Company.

As required under Schedule V of the SEBI Listing Regulations, the criteria for payment to NEDs is available on the website of the Company. Further, the performance evaluation criteria for Independent Directors as required under Schedule V of the SEBI Listing Regulations is included in the Board's Report.

Details of remuneration paid to Directors for the financial year ended March 31, 2023:

a) Remuneration to Executive Director(s)

The details of remuneration paid during the year to Mr. Bhupinder Singh, Whole-time Director and Chief Executive Officer and Mr. Vivek Bansal, Whole-time Director and Chief Executive Officer of the Company are as follows:

(Amount in ₹)

Name of the Director	Salary and Perquisites*	Total	Stock Options#
Mr. Bhupinder Singh	5,36,08,339	5,36,08,339	Nil
Mr. Vivek Bansal	3,60,34,074	3,60,34,074	Nil

** Pursuant to the Scheme, Mr. Bhupinder Singh and Mr. Vivek Bansal were appointed as WTDs of the Company w.e.f. July 26, 2022 and ceased to be the WTDs of IPFL. The remuneration mentioned above includes the remuneration paid to them during their respective tenures as Wholetime Directors of IPFL during the last financial year.*

#ESOP's granted by holding company i.e Incred Holdings Limited

b) The details of remuneration to the Independent Directors are as follows:

(Amount in ₹)

Name of the Director	Sitting Fees for Board Meeting	Sitting Fees for Committee Meetings*	Total
Ms. Rupa Vora	7,00,000	3,60,000	10,60,000
Mr. Karnam Sekar	7,00,000	3,60,000	10,60,000
Ms. Sunita Gupta	-	-	-
Ms. Ambika Bisla	-	-	-
Dr. Sankaran Nair Rajagopal	-	-	-
Mr. Debashish Dutta Gupta (Ceased to be Director w.e.f. March 30, 2023)	7,00,000	4,20,000	11,20,000
Mr. Karthik Krishnan (Ceased to be Director w.e.f. July 26, 2022)	2,00,000	-	2,00,000
Ms. Aparna Ravi (Ceased to be Director w.e.f. July 26, 2022)	2,00,000	-	2,00,000

**No sitting fees is payable for the meeting of Independent Directors.*

3. Corporate Social Responsibility ("CSR") Committee

Terms of reference:

The role of CSR Committee includes the following:

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 and rules made thereunder).

e) 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 Listing Regulations or any other applicable law(s) for the time being in force.

Composition:

The CSR Committee of the Board of Directors of the Company as on March 31, 2023 consists of the following Members:

Sl. No.	Name of Director	Member of Committee since
1.	Mr. Karnam Sekar	July 26, 2022
2.	Mr. Vivek Bansal	July 26, 2022
3.	Ms. Rupa Vora	July 26, 2022
4.	Ms. Ambika Bisla	March 30, 2023
5.	Ms. Sunita Gupta	March 30, 2023

Meetings and Attendance:

The Committee met once in the year on March 30, 2023 during the financial year 2022-23. The attendance of members at the meetings was as follows:

Sl. No.	Name of Director	Capacity	Number of Meetings of the Committee	
			Held	**Attended**
1.	Mr. Karnam Sekar	Member	1	1
2.	Mr. Vivek Bansal	Member	1	1
3.	Ms. Rupa Vora	Member	1	1
4.	Ms. Ambika Bisla*	Member	1	-
5.	Ms. Sunita Gupta*	Member	1	-

** Appointed as a member of the Committee w.e.f. March 30, 2023*

4. Stakeholders Relationship Committee ("SRC")

Terms of reference:

The role of the SRC includes the following:

a) 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.

b) Review of measures taken for effective exercise of voting rights by shareholders.

c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

d) 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.

e) Any such other role/functions as may be specifically required to be performed by the aforesaid Committee as per Listing Regulations /circular/notification issued by SEBI and any other assignment as may be referred to the Committee by the Board of Directors.

Composition:

The Stakeholders Relationship Committee of the Board of Directors of the Company as on March 31, 2023 consists of the following Members:

Sl. No.	Name of Director	Member of Committee since
1.	Mr. Bhupinder Singh	July 26, 2022
2.	Mr. Vivek Bansal	July 26, 2022
3.	Ms. Ambika Bisla	March 30, 2023
4.	Ms. Sunita Gupta	March 30, 2023

Meetings and Attendance:

The SRC met once during the year on January 17, 2023, and all the members of the SRC had attended the meeting.

Sl. No.	Name of Director	Capacity	Number of Meetings of the Committee	
			Held	Attended
1.	Mr. Bhupinder Singh*	Member	1	-
2.	Mr. Vivek Bansal*	Member	1	1
3.	Ms. Ambika Bisla **	Member	1	-
4.	Ms. Sunita Gupta**	Member	1	-
5.	Mr. Debashish Dutta Gupta***	Member	1	1

**Appointed as a member of the Committee w.e.f. July 26, 2022*

*** Appointed as a member of the Committee w.e.f. March 30, 2023*

**** ceased to be the member of the Committee w.e.f. March 30, 2023*

Details of Shareholders' requests / complaints:

The investor complaints are processed in a centralised web-based complaints redress system. The Company has been registered on SCORES and makes every effort to resolve all investor complaints received through SCORES or otherwise within the statutory time limit from the receipt of the complaint.

5. **Risk Management Committee ("RMC")**

Terms of reference:

The role of the RMC includes the following:

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 ,liquidity risk, Outsourcing risk and status of compliance with the KYC and 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;

    e) Outsourcing policies

11. Any such other role/functions as may be specifically required to be performed by the aforesaid Committee as per RBI regulations/master direction/circular/notification and any other assignment as may be 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, Listing Regulations 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.

Composition:

The Risk Management Committee of the Board of Directors of the Company as on March 31, 2023 consists of the following Members:

Sl. No.	Name of Director	Member of Committee since
1.	Mr. Bhupinder Singh	July 26, 2022
2.	Mr. Vivek Bansal	July 26, 2022
3.	Ms. Rupa Vora	July 26, 2022
4.	Mr. Prithviraj Chandrasekar	July 26, 2022
5.	Mr. Saurabh Jhalaria	July 26, 2022
6.	Mr. Krishna Bahety	January 17, 2023
7.	Mr. Rohan Suri	March 30, 2023
8.	Mr. Sankaran Nair Rajagopal	March 30, 2023

Meetings and Attendance:

The Committee met twice during the year on June 17, 2022 and December 14, 2022. The attendance of members at the meetings was as follows:

Sl. No.	Name of Director	Capacity	Number of Meetings of the Committee	
			Held	Attended
1.	Mr. Bhupinder Singh*	Member	2	1
2.	Mr. Vivek Bansal*	Member	2	1
3.	Ms. Rupa Vora*	Member	2	1
4.	Mr. Prithviraj Chandrasekar*	Member	2	1
5.	Mr. Saurabh Jhalaria*	Member	2	1
6.	Mr. Krishna Bahety**	Member	2	-
7.	Mr. Rohan Suri***	Member	2	-
8.	Mr. Sankaran Nair Rajagopal***	Member	2	-
9.	Mr. Brian Dillard****	Member	2	1
10.	Mr. Anil Nagu****	Member	2	1
11.	Mr. Jigar Shah****	Member	2	1

**Appointed as a member of the Committee w.e.f. July 26, 2022*

*** Appointed as a member of the Committee w.e.f January 17, 2023*

**** Appointed as a member of the Committee w.e.f. March 30, 2023*

***** Ceased as a member of the Committee w.e.f July 26, 2022*

6. IT Strategy Committee ("ITSC"):

As per the RBI regulations applicable to the Company, the Board of Directors of the Company has constituted an ITC.

Terms of Reference:

The role of ITSC includes the following:

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/framework for all outsourced activities/ IT outsourced processes/ operations, comprising of risk based policies and procedures and to setting up suitable administrative framework of senior management to effectively identify, measure, monitor and control risks associated with outsourcing in an end-to-end manner in line with the regulatory requirement as applicable from time to time
    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 required to be performed by the aforesaid Committee as per RBI regulations/master direction/circular/notification and any other assignment as may be referred to the Committee by the Board of Directors.

Composition:

The IT Strategy Committee of the Board of Directors of the Company as on March 31, 2023 consists of the following Members:

Sl. No.	Name of Director	Member of Committee since
1.	Mr. Vivek Bansal	July 26, 2022
2.	Mr. Karnam Sekar	July 26, 2022
3.	Mr. Ashwin Sekar	July 26, 2022
4.	Dr. Sankaran Nair Rajagopal	March 30, 2023
5.	Ms. Ambika Bisla	March 30, 2023
6	Ms. Sunita Gupta	March 30, 2023

Meetings and Attendance:

The Committee met twice during the year on May 26, 2022 and November 22, 2022. The attendance of members at the meetings was as follows:

Sl. No.	Name of Director	Capacity	Number of Meetings of the Committee	
			Held	Attended
1.	Mr. Vivek Bansal*	Member	2	-
2.	Mr. Karnam Sekar*	Member	2	1
3.	Mr. Ashwin Sekar*	Member	2	1
4.	Dr. Sankaran Nair Rajagopal**	Member	2	-
5.	Ms. Ambika Bisla**	Member	2	-
6	Ms. Sunita Gupta**	Member	2	-

**Appointed as a member of the Committee w.e.f. July 26, 2022*

*** Appointed as a member of the Committee w.e.f March 30, 2023*

7. **Asset Liability Management Committee ("ALCO"):**

Terms of Reference:

- To review/ monitor the Asset Liability Management (ALM) profile and systems of the Company from time to time;
- 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
- 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.
- 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.;
- To advise on Funding, Source & Mix of Liabilities, Product Pricing for the loans etc.;
- To advise on benchmark Floating Reference Rate (RFRR) and to amend / change the same from time to time, as required;
- To review the ALM returns and take suitable remedial measures;
- To adopt, amend, revise and modify ALM Policy of the Company in compliance with the regulatory requirements;
- To assess the funding and capital planning for the Company;
- To advise roadmap for profit planning and growth projections of the Company.
- To ensure adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company.
- 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.

Composition:

The Asset Liability Management Committee of the Board of Directors of the Company as on March 31, 2023 consists of the following Members:

Sl. No.	Name of Director	Member of Committee since
1.	Mr. Vivek Bansal	July 26, 2022
2.	Mr. Bhupinder Singh	July 26, 2022
3.	Mr. Saurabh Jhalaria	July 26, 2022
4.	Mr. Krishna Bahety	January 17, 2023

Meetings and Attendance:

The Committee met thrice during the year on June 13, 2022, October 15, 2022 and March 30, 2023. The attendance of members at the meetings was as follows:

Sl. No.	Name of Director	Capacity	Number of Meetings of the Committee	
			Held	Attended
1.	Mr. Vivek Bansal*	Member	3	2
2.	Mr. Bhupinder Singh*	Member	3	2
3.	Mr. Saurabh Jhalaria*	Member	3	2
4.	Mr. Krishna Bahety**	Member	3	1
5.	Mr. Anil Nagu***	Member	3	1
6.	Mr. Brian Dillard***	Member	3	1

**Appointed as a member of the Committee w.e.f. July 26, 2022*

*** Appointed as a member of the Committee w.e.f January 17, 2023*

**** ceassed as a member of the Committee w.e.f. July 26, 2022*

8. Finance Committee

Terms of Reference:

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/ securitisation 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 finalisation 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, authorise 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/ authorised 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.

Composition:

The Finance Committee of the Board of Directors of the Company as on March 31, 2023 consists of the following Members:

Sl. No.	Name of Director	Member of Committee since
1.	Mr. Vivek Bansal	July 26, 2022
2.	Mr. Bhupinder Singh	July 26, 2022

Meetings and Attendance:

The Committee met Twenty Nine times during the year as on August 2, 2022, August 9, 2022, August 23, 2022, August 25, 2022, August 26, 2022, September 9, 2022, September 23, 2022, September 30, 2022 , October 10, 2022, October 31, 2022, November 10, 2022, November 18, 2022, December 13, 2022, December 14, 2022, December 21, 2022, December 22, 2022, December 29, 2022, December 30, 2022, January 5, 2023, January 17, 2023, January 24, 2023, January 31, 2023, February 16, 2023, March 3, 2023, March 13, 2023, March 21, 2023, March 28, 2023 and March 31,2023. The attendance of members at the meetings was as follows:

Sl. No.	Name of Director	Capacity	Number of Meetings of the Committee	
			Held	Attended
1.	Mr. Vivek Bansal	Member	29	29
2.	Mr. Bhupinder Singh	Member	29	29

9. Credit Risk Committee

Terms of Reference:

1. Evaluate credit proposal in lines with the Board approved credit policy
2. Approve deviation in lines with the Board approved credit policy
3. Review portfolio performance on quarterly basis
4. Review and recommend ECL for portfolio
5. Review and recommend amendment in credit policy
6. Perform responsibilities delegated by the Board from time to time

Composition:

The Credit Risk Committee of the Board of Directors of the Company as on March 31, 2023 consists of the following Members:,

Sl. No.	Name of Director	Member of Committee since
1.	Mr. Vivek Bansal	July 26, 2022
2.	Mr. Bhupinder Singh	July 26, 2022

Meetings and Attendance:

No meeting of the Credit Risk Committee was held during the Financial Year 2022-23.

D. DIRECTORS ON BOARDS OF MATERIAL SUBSIDIARIES

The Company does not have any material subsidiaries.

E. OTHER INFORMATION

Training of Directors:

All Directors of the Company are aware and are also updated as and when required, of their roles, responsibilities and liabilities.

Information to Directors:

The Directors have access to the information within the Company, which inter alia, includes items as mentioned in point no. B5 of the Corporate Governance Report. Presentations are made regularly to the Board and its Committees, where Directors get an opportunity to interact with the management. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when senior management personnel are asked to make presentations about the performance of the Company / business to the Board.

Statutory Auditors:

M/s S.R.Batliboi & Associates Co. LLP, Statutory Auditors of the Company has signed the Audit Report for FY 2022-23.

Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members including Independent Directors and senior management personnel. The Code of Conduct is available on the website of the Company.

Vigil Mechanism Framework / Whistle Blower Mechanism:

The Company has in place a Whistle Blower Mechanism which seeks to define and establish the mechanism for the stakeholders of the Company and its subsidiaries and group companies on the framework for reporting instances of unethical/improper conduct and actioning suitable steps to investigate and correct the same. The policy on Whistle Blower Mechanism details the following:

a. Procedure to disclose any suspected unethical and/or improper practice taking place in the Company;

b. Protection available to the person making such disclosure in good faith;

c. Mechanism for actioning and reporting on such disclosures to the relevant authority within the Company; and Relevant authority and its powers to review disclosures and direct corrective action relating to such disclosures.

A quarterly report with number of complaints received and their outcome are placed before the Audit Committee.

The details of establishment of such mechanism have been disclosed on the website of the Company.

As on March 31, 2023, no complaint has been received by the Company from any directors or employees of the Company with respect to any wrong doings that may have an adverse impact on the Company's image or financials of the Company.

During the year, no person has been declined access to the Audit Committee, wherever desired.

General Body Meetings:

The details of AGM of the Company for the previous three years are as under:

Year	Date & Time	Venue / Mode of conducting the meeting	Details of Special Resolution passed
FY 2021	September 29, 2020	Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")	1. Appointment of Mr. Sanjay Nayar (DIN: 00002615) as a Managing Director & Key Managerial Personal (KMP) of the Company. 2. Re-designation and appointment of Mr. Anil Nagu (DIN: 00110529) as the Executive Director and Chief Financial Officer and Key Managerial Personnel of the Company. 3. Appointment of Mr. Jigar Shah (DIN 08496153) as a Whole- Time Director and Key Managerial Personnel of the Company. 4. To approve the modification in terms of remuneration paid to Mr. Krishnan Brahmadeshan Venkatasubramanaian (DIN: 02787983), in his capacity as Director & Chief Executive Officer of the Company during the financial year 19-20. 5. Issuance of Non-Convertible Debentures on private placement basis.
FY 2022	September 30, 2021 at 10.30 a.m	Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")	1. Adoption of the amended Articles of association of the Company.
FY 2023	June 23, 2022 at 11.30 a.m	Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")	None

Postal Ballot:

The Company had not passed any resolution through Postal Ballot during FY 2022-23. Further, currently, there is no proposal which is envisaged to be passed through Postal Ballot. If a Resolution is passed by way of Postal Ballot, the Company will follow the process as per regulatory requirements.

Other Disclosures:

- During the year, there were no transactions of material nature with the Directors, management, their relatives or the subsidiaries, which had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the Financial Statements as required under Ind AS-24 and the same forms part of the Annual Report.
- The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time while preparing the Financial Statements.
- There were no instances of non-compliance on any matter relating to capital markets, during the last three years nor any penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any Statutory Authority except the followings:
    - The Company had received communication under regulations 57(1), 60(2) and 54(2) of SEBI Listing Regulations from BSE. They have responded to such communication and have made necessary filings including payment of penalties levied against the Company. Further the Company have received waiver of penalty levied under

Regulation 54(2) and 60(2) and the representation for waiver of penalty under regulation 57(1) has been placed before the waiver committee of BSE Limited.

- RBI has imposed, by an order dated May 05, 2022, a monetary penalty of ₹ 5.0 lakh (Rupees Five Lakh only) on the Company, 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.

- As on the date of this report, the Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses 1A of Regulation 62 of the SEBI Listing Regulations.
- The web link with respect to the policy for determining 'material subsidiaries' and policy on dealing with related party transactions are mentioned in the Board's Report.
- The Company has also complied with the discretionary requirements stipulated under Regulation 27 of the SEBI Listing Regulations.
- As on March 31, 2023, there were no funds unutilised requiring disclosure as specified under Regulation 32(7A) of the SEBI Listing Regulations.
- Mr. Ashish Karodia, Practising Company Secretary has certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as a Director of the Company by SEBI or Ministry of Corporate Affairs or any other statutory authority. The said certificate forms part of this report.
- During F.Y 2022-23, total consolidated fees of ₹ 140.28 lakhs was paid to the Statutory Auditors (i.e. S.R.Batliboi & Associates Co. LLP)and all entities in the network firm / network entity of which the Statutory Auditors are a part of, for all the services rendered to the Company and its subsidiaries.
- During the year under review, the Company received 2 (two) complaints in this regard and both were disposed-off and no complaints are pending during the financial year.
- There were no loans and advances made by the Company and its subsidiaries to firms/companies in which directors are interested.
- In terms of amendments made to the SEBI Listing Regulations, the Board of Directors confirm that during the year, it has accepted all mandatory recommendations received from its committees.
- For disclosure pertaining to credit rating, please refer the Board's Report.

Means of Communication:

- Quarterly Results are communicated through Newspaper Advertisements in prominent national dailies like Business Standard
- The Financial results, are also displayed on the website of the Company.
- The Annual Report is circulated to all the Members, auditors, debenture trustees, etc.
- Management Discussion and Analysis forms a part of the Annual Report is sent to the Members of the Company.

General Shareholders' Information

Annual General Meeting	June 27, 2023
Financial Year	April 01, 2022 to March 31, 2023.
Date of Book Closure	Not applicable
Dividend Payment Date	Not applicable

Listing on Stock Exchanges (Non-convertible Debentures)	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. 2. National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, Block G, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051. The Company has paid the listing fees to the Stock Exchanges for FY 2022-23.
Listing of Non-Convertible Debentures ("NCDs")	Unsecured, Redeemable, Non-Convertible Debentures issued by the Company on public and/or private placement basis till date are listed on National Stock Exchange of India Limited and BSE Limited.
Stock Code (NCDs)	12835
CIN	U67190MH1995PLC360817
Market price data-high, low during each month in last financial year	Not applicable
Performance in comparison to the broad-based indices such as BSE sensex, CRISIL Index, etc	Not applicable

In case the securities are suspended from trading, the Board's Report shall explain the reason thereof	Not applicable
Registrar and Share Transfer Agent("RTA")	**M/s. Link Intime India Private Limited** C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796
Share Transfer System	The Company ensures that the yearly Compliance Certificate pursuant to Regulations 40(9) and 40(10) of the SEBI Listing Regulations are filed with the Stock Exchanges certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies.
Distribution of Shareholding as on March 31, 2023:	NA

Categories of the Shareholders as on March 31, 2023:

Category	No. of Shares	%
Promoters	46,02,26,538	100
Financial Institutions	-	-
Foreign Institutional Investors & Foreign Portfolio Investors	-	-
Alternate Investment Funds	-	-
Mutual Funds	-	-
Bodies Corporate	-	-
Directors & Relatives	-	-

Category	No. of Shares	%
Resident Individuals & Others	-	-
Banks	-	-
Non-Resident Indians	-	-
TOTAL	**46,02,26,538**	**100**

**Including shares held by Nominee Shareholders*

Dematerialisation of Shares:

The number of shares held in dematerialised and physical form are as under:

Particulars	No. of Shares	%
NSDL	46,02,26,536	100%
CDSL	2	Negligible
Physical	-	-
TOTAL	**46,02,26,538**	**100**

Dematerialization of shares and liquidity	As on March 31, 2023, the entire equity capital was held in the dematerialised form.
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments as on March 31, 2023.
Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
Plant Locations	As the Company is engaged in the business of Non-Banking Financial Services, this section is not applicable.
Address for correspondence	**Link Intime India Private Limited** C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796
Name and Address of the Compliance Officer	**Mr. Gajendra Thakur** Company Secretary and Compliance Officer InCred Finance Services Limited Unit No. 1203, 12th Floor, B Wing, The Capital, Bandra Kurla Complex, Mumbai 400051 E-mail: incred.compliance@incred.com
Unclaimed shares lying in the Suspense Account:	Not Applicable
Transfer of Amounts / Shares to Investor Education and Protection Fund ("IEPF")	Pursuant to the provisions of Sections 124 and 125 of the Act read with the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, dividend / interest / refund of applications which remains unclaimed / unpaid for a period of 7 years is required to be transferred to IEPF. Further, the IEPF Rules mandate the companies to transfer all shares on which dividend remains unclaimed/ unpaid for a period of 7 consecutive years to the demat account of the IEPF Authority. During the year under review, the Company has not transferred any sum to IEPF.

Code of Conduct for prevention of Insider Trading

The Company has framed the Code of Conduct for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information in line with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of the Code is to prevent purchase and / or sale of listed securities of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Designated Persons are prohibited from dealing in the listed securities of the Company during the closure of Trading Window.

Further, SEBI has mandated every listed entity, to maintain a Structured Digital Database (SDD) containing details of persons with whom any Unpublished Price Sensitive Information (UPSI) is shared. As per the SEBI (PIT) Regulations 2015, this database must be secured through adequate internal controls such as time stamping and audit trails so as to prevent any kind of tampering. The above mandate was primarily introduced with a view to maintain a trail of information and aid SEBI in investigations pertaining to insider trading by establishing a link between insiders and persons who communicate and trade on the basis of such UPSI. Thus, the Company has availed TRACK IN Software from Link Intime so as to comply with the said requirement.

Further, Mr. Gajendra Thakur, Company Secretary has been designated as the Compliance Officer for monitoring compliances with this Code.

Secretarial Audit

The Board of Directors of the Company at its meeting held on August 09, 2022, had appointed Ashish Karodia, Practicing Company Secretary as the Secretarial Auditor of the Company for FY 2022-23.

Debenture Trustee

The details of Debenture Trustees are provided in the Board's Report

For InCred Financial Services Limited
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh	**Vivek Bansal**
Wholetime Director and CEO	Wholetime Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: April 27, 2023

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

[Issued in accordance with the provisions of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

The Board of Directors,
InCred Financial Services Limited
(erstwhile known as KKR India Financial Services Limited)

Dear Board Members,

Subject: Certificate of Compliance under Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

A. We confirm that, we have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. We to the to the best of our knowledge and belief, that no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee;

   (1) significant changes in internal control over financial reporting during the year;

   (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For InCred Financial Services Limited
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh	**Vivek Bansal**
Wholetime Director and CEO	Wholetime Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: April 27, 2023

PRACTISING COMPANY SECRETARIES CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members of **InCred Financial Services Limited**

We have examined the compliance of the conditions of Corporate Governance by INCRED FINANCIAL SERVICES LIMITED ('the Company') for the year ended on March 31, 2023, as stipulated and as applicable under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and part C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
CS Ashish Karodia
Practising Company Secretary
Membership No. F 6549
Certificate of Practice No. 6375
Peer Review Certificate No.
UDIN: F006549E000212392

Place: Indore
Date: April 27, 2023

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
INCRED FINANCIAL SERVICES LIMITED
(erstwhile known as KKR India Financial Services Limited)

We have examined the following documents:

a. Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');

b. Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents')

as received from the Directors of the Company for the Financial Year 2022-23, produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/ Statutory Authorities.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	Date of Appointment in the Company*	Date of Cessation in the Company*
1.	Mr. Bhupinder Singh	July 26, 2022	-
2.	Mr. Vivek Bansal	July 26, 2022	-
3.	Mr. Gaurav Trehan	July 26, 2022	-
4.	Mr. Rohan Suri	March 30, 2023	-
5.	Mr. Vivek Anand PS	July 26, 2023	-
6.	Ms. Rupa Vora	July 26, 2022	-
7.	Mr. Sekar Karnam	July 26, 2022	-
8.	Ms. Sunita Gupta	March 30, 2023	-
9.	Ms. Ambika Bisla	March 30, 2023	-
10.	Mr. Sankaran Nair Rajagopal	March 30, 2023	-
11.	Mr. Anil Nagu	-	July 26, 2022
12.	Mr. Jigar Shah	-	June 30, 2022
13.	Mr. Brian Wesley Dillard	-	July 26, 2022
14.	Mr. Karthik Krishna	-	July 26, 2022
15.	Ms. Aparna Ravi	-	July 26, 2022
16.	Mr. Sanjay Nayar	-	March 21, 2023
17.	Mr. Debashish Dutta Gupta	-	March 30, 2023

**Date of appointment and cessation is as per MCA Portal*

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act. Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company.

Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
CS Ashish Karodia
Practising Company Secretary
Membership No. F 6549
Certificate of Practice No. 6375
Peer Review Certificate No.
UDIN: F006549E000212381

Place: Indore
Date: April 27, 2023

ANNEXURE "D" TO BOARD'S REPORT

MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
INCRED FINANCIAL SERVICES LIMITED
(Previously known as KKR India Financial Services Limited)
U67190MH1995PLC360817
Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block,
BKC, Mumbai-400051 Maharashtra, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **INCRED FINANCIAL SERVICES LIMITED** (Previously known as KKR India Financial Services Limited) CIN: U67190MH1995PLC360817 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my Opinion thereon.

Based on our verification of the INCRED FINANCIAL SERVICES LIMITED (Previously known as KKR India Financial Services Limited) books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in my/ our opinion, the Company has during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **INCRED FINANCIAL SERVICES LIMITED** (Previously known as KKR India Financial Services Limited) ("The Company")for the financial year ended March 31,2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act,1956('SCRA')and the rules made there under;

(iii) The Depositories Act, 1996and the Regulations and Bye-laws Framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  - Not applicable to the Company during the period under scrutiny

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,1992;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  - Not applicable to the Company during the period under scrutiny being a debt listed entity

  (d) The Securities and Exchange Board of India(Share Based Employee Benefits) Regulations, 2014;

  - Not applicable to the Company during the period under scrutiny being a debt listed entity

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  - During the year underview, the Company has Issued secured debentures through public issue and the same have been listed.

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client;

Annexure "D" to Board's Report (Contd.)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

- Not applicable to the Company during the period under scrutiny

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- Not applicable to the Company during the period under scrutiny

(i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

We have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for the compliances under the following applicable Act (if applicable), Law & Regulations to the Company:

a. Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs, as informed /confirmed to us.

b. Applicable Direct and Indirect Tax Laws.

c. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We have also examined compliance with the applicable clauses of the following:

(j) SecretarialStandardsissuedbyTheInstituteofCompanySecretariesofIndia.

(ii) The Listing Agreements/ regulations entered into by the Company with BSE Limited and NSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that due to the repetitive nature of the transactions like issuance of the debentures, we have verified the documents on sample basis during the audit process.

We further report that:

The Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench, vide its order dated May 06, 2022 approved the Composite Scheme of Amalgamation and Arrangement amongst InCred Holdings Limited (formerly 'KKR Capital Markets India Limited'), Bee Finance Limited, InCred Financial Services Limited (formerly 'KKR India Financial Services Limited') ("the Company"), InCred Prime Finance Limited (formerly 'InCred Financial Services Limited') and their respective shareholders which got effective on July 26, 2022. This scheme involved the demerger of the Company's non-banking financing business into KKR India Financial Services Limited.

Pursuant to the NCLT's approval to the above scheme of amalgamation vide order dated May 06, 2022, there were several changes made to the Company's operations which includes but not limited to following:

1. Change in composition of the Board of Directors of the Company.

2. Adoption of new set of constitutional documents i.e. Memorandum and Articles of Association of the Company.

Annexure "D" to Board's Report (Contd.)

3. Shifting of registered office of the Company from 2nd Floor, Piramal Tower, Peninsula Corporate Park Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013 to Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C - 70, G Block, BKC, Mumbai – 400051.
4. Change in name of the Company from KKR India Financial Services Limited to InCred Financial Services Limited.

The Company complied with the order of NCLT in proper and fit manner.

We further report that following resolutions were passed in the Extra ordinary General Meeting held on August 25, 2022

1. Adoption of Restated Articles of Association of the Company.
2. Appointment of Ms. Rupa Vora (Din: 01831916) as an Independent Director of the Company
3. Appointment of Mr. Karnam Sekar (Din: 07400094) as an Independent Director of the Company
4. Appointment of Mr. Debashish Dutta Gupta (Din: 08950317) as an Independent Director of the Company
5. Appointment of Mr. Bhupinder Singh (Din: 07342318) as the Whole-Time Director and Chief Executive Officer of the Company
6. Appointment of Mr. Vivek Bansal (Din: 07835456) as the Whole-Time Director of the Company
7. Appointment of Mr. Vivek Anand Ps (Din: 02363239) as the Non-Executive Director of the Company
8. Appointment of Mr. Gaurav Trehan (Din: 03467781) as the Non-Executive Director of the Company
9. Appointment of Mr. Sanjay Nayar (Din: 00002615) as the Non-Executive Director of the Company
10. Revision in Overall Borrowing Powers of the Company to ₹ 8,000 crores.
11. Creation of Mortgage/Charge on the Assets
12. Issuance of Non-Convertible Debentures during FY 2022-23 Up To ₹ 4,500 crores (Rupees Four Thousand Five Hundred Crore Only)
13. Appointment of M/S. S.R. Batliboi & Associates LLP as the Statutory Auditor of the Company

Note: This Report is to be read with our letter even date which is annexed as Annexure A and forms and integral part of this report.

CS Ashish Karodia
M No. 6549 CP 6375
On 27/04/2023
At Indore
UDIN: F006549E000212403

Annexure - A to the Secretarial Audit Report

To,
The Members,
INCRED FINANCIAL SERVICES LIMITED
(Previously known as KKR India Financial Services Limited)
U67190MH1995PLC360817
Unit No. 1203, 12th floor, B Wing,
The Capital, Plot No. C-70, G Block,
BKC, Mumbai-400051 Maharashtra, India

Our Secretarial Audit report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on my audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company since the same have been subject to review by statutory financial auditor, Cost auditor and other designated professionals.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS Ashish Karodia
M No. 6549 CP 6375
On 27/04/2023
At Indore
UDIN: F006549E000212403

ANNEXURE "E" TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

Please note that the information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 herein, has been prepared taking into consideration that the employees of IPFL have been transferred to the Company in accordance with the Scheme as a part of the InCred Demerged Undertaking. Accordingly, Sr. Nos. 1, 2, 3, and 5 have been calculated in comparison with last financial years' figures of IPFL and IFSL.

Sr. No.	Particulars	Disclosure		
1. 2.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.[1]	**M. Bhupinder Singh** (Whole-time Director and CEO)	**Mr. Vivek Bansal** (Whole-time Director and CFO)	
		105:1	61:1	
3. 4.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.[1]	**Mr. Bhupinder Singh** (Whole-time Director and CEO)	**Mr. Vivek Bansal** (Whole-time Director and CFO)	**Mr. Gajendra Thakur** (Company Secretary)
		50%	75%	28%
5.	The percentage increase in the median remuneration of employees in the financial year.	11%		
6.	The number of permanent employees on the rolls of Company.	1,155 employees.		
7.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	20% increase in salaries of employees other than the managerial personnel & 51% increase in the managerial remuneration. There are no exceptional circumstances for increase in the managerial remuneration.		
8.	Affirmation that the remuneration is as per remuneration policy of the Company.	We affirm that the remuneration is as per the nomination and remuneration policy of the Company.		

(1) For the purpose of determining the ratio of remuneration and percentage increase in remuneration of directors as stipulated in Sr. No. 1 & 2 above, only remuneration of Executive Directors is considered.

For InCred Financial Services Limited
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh
Wholetime Director and CEO
DIN: 07342318

Vivek Bansal
Wholetime Director and CFO
DIN: 07835456

Place: Mumbai
Date: April 27, 2023

ANNEXURE "F" TO BOARD'S REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

1.	2.	3.	4.	5.	6.	7.	8.
Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts / arrangements/ transactions	Salient terms of contracts / arrangements/ transactions including the value, if any	Justification for entering into such contracts / arrangements/ transactions	Date of approval by the board of directors	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting
Not applicable since all the transactions have been entered at arm's length with related parties.							

2. Details of material contract or arrangements or transactions at arm's length basis:

1.	2.	3.	4.	5.	6.	7.
Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements /transactions	Duration of contracts/ arrangements /transactions	Salient terms of Contracts / arrangements /transactions including the value, if any	Justification for entering into such contracts /arrangements /transactions	Date of approval by the board of directors	Amount paid as advance, if any
Not applicable since all the transactions are covered within the threshold limit defined by the Company.						

For InCred Financial Services Limited
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh
Wholetime Director and CEO
DIN: 07342318

Vivek Bansal
Wholetime Director and CFO
DIN: 07835456

Place: Mumbai
Date: April 27, 2023

ANNEXURE "G" TO BOARD'S REPORT

Related Party Disclosures as required under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) 2015

Disclosures of amounts as on March 31, 2023 and the maximum amount of loans/ advances/ Investments outstanding during the year.

Particulars	Loans and advances in the nature of loans to subsidiaries			
	Nature of Loan	Amount (₹ in lakhs)		
		Opening Balance as on April 01, 2022	During the year 2022-23	As on March 31, 2023
InCred Management & Technology Services Private Limited	NA	-	-	-
Booth Fintech Private Limited	NA	-	-	-
InCred.AI Limited	NA	-	-	-
mValu Technology Services Private Limited	NA			

Loans and advances in the nature of loans to associates				
Particulars	Nature of Loan	Amount (₹ in lakhs)		
		Opening Balance as on April 01, 2022	During the year 2022-23	As on March 31, 2023
NA				

Name of Directors	Loans and advances in the nature of loans to associates and firms/companies in which directors are interested		
	Name of Associate / Firm/ Company	Nature of Loan	Amount (₹ in lakhs)
NA			

For **InCred Financial Services Limited**
(erstwhile known as KKR India Financial Services Limited)

Bhupinder Singh
Wholetime Director and CEO
DIN: 07342318

Vivek Bansal
Wholetime Director and CFO
DIN: 07835456

Place: Mumbai
Date: April 27, 2023

Financial Statement

Standalone - 82 to 179

Consolidated - 180 to 258

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 [formerly known as "KKR India Financial Services Limited"] ("the Company"), which comprise the Balance Sheet as at March 31, 2023, 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, 2023, 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.

EMPHASIS OF MATTER

We draw attention to Note 42 of the standalone financial statements describing the demerger during the year ended March 31, 2023. 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 conclusion is not modified in respect of this matter.

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, 2023. 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

Independent Auditor's Report (Contd.)

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.

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of loans as at balance sheet date (expected credit losses) (refer note 1 – D.6 and note 30 of the standalone financial statements)	
Ind AS 109 requires the Company to provide for impairment of its loans (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 and other factors which could impact the credit quality of the Company's loans. In the above process, management has applied significant degree of judgements and estimates for the following : • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories) based on past due status or qualitative assessment; • Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis; • Determining macro-economic and other factors impacting credit quality of loans; • Estimation of losses for loan products with no/ minimal historical defaults. In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the standalone financial statements, it is a key audit matter.	• Read and assessed the Company's accounting policies for impairment of loans considering the requirements of 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. • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation. • Assessed the criteria for staging of loans based on their past-due status as per the requirements of Ind AS 109. Assessed the performing loans on sample basis for any SICR or loss indicators requiring them to be classified under higher stages. • Evaluated segmentation done by the management for PD computation and assessed scenario weights applied for computation of PD • Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, macro-economic factors. • Tested assumptions used by the management in determining the overlay for macro-economic and other factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
(b) IT systems and controls	
The Financial accounting and reporting systems, of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. 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 accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications"). • Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting. • Tested the Company's periodic review of access rights. We also tested requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. • Involved internal experts to verify that the physical servers on which the accounting records are maintained by the Company are present in India and backups are performed on daily basis.

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 standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, if, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate that 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, 2023 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, 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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, 2023 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 1 – D.23 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 44(vi) 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 the note 44(vii) to the standalone financial statements, 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.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 23121411BGWEFO3270

Place of Signature: Mumbai
Date: April 27, 2023

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date on the standalone financial statements of 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, 2023.

(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 Rs. five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the audited books of accounts of the Company.

iii. (a) The Company's principal business is to give loans and is a registered non-banking financial company ('NBFC'), accordingly, the reporting under 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 and the repayments / receipts of principal and interest are regular except for certain instances as below:

Outstanding of overdue loans as on March 31, 2023:

Days Past Due	Total amount (Rs. in lakhs)	No. of cases
01-30 days	15,020.84	18,015
31-60 days	13,568.07	14,586
61-90 days	2,136.23	7,710
Above 90 days	9,279.00	9,351
Total	**40,004.14**	**49,662**

(d) According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans and advances in the nature of loans given in the course of the business operations of the Company aggregates to Rs. 9,279.00 lakhs as at March 31, 2023 in respect of 9,351 number of loans. Further 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 Company's principal business 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 by the Company or no 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 having financial impact.

Annexure 1 (Contd.)

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. The previous statutory auditors of the Company have resigned during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.

xix. On the basis of the financial ratios, 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 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. The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx) of the Order is not applicable to the Company.

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

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 23121411BGWEFO3270

Place of Signature: Mumbai
Date: April 27, 2023

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date on the standalone financial statements of InCred Financial Services Limited

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, 2023 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.

Annexure 2 (Contd.)

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, 2023, 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 Financials Controls issued by the ICAI.

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

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 23121411BGWEFO3270

Place of Signature: Mumbai
Date: April 27, 2023

InCred finance

Standalone Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	38,833.58	5,203.13
(b) Bank balance other than cash and cash equivalents	3	4,795.43	2,991.36
(c) Derivative financial instruments	4	1,388.54	1,181.05
(d) Loans	5	5,40,380.02	3,73,226.42
(e) Investments	6	8,210.59	8,679.53
(f) Other financial assets	7	9,512.24	2,736.69
		6,03,120.40	**3,94,018.18**
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		1,405.35	1,184.47
(b) Deferred tax assets (Net of deferred tax liabilities)	8	47,472.61	2,038.67
(c) Property, plant and equipment	9A	4,281.96	3,384.80
(d) Capital work-in-progress	9B	161.79	293.95
(e) Goodwill	43	6,126.09	-
(f) Other intangible assets	10	540.52	188.63
(g) Other non-financial assets	11	2,228.22	1,280.55
		62,216.54	**8,371.07**
Total assets		**6,65,336.94**	**4,02,389.25**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	4	727.43	186.87
(b) Debt securities	12	1,15,190.08	1,06,523.77
(c) Borrowings (other than debt securities)	13	2,76,105.88	1,75,065.49
(d) Other financial liabilities	14	20,391.35	7,337.93
		4,12,414.74	**2,89,114.06**
(2) Non-financial liabilities			
(a) Provisions	15	2,763.69	1,143.27
(b) Other non-financial liabilities	16	1,791.10	900.48
		4,554.79	**2,043.75**
EQUITY			
(a) Equity share capital	17	46,022.65	46,022.65
(c) Other equity	18	2,02,344.76	65,208.78
		2,48,367.41	**1,11,231.44**
Total liabilities and equity		**6,65,336.94**	**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

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 27, 2023

Place: Mumbai
Date: April 27, 2023

Standalone Statement of Profit & Loss

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars				Note No.	Year ended March 31, 2023	Year ended March 31, 2022
REVENUE FROM OPERATIONS						
	(i)	Interest income		19	82,256.46	47,334.45
	(ii)	Dividend income			25.18	-
	(iii)	Net gain on derecognition of financial instruments under amortised cost category			1,560.88	336.68
	(iv)	Fees and commission income		20	2,088.89	1,022.24
	(v)	Net gain/(loss) on fair value changes		21	443.96	98.29
(I)	**Total revenue from operations**				**86,375.37**	**48,791.66**
	(II)	Other income		22	1,278.10	3,330.04
(III)	**Total income (I + II)**				**87,653.47**	**52,121.70**
EXPENSES						
	(i)	Finance costs		23	35,583.91	21,951.92
	(ii)	Net loss on derecognition of financial instruments under amortised cost category			25.00	1,045.87
	(iii)	Impairment on financial instruments		24	(1,195.76)	4,351.64
	(iv)	Employee benefits expenses		25	18,990.23	13,687.26
	(v)	Depreciation, amortisation and impairment		9A & 10	1,166.32	1,070.98
	(vi)	Others expenses		26	8,002.33	5,196.83
(IV)	**Total expenses**				**62,572.03**	**47,304.50**
(V)	**Profit before exceptional items and tax (III - IV)**				**25,081.44**	**4,817.20**
(VI)	**Exceptional Items**			6	**4,379.81**	**-**
(VII)	**Profit before tax (V - VI)**				**20,701.63**	**4,817.20**
	Tax Expense:					
	(i)	Current Tax			461.22	1,358.68
	(ii)	Deferred Tax			8,160.30	(153.25)
(VIII)	**Total Tax Expense**			27	**8,621.52**	**1,205.43**
(IX)	**Profit for the period (VII - VIII)**				**12,080.11**	**3,611.77**
(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		(63.25)	(94.84)
		(ii)	**Income tax relating to items that will not be reclassified to profit or loss**		**15.92**	**23.87**
		Subtotal (A)			**(47.33)**	**(70.97)**
	(B)	**(i)**	**Items that will be reclassified to profit or loss**			
		(a)	Debt instruments through other comprehensive income		(74.88)	(120.30)
		(b)	The effective portion of gains and loss on hedging instruments in a cash flow hedge		129.99	103.74
		(ii)	**Income tax relating to items that will be reclassified to profit or loss**		**(13.87)**	**4.17**
		Subtotal (B)			**41.24**	**(12.39)**
		Other comprehensive income / (loss) (A + B)			**(6.09)**	**(83.36)**
(XI)	**Total comprehensive income for the period (IX + X)**				**12,074.02**	**3,528.41**
(XII)	**Earnings per equity share (Face Value : ₹ 10 per share)**			28		
	Basic (₹)				2.62	0.94
	Diluted (₹)				2.62	0.93
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: April 27, 2023

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: April 27, 2023

Standalone Statement of Cash Flow

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	20,701.63	4,817.20
Adjustments ro reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation, amortisation and impairment	1,166.32	656.90
Loss on sale of property, plant and equipment	10.40	3.40
Net (gain) on fair value changes	(441.32)	(98.29)
Impairment of Goodwill	14,628.66	-
Net gain on derecognition of financial instruments	(1,535.88)	-
Interest income	(82,256.46)	(47,334.45)
Finance costs	35,583.91	21,568.06
Impairment on financial instruments	(1,197.00)	4,356.83
Share based payment to employees	3,765.87	2,442.16
Provision for dimunition on investment	4,379.81	-
Retirement Benefit expenses	206.24	60.52
Operating profit before working capital changes	**(4,987.82)**	**(13,527.67)**
Working capital adjustments		
(Increase) in Loans	(1,14,133.80)	(1,22,227.31)
(Increase) in other financial assets	(5,343.94)	(915.42)
Decrease / (Increase) in other non financial assets	(195.36)	5.00
Increase in other financial liabilities	11,506.20	1,840.23
Increase in other non financial liabilities	608.72	384.28
(Decrease) / Increase in provisions	553.21	(1.58)
Cash generated from operations	**(1,11,992.79)**	**(1,34,442.48)**
Interest received on loans	80,569.04	45,746.66
Interest paid on borrowings and debt	(34,955.42)	(21,568.06)
Income taxes paid (net)	2,830.81	(1,822.50)
Net cash (used in) / generated from operating activities	**(63,548.36)**	**(1,12,086.37)**
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / Sale of property, plant and equipment	(1,926.45)	(489.53)
(Purchase) / Sale of intangibles assets	(500.56)	(107.08)
(Addition) / Deletion of Capital work-in-progress	132.16	(279.45)
Investment in subsidiaries	(1,820.00)	(999.34)
Proceeds from business combination	35,939.05	-
Purchase of investments	(44,273.32)	(61,273.28)
Proceeds from sale of investments	44,709.19	66,947.44
Investment in term deposits earmarked with banks	(1,37,589.04)	(57,430.30)
Proceeds from maturity of term deposits earmarked with banks	1,35,784.97	55,027.40
Net cash (used in) / generated from investing activities	**30,456.00**	**1,395.86**

Standalone Statement of Cash Flow
for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity shares (including securities premium)	-	671.64
Reversal of rent expense	(604.40)	(441.55)
Proceeds / (Repayment) of borrowings (other than debt securities)	59,865.70	80,895.44
Proceeds / (Redemption) of debt securities	8,666.30	32,696.74
Net cash (used in) / generated from generated from financing activities	**67,927.60**	**1,13,822.27**
Net increase / (decrease) in cash and cash equivalents	**34,835.24**	**3,131.76**
Cash and cash equivalents at the beginning of the year	2,486.08	(645.69)
Cash and cash equivalents at the end of the year	**37,321.32**	**2,486.07**

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

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks		
'- Current Accounts	36,300.96	4,953.13
Deposit with bank with maturity less than 3 months	2,532.62	250.00
Cash and cash equivalents (Refer note 2)	**38,833.58**	**5,203.13**
Less: Bank overdraft and cash credit (Refer note 13)	(1,512.26)	(2,717.05)
Cash and cash equivalents in cash flow statement	**37,321.32**	**2,486.08**

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

per Sarvesh Warty
Partner
Membership No: 121411

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: April 27, 2023

Place: Mumbai
Date: April 27, 2023

InCred finance

Standalone Statement of Changes in Equity

for the year ended March 31, 2023

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	46,022.65	46,022.65
Changes in equity share capital during the year	-	-
Balance as at the end of the year	46,022.65	46,022.65

B. OTHER EQUITY

(₹ 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**	**(7,224.42)**	**89.03**	**-**	**15.36**	**58,735.93**
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)	-	-	-	-	-	-
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**	**(7,224.42)**	**(0.99)**	**77.63**	**15.36**	**65,208.78**

Standalone Statement of Changes in Equity for the year ended March 31, 2023 (Contd.)

(₹ 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					
Profit for the year	-	-	-	-	-	12,080.11	-	-	-	-	12,080.11
Other comprehensive income for the year	-	-	-	-	-	(47.33)	-	(56.03)	97.27	-	(6.09)
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**12,032.78**	**-**	**(56.03)**	**97.27**	**-**	**12,074.02**
Transfer / utilisations											
Purchase consideration towards business combination (Refer Note No 42)	-	-	-	98,118.06	-	-	24,255.34	-	-	-	1,22,373.40
Transferred to special reserve from retained earnings	2,416.02	-	-	-	-	(2,416.02)	-	-	-	-	-
Share based payment expense	-	-	-	3,765.87	-	-	-	-	-	-	3,765.87
Transfer from share based payment reserve (Refer Note No 33)	-	-	-	3,900.55	(3,900.55)	-	-	-	-	-	-
Transfer of business (Refer Note No 42)	-	-	-	-	-	(1,077.31)	-	-	-	-	(1,077.31)
Balance at March 31, 2023	**3,795.09**	**62,498.49**	**27.74**	**1,05,850.57**	**-**	**13,008.72**	**17,030.92**	**(57.02)**	**174.90**	**15.36**	**2,02,344.76**

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

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 27, 2023

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: April 27, 2023

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

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 February 03, 1995, under the provisions of the Companies Act, 1956.

The Company received a Certificate of Registration from the Reserve Bank of India ('RBI'), on October 25, 2000 to commence/carry on the business of Non-Banking Financial Company ('NBFC') without accepting public deposits. The Company currently holds a Certificate of Registration from RBI dated September 28, 2022 bearing number B-13.02417 The Company qualifies to be a NBFC – systemically Important Non-Deposit taking Company as per Master – Direction – Non-Banking Financial Company – systemically 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 are authorised for issue by the Company's Board of Directors on April 27, 2023.

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 March 13, 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI. The Company uses accrual basis of accounting except as explained in Note D15.

i. Functional and presentation currency

The standalone financial statements are presented in Indian Rupees ('₹'), 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

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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 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 categorised 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 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 recognised 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 at each reporting period 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 each reporting period 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

Equity investments designated at FVOCI

These assets are subsequently measured at each reporting period 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 each reporting period 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 derecognises 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.

The Company sells, assigns (including Co-lending transaction) its loans to counter-parties wherein the risk and reward of the asset is transferred for the entire/substantial portion of the Loan. As per Ind AS 109, Financial assets are derecognised on the date of assignment. Any right on interest on sold portion of asset is recognised as a financial asset at fair value, basis the scheduled cash flows on execution of the transaction estimated for prepayments and defaults. Estimated costs to be incurred for servicing the de-recognised portion is recorded as servicing liability at fair value.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

If the Company enters into transactions whereby it transfers assets recognised 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 decognised.

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 recognised 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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. 12'month ECL is recognised on stage 1 exposures.

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. Lifetime ECL is recognised for exposures with 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.

W.e.f October 01, 2022, a financial instrument is considered as Stage 3 if the asset crosses 90 days pass due and remains in overdue category. This is aligned to the definition of default for loan assets stipulated in RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" (the "RBI circular"). For exposures that have become credit impaired, a lifetime ECL is recognised. Stage 3 exposures represent Non-Performing Assets (NPA).

Credit-impaired financial assets:

At each reporting period, the Company assesses whether financial assets carried at amortised cost and 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 (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

While estimating the PD, the Company reviews macro-economic developments occurring in the economy and market it operates in. On annual basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, private consumption rate, Gross national saving/investment, real wholesale & retail trade and services with the estimate of PD. Typically, these macro-economic scenarios span a base case, plus an upside and downside scenario.

The ECL model allows for multiple macro-economic scenarios to be reflected in a probabilistic manner. The weights are reviewed on annual basis.

Exposure at Default (EAD)- The Exposure at Default is an estimate of the exposure at a future default date.

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

In absence of enough historical data, LGD rates are adopted from RBI circular “Implementation of the Internal Rating Based (IRB) Approaches for Calculation of Capital Charge for Credit Risk” by RBI dated December 22, 2011.-(RBI/2011-12/311 DBOD.No.BP.BC.67/21.06.202/2011-12) .

The Company may also make additional impairment allowance based on its assessment of risk profile and create safeguard from potential future events.

Write-offs

The Company writes off Retail secured and unsecured loans which have a days past due (DPD) for more than 18 months and 15 months 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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 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 recognises 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 recognises 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 recognised 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:

i. 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

ii. 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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	60 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 these 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 these 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 these 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 recognised by applying the effective interest rate to the recoverable amount 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, are recognised only on receipt basis.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

16. Income from de-recognition of assets:

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the transferee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction estimated for prepayments and defaults, discounted at the applicable rate entered into with the transferee is recorded upfront, net off estimated cost, in the statement of profit and loss.

17. Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

18. 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.

vi. 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.

19. 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 recognised 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.

20. 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.

21. 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.

22. 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.

23. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognised 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 recognised 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.

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. The Company assesses its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts periodically and ensures that appropriate treatment has been made as required under Ind AS.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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.

24. 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.

25. Standards issued but not yet effective upto the date of issuance of the financial statements

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments applies to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The above amendments are applicable for annual periods beginning on or after April 01, 2023.The Company is currently assessing the impact of the amendments.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

2. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks	36,300.96	4,953.13
Fixed deposit with bank with original maturity of less than 3 months	2,532.62	250.00
Total	**38,833.58**	**5,203.13**

3. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed deposits with bank with original maturity of more than 3 months*	4,795.43	2,991.36
Total	**4,795.43**	**2,991.36**

*Includes lien marked fixed deposits for borrowings amounting to ₹ 4,121.04 lakhs (Previous Year ₹ 2,946.04 lakhs)

4. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount : 5,110.00 , PY : 5,110.00)*	875.63	299.22
(ii) Equity Linked Derivatives		
Options and futures (Notional amount : 5,718.00, PY : 5,443.98) (Refer note 12)	512.91	881.83
Total	**1,388.54**	**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)	727.43	186.87
Total	**727.43**	**186.87**

*Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging borrowings in foreign currency.

5. LOANS

(₹ in Lakhs)

Particulars	As at March 31, 2023 Amortised cost	As at March 31, 2022 Amortised cost
(A) (i) Term loans*	5,55,231.55	3,82,323.85
(ii) Loans repayable on demand	-	-
Total - Gross (A)	**5,55,231.55**	**3,82,323.85**
Less: Impairment loss allowance	(14,851.53)	(9,097.43)
Total - Net of impairment loss allowance (A)	**5,40,380.02**	**3,73,226.42**
(B) (i) Secured by tangible assets**	1,92,715.85	1,54,384.85
(ii) Covered by Bank and Government guarantees	2,833.05	4,778.52
(iii) Unsecured	3,59,682.65	2,23,160.48
Total - Gross (B)	**5,55,231.55**	**3,82,323.85**
Less: Impairment loss allowance	(14,851.53)	(9,097.43)
Total - Net of impairment loss allowance (B)	**5,40,380.02**	**3,73,226.42**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2023 Amortised cost	As at March 31, 2022 Amortised cost
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	5,55,231.55	3,82,323.85
Total - Gross (C)	**5,55,231.55**	**3,82,323.85**
Less: Impairment loss allowance	(14,851.53)	(9,097.43)
Total - Net of impairment loss allowance (C)	**5,40,380.02**	**3,73,226.42**

* Does not include outstanding of ₹51,045.20 lakhs (PY : 2,085.00 lakhs) derecognised on account of Co-Lending transaction.

**Secured by charge on immovable properties, vehicles, inventories and receivables.

6. INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) At Amortised Cost		
- Debt securities	1,500.00	855.47
(B) At Fair Value Through Other Comprehensive Income (FVOCI)		
- Debt securities	4,353.78	2,909.12
(C) Others (At cost)		
- Subsidiaries (Refer Note 31)	6,735.00	4,915.00
- Convertible Preference Shares	9.66	9.22
Total - Gross (D= A+B+C)	**12,598.44**	**8,688.81**
Investments in India (E)	12,598.44	8,688.81
Total - Gross (F)	**12,598.44**	**8,688.81**
Less: Allowance for impairment loss on amortised cost (G)	-	(0.03)
Less: Allowance for impairment loss FVOCI (H)	(8.04)	(9.25)
Less: Allowance for impairment loss others (I)#	(4,379.81)	-
Total - Net (F - G - H - I)	**8,210.59**	**8,679.53**

* Investments at amortised cost and FVOCI are all classified as Stage I under credit risk

** Others are measured at cost

#The Company has tested for investments in its subsidiaries for impairment and recognised a charge of ₹ 4,379.81 lakhs as an exceptional item for the year ended March 31, 2023.

7. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2023 Amortised cost	As at March 31, 2022 Amortised cost
Security Deposits (Unsecured, considered good)	494.12	304.83
Retained interest on loans derecognised	2,775.31	336.68
Receivable from related parties (Refer note 31)	1,819.87	521.35
Balances with partners/anchors	570.51	746.31
Margin money deposit	-	150.00
Receivable from Co-lending assignment	3,580.24	-
Others	272.19	677.52
Total	**9,512.24**	**2,736.69**

8. DEFERRED TAX

The major components of deferred tax assets arising on account of timing differences are as follows:

(₹ in Lakhs)

Particulars	Net balance as at March 31, 2022	Merger Adjustment	Demerger Adjustment	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2023
Deferred tax assets						
Provision for impairment loss on financial instruments	2,282.81	4,975.54	(54.25)	5,003.39	-	12,207.48
Provision for employee benefit plans	78.99	212.63	-	368.01	15.92	675.56
Disallowance of merger expenses	148.69	248.50	-	(182.41)	-	214.78
Lease liability	67.27	-	-	18.25	-	85.52
Fair value change on financial instruments	57.92	3,355.18		(3,401.24)	-	11.86
Unabsorbed business loss/capital loss		44,629.29	-	(9,862.59)	-	34,766.70
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	98.51	-	-	(11.20)	-	87.31
Fair value change of investment valued at Fair value through OCI	(2.97)	-	-	30.87	(13.87)	14.03
(A)	**2,731.22**	**53,421.14**	**(54.25)**	**(8,036.92)**	**2.05**	**48,063.24**
Deferred tax liabilities						
EIR impact on financial instruments	(692.55)	(85.06)	(1.62)	199.50	-	(579.73)
Others	-	311.97	-	(322.88)	-	(10.90)
(B)	**(692.55)**	**226.91**	**(1.62)**	**(123.38)**	**-**	**(590.63)**
Deferred tax asset (net) (A-B)	**2,038.67**	**53,648.05**	**(55.87)**	**(8,160.30)**	**2.05**	**47,472.61**

(₹ in Lakhs)

Particulars	Net balance as at March 31, 2021	Merger Adjustment	Demerger Adjustment	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**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

9. A. Property, plant and equipment

(₹ in Lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computer & Printer	Vehicles	Right-of-use assets**	Total
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**
Year ended March 31, 2023								
At carrying cost at the beginning of the year	22.71	157.17	974.98	194.36	1,095.84	156.86	2,870.89	5,472.81
Additions during the year	-	132.37	415.57	138.17	437.52	37.53	863.49	2,024.65
Disposals	-	(28.99)	(11.02)	(19.19)	-	-	(313.90)	(373.10)
Gross carrying value as March 31, 2023	**22.71**	**260.55**	**1,379.53**	**313.34**	**1,533.36**	**194.39**	**3,420.48**	**7,124.36**
Accumulated depreciation as at the beginning of the year	1.54	33.45	241.74	87.56	669.67	34.00	1,020.05	2,088.01
Depreciation for the year	0.38	23.30	197.54	51.47	272.92	20.89	451.17	1,017.67
Disposals	-	(10.38)	(3.77)	(16.18)	-	-	(232.95)	(263.28)
Accumulated depreciation as at March 31, 2023	**1.92**	**46.37**	**435.51**	**122.85**	**942.59**	**54.89**	**1,238.27**	**2,842.40**
Net carrying value as at March 31, 2023	**20.79**	**214.18**	**944.02**	**190.49**	**590.77**	**139.50**	**2,182.21**	**4,281.96**

* Immovable properties have been pledged against debt securities issued. Refer Note 12

** Refer Note 34 for recognisition of right-of-use assets

9. B. Capital Work in progress

(₹ in Lakhs)

Ageing Schedule	As at March 31, 2023				As at March 31, 2022			
	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	161.79	-	-	-	293.95	-	-	-
	161.79	**-**	**-**	**-**	**293.95**	**-**	**-**	**-**

10. OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Computer software
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**
Year ended March 31, 2023	
At cost at the beginning of the year	869.20
Additions during the year	500.56
Gross carrying value as March 31, 2023	**1,369.76**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	680.57
Amortisation for the year	148.67
Accumulated amortisation as at March 31, 2023	**829.24**
Net carrying value as at March 31, 2023	**540.52**

11. OTHER NON-FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Prepaid expenses	354.05	294.29
Advances to vendors	127.53	94.73
GST receivable	1,746.64	891.53
Total	**2,228.22**	**1,280.55**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

12. DEBT SECURITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023 Amortised cost	As at March 31, 2022 Amortised cost
Debentures	1,14,207.24	95,683.00
Commercial Papers	982.84	10,840.77
Total	**1,15,190.08**	**1,06,523.77**
Debt securities in India	1,15,190.08	1,06,523.77
Debt securities outside India	-	-
Total	**1,15,190.08**	**1,06,523.77**

Terms and conditions

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
1	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 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.	June 22, 2023	5,364.39	5,313.88
2	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	June 26, 2023	10,729.18	10,689.83
3	350, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 7,50,000 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.	Principal & Coupon Payment to be paid quarterly	August 30, 2024	2,626.94	-
4	250, 9.10% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	June 04, 2022	-	628.49
5	1150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 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.	July 27, 2024	12,293.76	12,128.60

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
6	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 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.	February 17, 2023	-	5,203.54
7	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	February 17, 2024	4,175.32	4,146.15
8	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 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.	February 17, 2024	537.61	1,074.31
9	17,38,325, 9.45% Secured Rated Listed Redeemable Non-Convertible issued at₹ 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid quaterly.	May 02, 2025	17,347.01	-
10	2,54,599, 9.80% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid annually.	May 02, 2025	2,543.63	-
11	1,47,712, 9.65% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid quaterly.	May 02, 2026	1,466.09	-
12	1,69,758, 10.00% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid annually.	May 02, 2026	1,684.95	-
13	550, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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.	March 03, 2023	-	6,406.88
14	370, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	July 28, 2023	4,491.65	1,657.03

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
15	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	October 20, 2022	-	4,056.95
16	154, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	May 26, 2023	1,828.81	1,658.75
17	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	October 04, 2024	1,387.36	1,400.88
18	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	April 26, 2024	1,359.24	1,527.53
19	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	December 29, 2022	-	2,132.32
20	389, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	August 29, 2023	4,529.57	2,139.44

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
21	1330, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	April 22, 2024	15,163.88	3,309.36
22	7500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 1,00,000		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	April 03, 2023	8,739.96	7,707.02
23	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	June 23, 2023	4,460.70	4,062.03
24	173, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	May 08, 2025	1,369.88	1,705.86
25	117, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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 25% of the initial fixing level or else at par	December 05, 2025	975.69	-
26	250, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	April 08, 2025	2,598.43	-

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
27	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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 1279 days from the date of allotment (or on the call option exercise date of January 04, 2023) if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	November 04, 2024	-	10,780.60
28	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 10,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment (or on the call option exercise date of April 03, 2023) if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	March 29, 2024	8,533.19	7,953.55
29	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	982.84	10,840.77
	Total				**1,15,190.08**	**1,06,523.77**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

13. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Lakhs)

Particulars	As at March 31, 2023 Amortised cost	As at March 31, 2022 Amortised cost
(a) Term loans		
(i) from banks	2,13,635.31	1,42,452.01
(ii) from other parties	41,108.05	19,839.77
(b) Inter corporate borrowings from other parties	-	4,550.00
(c) Loans repayable on demand		
(i) from banks	21,362.52	8,223.71
Total	**2,76,105.88**	**1,75,065.49**
Borrowings in India	2,70,329.64	1,69,735.67
Borrowings outside India	5,776.24	5,329.82
Total	**2,76,105.88**	**1,75,065.49**

Note : The borrowings from banks and financial institutions have been used for the specific purpose for which it was borrowed.

Terms and conditions

(₹ in Lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2023	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 asset cover requirement of each lender, 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 9.61% p.a.	2,13,635.31	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 asset cover requirement of each lender, 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 10.55% p.a.	35,331.81	14,509.95
b) Others- External commercial borrowings	Term Loan from Others (External Commercial Borrowings) 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 asset cover requirement of each lender, 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.	5,776.24	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 7.98% p.a.	-	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 asset cover requirement of each lender, 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 9.32% p.a.	21,362.52	8,223.71
Total			**2,76,105.88**	**1,75,065.49**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

14. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Lease liability (Refer Note 34)	2,522.02	2,141.57
Collaterals received towards loans	7,201.54	3,098.48
Security deposits	62.92	55.35
Payable on servicing portfolio	2,351.39	106.13
Payable to customers	3,431.01	-
Provision for expenses	3,963.10	1,914.66
Servicing liability on loans derecognised	610.00	-
Others	249.37	21.74
Total	**20,391.35**	**7,337.93**

15. PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	2,743.53	1,133.85
Expected credit loss provision on undrawn commitments	20.16	9.42
Total	**2,763.69**	**1,143.27**

16. OTHER NON-FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	1,791.10	900.48
Total	**1,791.10**	**900.48**

17. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022*	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of ₹ 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 ₹ 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**

*Refer Note No 1 and 42 for details of the Scheme of Arrangement.

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 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 for the year ended March 31, 2023 (Contd.)

Equity shares held by holding company

Out of the equity shares issued by the Company, shares held by its holding company :

(₹ in Lakhs)

Name of shareholder	As at March 31, 2023		As at March 31, 2022*	
	No. of shares held	Amount	No. of shares held	Amount
InCred Holdings Limited (formerly known as KKR Capital Markets Private Limited)	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:

(₹ in Lakhs)

Name of shareholder	As at March 31, 2023		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 Private Limited)	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 :

(₹ in Lakhs)

Name of shareholder	As at March 31, 2023		As at March 31, 2022*	
	No. of shares held	% Holdings	No. of shares held	% Holdings
InCred Holdings Limited (formerly known as KKR Capital Markets Private Limited)	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 Company has issued Nil equity shares for consideration other than cash (Previous year: Nil).

Equity shares reconciliation

(₹ in Lakhs)

Name of shareholder	As at March 31, 2023		As at March 31, 2022*	
	Number	Amount	Number	Amount
At the beginning of the year	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Add: Issued during the year				
Shares issued during the year	-		-	-
Stock options exercised during the year	-	-	-	-
Preference shares converted into equity shares	-	-	-	-
At the end of the year	46,02,26,538	46,022.65	46,02,26,538	46,022.65

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

18. OTHER EQUITY

(₹ 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**	**(7,224.42)**	**89.03**	**-**	**15.36**	**58,735.93**
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)	-	-	-	-	-	-
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**	**(7,224.42)**	**(0.99)**	**77.63**	**15.36**	**65,208.78**
Profit for the year	-	-	-	-	-	12,080.11	-	-		-	12,080.11
Other comprehensive income for the year	-	-	-	-	-	(47.33)	-	(56.03)	97.27	-	(6.09)
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**12,032.78**	**-**	**(56.03)**	**97.27**	**-**	**12,074.02**
Transfer / utilisations											
Purchase consideration towards business combination (Refer Note No 41)	-	-	-	98,118.06			24,255.34				1,22,373.40
Transferred to special reserve from retained earnings	2,416.02	-	-	-	-	(2,416.02)	-	-	-	-	-
Share based payment expense	-	-	-	3,765.87	-	-	-	-	-	-	3,765.87
Transfer from share based payment reserve (Refer Note No 31)	-	-	-	3,900.55	(3,900.55)	-	-	-	-	-	-
Transfer of business (Refer Note No 41)	-	-	-	-	-	(1,077.31)	-	-	-	-	(1,077.31)
Balance at March 31, 2023	**3,795.09**	**62,498.49**	**27.74**	**1,05,850.57**	**-**	**13,008.72**	**17,030.92**	**(57.02)**	**174.90**	**15.36**	**2,02,344.76**

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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 Private Limited) 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 42. The reserves also includes share based arrangement where the Holding Company has granted equity settled options to the employees of the Company. Refer Note No 33.

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. During the current year, the Holding Company has adopted new ESOP Scheme. Refer Note no 33.

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 42

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial assets measured at amortised cost:		
– Interest on loans	80,205.44	45,746.66
– Interest income from investments	416.65	856.75
– Interest on deposits with banks	851.93	122.17
On Financial Assets measured at fair value through profit or loss:		
– Interest on loans	363.60	-
On Financial Assets measured at fair value through Other Comprehensive Income:	**-**	**-**
– Interest income from investments	418.84	608.87
Total	**82,256.46**	**47,334.45**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended March 31, 2023 and March 31, 2022.

20. FEES AND COMMISSION INCOME

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Loan servicing and administration charges	2,088.89	966.24
Service fees (Refer Note 31)	-	56.00
Total	**2,088.89**	**1,022.24**
Geographical Markets		
Within India	2,088.89	1,022.24
Outside India	-	-
Total	**2,088.89**	**1,022.24**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Timing of revenue recognition		
Services transferred at a point in time	2,088.89	1,022.24
Services transferred over time	-	-
Total	**2,088.89**	**1,022.24**

Note: For receivable balances against the income, refere note no 7

21. NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net gain/ (loss) on financial instruments at fair value through profit or loss		
- Investments	442.64	132.93
- Derivatives	1.32	(34.64)
Total	**443.96**	**98.29**
Fair value changes:		
- Realised	442.64	132.93
- Unrealised	1.32	(34.64)

22. OTHER INCOME

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Marketing income	510.00	1,764.00
Business support charges	273.26	1,349.32
Other income	494.84	216.72
Total	**1,278.10**	**3,330.04**

23. FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	23,131.97	10,593.94
(ii) Discount on Commercial Paper	749.41	487.26
(iii) Interest on Debentures	10,968.39	10,206.40
(iv) Interest on Inter Corporate Debts ("ICD")	105.65	280.46
(v) Interest on lease liability (Refer Note 34)	202.32	198.43
(vi) Other finance cost	426.17	185.43
Total	**35,583.91**	**21,951.92**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

24. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On Financial instruments measured at amortised cost:		
(i) Loans (including amount written off, net of recovery)	(1,187.18)	4,360.72
(ii) Investments	(8.58)	(3.90)
(iii) Others	-	(5.18)
Total	**(1,195.76)**	**4,351.64**

25. EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	14,124.45	10,685.21
Contribution to provident and other funds	373.39	270.31
Share based payment to employees (Refer Note 33)	3,765.87	2,443.68
Staff welfare expenses	518.06	225.32
Retirement Benefit expenses (Refer Note 32)	206.24	60.52
Others	2.22	2.22
Total	**18,990.23**	**13,687.26**

26. OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Information Technology expenses	1,608.11	1,312.43
Collection expenses	1,542.70	1,150.94
Legal, professional and consultancy charges	1,813.37	1,137.49
Office Expense	637.27	442.45
Travelling and conveyance	453.42	260.31
Advertisement, publicity and sales promotion expenses	393.51	226.59
Rating fees	199.59	189.75
Payment to auditors	120.30	111.83
Directors' sitting fees (Refer Note 31)	40.96	45.35
Stamp Duty & Filing fees	32.21	29.68
Bank charges	36.15	26.64
Repairs and maintenance	19.12	21.22
Corporate Social responsibility (Refer Note 38)	-	16.35
Rent (Refer Note 34)	148.25	10.51
Membership and Subscription	6.19	4.70
Miscellaneous expenses	951.18	210.59
Total	**8,002.33**	**5,196.83**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

Payment to the auditors:

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Auditor's remuneration		
- Audit fees	74.17	68.33
- Limited review	29.71	18.97
In other capacity		
- Certification services	16.42	24.53
Total	**120.30**	**111.83**

Excludes fees of ₹ 47.43 lakhs (exlcuding GST) (Previous year ₹ 15.00 lakhs) incurred during the year 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.

27. TAX EXPENSE

(a) Amounts recognised in profit and loss

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax expense		
Current year	461.22	1,358.68
Current tax expense	461.22	1,358.68
Deferred tax expense		
Origination and reversal of temporary differences	8,160.30	(153.25)
Deferred tax expense	**8,160.30**	**(153.25)**
Tax expense for the year	**8,621.52**	**1,205.43**

(b) Amounts recognised in other comprehensive income

(₹ in Lakhs)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	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)	(63.25)	15.92	(47.33)	(94.84)	23.87	(70.97)
(b) Equity instruments through other comprehensive income	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(74.88)	18.85	(56.03)	(120.30)	30.28	(90.02)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	129.99	(32.72)	97.27	103.74	(26.11)	77.63
	(8.14)	**2.05**	**(6.09)**	**(111.40)**	**28.04**	**(83.36)**

(c) Amounts recognised directly in equity

There are no temporary difference recognised directly in equity for the year ended March 31, 2023 (Previous Year: Nil)

(d) Reconciliation of effective tax rate

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax as per Statement of profit and loss (A)	**20,701.63**	**4,817.20**
Statutory tax rate	**25.17%**	**25.17%**
Tax using the Company's domestic tax rate (B)	**5,210.60**	**1,212.49**
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	3,377.23	4.15
Effect of income exempt from income tax	-	(25.17)
Other adjustments	33.69	13.96
Effective tax amount	**8,621.52**	**1,205.43**
Effective tax rate	**41.65%**	**25.02%**

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:

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to equity holders of the Company used in calculating basic earnings per share	12,080.11	3,611.77
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	12,080.11	3,611.77

ii. Weighted average number of ordinary shares

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (A)	46,02,26,538	38,60,17,437
Adjustments for calculation of diluted earnings per share (B)	-	21,16,274
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	38,81,33,711
Basic earnings per share	**2.62**	**0.94**
Diluted earnings per share	**2.62**	**0.93**

Refer Note No 42 - Composite Scheme of Arrangement

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

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 :

(₹ in Lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	38,833.58	38,833.58	-	-	5,203.13	5,203.13
Bank balance other than cash and cash equivalents	-	-	4,795.43	4,795.43	-	-	2,991.36	2,991.36
Derivative financial instruments	1,388.54	-	-	1,388.54	1,181.05	-	-	1,181.05
Loans	-	-	5,40,380.02	5,40,380.02	-	-	3,73,226.42	3,73,226.42
Investments								-
- Debt securities	-	4,345.74	1,500.00	5,845.74	-	2,899.87	855.44	3,755.31
- Convertible Preference Shares	9.66	-	-	9.66	9.22	-	-	9.22
Other financial assets	-	-	9,512.24	9,512.24	-	-	2,736.69	2,736.69
Total financial assets	**1,398.20**	**4,345.74**	**5,95,021.27**	**6,00,765.21**	**1,190.27**	**2,899.87**	**3,85,013.04**	**3,89,103.18**
Financial liabilities								
Derivative financial instruments	727.43	-	-	727.43	186.87	-	-	186.87
Debt securities	-	-	1,15,190.08	1,15,190.08	-	-	1,06,523.77	1,06,523.77
Borrowings (other than debt securities)	-	-	2,76,105.88	2,76,105.88	-	-	1,75,065.49	1,75,065.49
Other financial liabilities	-	-	20,391.35	20,391.35	-	-	7,337.93	7,337.93
Total financial liabilities	**727.43**	**-**	**4,11,687.31**	**4,12,414.74**	**186.87**	**-**	**2,88,927.19**	**2,89,114.06**

Note: Investment in subsidiaries amounting to ₹ 2,355.19 lakhs (Previous year: ₹ 4,915.00 lakhs) is carried at cost (less impairment) 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.

(₹ in Lakhs)

Particulars	Fair value							
	As at March 31, 2023				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.66	-	9.66	-	9.22	-	9.22
Derivative Financial Instruments	-	-	1,388.54	1,388.54	-	-	1,181.05	1,181.05
Investment in debt securities	-	-	4,345.74	4,345.74	-	-	2,899.87	2,899.87
Total	**-**	**9.66**	**5,734.28**	**5,743.94**	**-**	**9.22**	**4,080.92**	**4,090.14**
Financial liabilities								
Derivative Financial Instruments	-	-	727.43	727.43	-	-	186.87	186.87
Total	**-**	**-**	**727.43**	**727.43**	**-**	**-**	**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.

(₹ in Lakhs)

Particulars	Fair value							
	As at March 31, 2023				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	38,833.58	-	-	38,833.58	5,203.13	-	-	5,203.13
Bank balance other than cash and cash equivalents	4,795.43	-	-	4,795.43	2,991.36	-	-	2,991.36
Investments	-	-	-	-	-	-	-	
- Debt securities	-	-	1,500.00	1,500.00	-	-	855.44	855.44
Loans	-	-	6,01,741.00	6,01,741.00	-	-	3,96,023.64	3,96,023.64
Other financial assets	9,512.24	-	-	9,512.24	2,736.69	-	-	2,736.69
Total	**53,141.25**	**-**	**6,03,241.00**	**6,56,382.25**	**10,931.18**	**-**	**3,96,879.08**	**4,07,810.26**
Financial Liabilities								
Debt securities	-	-	1,17,566.27	1,17,566.27	-	-	1,07,546.28	1,07,546.28
Borrowings (other than debt securities)	-	-	2,76,015.73	2,76,015.73	-	-	1,75,643.97	1,75,643.97
Other financial liabilities	20,391.35	-	-	20,391.35	7,337.93	-	-	7,337.93
Total	**20,391.35**	**-**	**3,93,582.00**	**4,13,973.35**	**7,337.93**	**-**	**2,83,190.25**	**2,90,528.18**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	38,833.58	38,833.58	5,203.13	5,203.13
Bank balance other than cash and cash equivalents	4,795.43	4,795.43	2,991.36	2,991.36
Derivative Financial instruments	1,388.54	1,388.54	1,181.05	1,181.05
Loans	5,40,380.02	6,01,741.00	3,73,226.42	3,96,023.64
Investments				
– Debt securities at Other comprehensive income	4,345.74	4,345.74	2,899.87	2,899.87
– Debt securities at amortised cost	1,500.00	1,500.00	855.44	855.44
Other financial assets	9,512.24	9,512.24	2,736.69	2,736.69
Total	**6,00,755.55**	**6,62,116.53**	**3,89,093.96**	**4,11,891.18**
Financial liabilities				
Derivative Financial instruments	727.43	727.43	186.87	186.87
Debt securities	1,15,190.08	1,17,566.27	1,06,523.77	1,07,546.28
Borrowings (other than debt securities)	2,76,105.88	2,76,015.73	1,75,065.49	1,75,643.97
Other financial liabilities	20,391.35	20,391.35	7,337.93	7,337.93
Total	**4,12,414.74**	**4,14,700.78**	**2,89,114.06**	**2,90,715.05**

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 March 31, 2023 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 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, 2023 and March 31, 2022.

D. Sensitivity analysis of financial instruments at Level 3

Particulars	Input name	As at March 31, 2023		As at March 31, 2022*	
		Delta effect of		Delta effect of	
		+ 1% change	- 1% change	+ 1% change	- 1% change
Financial Assets:					
Loans	Discount rate	(3,639.93)	3,719.65	(2,035.95)	2,077.02
Investment in debt securities	Gsec / FIMMDA rate	(10.53)	10.69	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	21.56	(21.91)	25.11	(33.00)
Financial Liabilities:					
Debt securities	Discount rate	(22.16)	19.43	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	(336.15)	344.16	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	21.87	(25.12)	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, 2023 and March 31, 2022

(₹ in Lakhs)

Particulars	Derivative	Debt Instruments
As at March 31, 2021	**-**	**6,652.06**
Net 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**
Net Acquisitions/(Disposal)	-	1,519.54
Gains /(Loss) recognised in other comprehensive income	576.41	(74.88)
As at March 31, 2023	**875.63**	**4,353.78**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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 minimise 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 amortised 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 recognise 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.

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%)
	Student Loans					
	Supply Chain Finance					
	Escrow Backed Unsecured Business Loan					50% basis management estimates
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					
	Micro Finance	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Loan Against Property					
	Home Loans					

As at March 31, 2023

(₹ in Lakhs)

Particulars	Asset group	Gross carrying amount (GCA)	Expected credit losses (ECL)	Net carrying amount (NCA)
Stage 1	Term Loans*	5,17,664.54	2,959.88	5,14,704.67
	Loan commitments	34,555.27	20.16	34,535.11
Stage 2	Term Loans	26,125.43	5,463.35	20,662.08
Stage 3	Term Loans	11,441.58	6,428.30	5,013.27

* Out of the above GCA of 5,17,664.54 from 3,90,019 loan accounts, 3,72,262 loan accounts with GCA of ₹ 4,95,542.17 lakhs are zero days past due.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

As at March 31, 2022

(₹ in Lakhs)

Particulars	Asset group	Gross carrying amount (GCA)	Expected credit losses (ECL)	Net carrying amount (NCA)
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:

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 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. While considering the macreconomic factor company consider economic span of base case, plus upside and downside scenario.

(iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

The below table signifies movement of gross carrying amount:

(₹ 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	(797.77)	(72.00)	(379.33)
Loan exposure on April 01, 2022	**3,97,263.85**	**26,300.33**	**10,432.03**
Change in opening credit exposure	(2,52,032.71)	1,179.26	(4,167.47)
New credit exposures during the year, net of repayment*	3,76,402.96	3,283.46	1,239.05
Transferred to 12-month ECL	5,126.57	(5,103.82)	(22.75)
Transferred to Lifetime ECL not credit impaired	(4,103.52)	4,109.52	(5.99)
Transferred to Lifetime ECL credit impaired	(4,992.61)	(3,643.32)	8,635.92
Write – offs	-	-	(4,669.21)
Loan exposure on March 31, 2023	**5,17,664.54**	**26,125.43**	**11,441.58**

*represents outstanding balance of loan exposures originated during the year as at reporting date.

For Loan loss allowance:

(₹ in Lakhs)

Reconciliation of Loan exposure	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**	**1,229.09**	**5,406.89**
Transfer of credit exposure due demerger	(15.59)	(15.85)	(184.07)
Loss allowance on Apr 01, 2022	**2,445.86**	**1,213.24**	**5,222.82**
Change in opening credit exposure	(1,915.03)	4,348.76	4,915.20
New credit exposures during the year, net of repayment*	2,254.94	438.44	596.51
Transferred to 12-month ECL	294.64	(283.22)	(11.42)
Transferred to Lifetime ECL not credit impaired	(35.68)	38.89	(3.20)
Transferred to Lifetime ECL credit impaired	(84.83)	(292.77)	377.60
Write – offs	-	-	(4,669.21)
Loss allowance on March 31, 2023	**2,959.88**	**5,463.35**	**6,428.30**

*represents outstanding balance of loss allowance on loan exposures originated during the year as at reporting date.

For investments

(₹ 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	4,378.57
Loss allowance on March 31, 2023	**4,387.85**

The Company has assessed the impairment allowance on other financial assets. The impact is immaterial and hence no allowance is created.

For loan commitments

(₹ 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	10.74
Loss allowance on 31 March 2023	**20.16**

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 for the year ended March 31, 2023 (Contd.)

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 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between March 01, 2020 and August 31, 2020 to all eligible borrowers. During the financial year 2022 and 2021, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0. dated August 06, 2020 and Resolution Framework 2.0. dated May 05, 2021 for COVID-19 induced stress. As at March 31, 2023 and March 31, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.

(B) (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").

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:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
- Expiring within one year	26,137.00	17,010.00
Total	**26,137.00**	**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 March 31, 2023

(₹ 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	727.43	(727.43)	-	(727.43)	-	-
Debt securities	12	1,15,190.08	(1,26,757.59)	(62,752.34)	(60,789.16)	(3,216.09)	-
Borrowings (other than debt securities)	13	2,76,105.88	(3,15,611.76)	(1,37,326.49)	(1,55,086.12)	(23,199.15)	-
Other financial liabilities	14	20,391.35	(20,391.35)	(10,811.09)	(1,231.59)	(942.52)	(7,406.16)
Loan commitments	35	34,887.47	(34,887.47)	(34,555.27)	(332.20)	-	-
Total		**4,47,302.21**	**(4,98,375.60)**	**(2,45,445.19)**	**(2,18,166.50)**	**(27,357.76)**	**(7,406.16)**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

As at March 31, 2022

(₹ 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	7,337.93	(7,337.93)	(7,337.93)	-	-	-
Loan commitments	35	14,248.30	(14,248.30)	(11,907.93)	(2,340.37)	-	-
Total		**3,03,362.36**	**(3,59,068.40)**	**(1,59,363.31)**	**(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 March 31, 2023

(₹ 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	38,833.58	38,836.13	38,836.13	-	-	-
Bank deposits	3	4,795.43	4,975.17	4,140.87	834.30	-	-
Derivative financial instruments	4	1,388.54	1,388.54	226.82	1,161.72	-	-
Loans	5	5,40,380.02	8,65,142.59	3,25,041.62	2,34,473.03	87,987.21	2,17,640.73
Investments (other than investments at cost)	6	5,863.44	5,930.57	554.95	5,375.62	-	-
Other financial assets	7	9,512.24	8,668.88	8,387.29	137.53	43.90	100.16
Total		**6,00,773.25**	**9,24,941.88**	**3,77,187.68**	**2,41,982.20**	**88,031.11**	**2,17,740.89**

As at March 31, 2022

(₹ 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	3,773.81	3,946.47	3,393.46	553.01		
Other financial assets	7	2,736.69	2,736.69	2,736.69	-	-	-
Total		**3,89,112.46**	**5,33,219.91**	**2,35,778.78**	**1,50,505.30**	**55,625.27**	**91,310.56**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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.

(₹ in Lakhs)

Particulars	Nominal amount	
	As at March 31, 2023	As at March 31, 2022
Loans		
Fixed rate loans	3,43,369.47	2,22,062.75
Variable rate loans	2,15,879.21	1,58,346.89
Bank balance other than cash and cash equivalents	4,795.43	2,991.36
Fixed rate investments in debt securities at amortised cost	1,500.00	855.47
Fixed rate investments in debt securities at other comprehensive income	4,353.78	2,909.12
Total	**5,69,897.89**	**3,87,165.59**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,34,450.54)	(1,56,641.86)
Variable rate Debt and Borrowings	(2,49,572.91)	(1,21,500.62)
Total	**(3,84,023.45)**	**(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 year ended/ Other Equity (pre-tax) as on March 31, 2023 and March 31, 2022 would increase/ (decrease) by the following amounts:

(₹ in Lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2023				
Variable-rate instruments	(336.94)	336.94	(336.94)	336.94
Cash flow sensitivity (net)	**(336.94)**	**336.94**	**(336.94)**	**336.94**
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. 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 March 26, 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.

31. RELATED PARTY DISCLOSURES

Key managerial personnel ("KMP")

Name of the KMP	Designation	Nature of change (resignation, appointment)	Effective date
Mr. Anil Nagu	Executive Director	Resignation	July 26, 2022
Mr. Jigar Shah	Whole-Time Director	Resignation	June 30, 2022
Mr. Brian Wesley Dillard	Non-Executive Director	Resignation	July 26, 2022
Mr. Karthik Krishna	Independent Director	Resignation	July 26, 2022
Ms. Aparna Ravi	Independent Director	Resignation	July 26, 2022
Mr. Bhupinder Singh	Wholetime Director & CEO	Appointment	July 26, 2022
Mr. Vivek Bansal	Wholetime Director & CFO	Appointment	July 26, 2022
Mr. Gaurav Trehan	Non-Executive Director	Appointment	July 26, 2022
Mr. Sanjay Nayar	Non-Executive Director	Appointment	July 26, 2022
Mr. Vivek Anand PS	Non-Executive Director	Appointment	July 26, 2022
Ms. Rupa Vora	Independent Director	Appointment	July 26, 2022
Mr. Karnam Sekar	Independent Director	Appointment	July 26, 2022
Mr. Debashish Dutta Gupta	Independent Director	Appointment	July 26, 2022
Mr. Sanjay Nayar	Non-Executive Director	Resignation	March 21, 2023
Mr. Debashish Dutta Gupta	Independent Director	Resignation	March 30, 2023
Dr. Sankaran Nair Rajagopal	Independent Director	Appointment	March 30, 2023
Ms. Sunita Gupta	Independent Director	Appointment	March 30, 2023
Ms. Ambika Bisla	Independent Director	Appointment	March 30, 2023
Mr. Rohan Suri	Non-Executive Director	Appointment	March 30, 2023
Mr. Binoy Parikh	Company Secretary	Resignation	July 26, 2022
Mr. Gajendra Thakur	Company Secretary	Appointment	July 27, 2022

On account of the effectiveness of the Composite Scheme of amalgamation and arrangement amongst InCred Holdings Limited (formerly 'KKR Capital Markets India Limited'), Bee Finance Limited, InCred Financial Services Limited (formerly 'KKR India Financial Services Limited') ("The Company"), InCred Prime Finance Limited (formerly 'InCred Financial Services Limited') and their respective shareholders on July 26, 2022, which was approved by the National Company Law Tribunal vide its order dated May 06, 2022, Mr. Karthik Krishna, Ms. Aparna Ravi, Mr. Anil Nagu and Mr Brian Wesley Dillard, resigned from the Board of the Company.

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)

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2023	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 Private Limited)	India	100.00%	0.00%

Refer Note No 42 for change in shareholding due to business combination

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2023	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 (% holding)	
			As at March 31, 2023	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 (% holding)	
			As at March 31, 2023	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

i. Key management personnel compensation

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Employee benefit expenses	990.97	692.35
Directors' sitting fees	40.96	45.35

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
for the year ended March 31, 2023 (Contd.)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹ 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, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance Sheet transactions										
Investment in equity shares	-	-	1,820.00	1,000.87	-	-	-	-	-	-
ICD taken	-	-	800.00	2,500.00	-	-	3,500.00	8,500.00	-	1,700.00
Repayment of ICD taken (including interest)	-	-	801.02	2,924.17	-	-	3,503.72	13,100.89	-	3,071.29
ICD given	1,500.00	-	-	-						
Refund of Security Deposit	-	-	-		-	-	-	-	-	-
Payment against expenses	-	-	-	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	-	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	-	-	1.95	-	-	-
Issue of Market Linked Debentures ("MLD")	-	-	-	-	-	-	6,899.36	9,910.00	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	-	-	-	-	-
Reimbursement of credit loss	-	-	-	61.70	-	-	-	-	-	1.85
Proceeds from sale of Debentures	-	-	-	-	-	-	-	-	-	-
Stock options exercised	-	-	-	-	-	3.85	-	-	-	-
Income transactions										
Service fee	-	-	-	-	-	-	-	-	-	56.00
Interest on ICD	82.62	-	-	-	-	-	-	-	-	-
Income on account of reimbursement	1.96	-	0.59	17.86	-	-	70.36	977.89	-	300.60
Profit on sale of Debentures	-	-	-	-	-	-	-	-	-	-
Expense transactions										
License fees	-	-	-	5.45	-	-	-	-	-	-
Interest on ICD	-	-	1.02	24.17	-	-	3.72	100.89	-	71.29
Expense on account of reimbursement	-	-	-	0.01	-	-	-	78.69	-	-
Fee and commission	-	-	-	-	-	-	158.18	569.56	-	-

Note: During the current year, the Holding Company has issued employee stock options to the employees of the Company (Refer Note 33 for further details).

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

Summary of balance receivable from / payable to the above related parties are as follows:

(₹ 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*		Fellow Subsidiary		Associate of subsidiary	
		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Advances/Receivables	644.23	-	3.24	17.00	-	-	28.72	489.06	1,143.68	-	-	15.17
2	Investments (at cost)	-	-	6,735.00	4,915.00	-	-	-	-	-	-	-	-
3	ICD Payable	-	-	-	-	-	-	-	-	-	-	-	-
4	ICD Receivable	1,500.00	-	-	-	-	-	-	-	-	-	-	-
5	Other Payables	-	-	-	-	-	-	-	-	-	-	-	-
6	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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

32. EMPLOYEE BENEFITS

1. The Company has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Provident fund and other funds	373.39	270.31

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 as per Payment of Gratuity Act, 1972.

Table showing change in the present value of projected benefit obligation

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	313.85	158.48
Interest cost	16.16	6.74
Current Service cost	89.41	53.78
Past Service cost - incurred during the period	122.21	-
Benefit Paid Directly by the Employer	(58.25)	-
Actuarial Loss / (Gains) on Obligations - Due to Change in Demographic Assumptions	-	(0.02)
Actuarial Loss / (Gains) on Obligations - Due to Change in Financial Assumptions	(24.47)	(0.57)
Actuarial Losses on Obligations - Due to Experience	87.72	95.44
Liability at the end of the year	**546.63**	**313.85**

Amount recognised in the Balance Sheet

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of benefit obligation at the end of the year	(546.63)	(313.85)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(546.63)	(313.85)
Net (Liability)/Asset Recognised in the Balance Sheet	**(546.63)**	**(313.85)**

Expenses recognised in the Statement of Profit and Loss

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost*	89.41	53.78
Interest cost	16.16	6.74
Benefit Paid Directly by the Employer	122.21	-
Expenses recognised	**227.78**	**60.52**

*Above does not include the movement of opening gratuity liability on acccount of business combination

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

Expenses recognised in the Other comprehensive income (OCI)

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Actuarial Loss / (Gains) on obligation for the year	63.25	94.86
Net Loss / (Income) for the year recognised in OCI	**63.25**	**94.86**

The actuarial assumptions used to determine benefit obligations as at March 31, 2023 and March 31, 2022 are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Discount Rate	7.20%	5.15%
Salary escalation rate	8.00%	8.00%
Expected Rate of return on Plan Assets	N.A	N.A
Rate of Employee Turnover	35%	35%
Retirement Age	60 years	60 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening net liability	**313.85**	**158.48**
Expenses recognised in Statement of Profit and Loss	227.78	60.52
Expenses recognised in OCI	63.25	94.85
Benefit Paid Directly by the Employer	(58.25)	-
Net liability recognised in the Balance Sheet	**546.63**	**313.85**

Cash Flow Projection

Maturity analysis of the benefit payments: from the employer

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Projected benefits payable in future years from the date of reporting		
1st following year	159.91	59.12
2nd following year	122.95	71.58
3rd following year	95.37	63.25
4th following year	75.29	48.49
5th following year	58.89	36.75
Sum of years 6 to 10	115.12	69.81
Sum of years 11 and above	20.07	12.11

Sensitivity analysis

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Projected benefit obligation on current assumptions	**546.63**	**313.85**
Delta effect of +1% change in rate of discounting	(10.96)	(7.61)
Delta effect of -1% change in rate of discounting	11.58	8.06
Delta effect of +1% change in rate of salary increase	16.15	6.57
Delta effect of -1% change in rate of salary increase	(15.56)	(6.38)
Delta effect of +1% change in rate of employee turnover	(3.25)	(3.86)
Delta effect of -1% change in rate of employee turnover	3.35	3.95

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 42 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. The liability towards the employee ESOP cost in the books of the Company is compensated by way of capital contribution by Holding Company in the Company. Further, the balance outstanding in Employees Stock Option Reserve as at March 31, 2023 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."

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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, 2023	For the year ended March 31, 2022
Fair value as on grant date (weighted average)	35.03 to 44.82	24.91 to 42.17
Share prices during the year , on grant dates	65.00 to 67.02	55.00 to 65.00
Exercise price	40.00	40.00
Expected volatility (weighted average volatility)	40%	40%
Rate of Employee Turnover	20%	35%
Expected life (expected weighted average life)	11.02 years	8.5 years
Risk- free interest rate (based on government bonds)	6.89% to 7.59%	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 previous year has approved modification of exercise price in respect of options granted in the year ended March 31, 2021 from ₹ 40.00 per share to ₹ 28.00 per share. Accordingly the incremental fair value of the option ranging from ₹ 5.37 to ₹ 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, 2023	As at March 31, 2022
Opening balance	37.26	3,42,48,588	1,80,44,938
Add: Options granted during the year	40.00	27,47,500	1,88,51,500
Less: Options exercised during the year	36.28	(37,31,310)	(17,38,050)
Less: Options lapsed during the year	38.09	(13,07,124)	(9,09,800)
Options outstanding as at the year end	37.32	3,19,57,654	3,42,48,588
Option exercisable of the above		1,33,54,082	1,20,39,181

Weighted average remaining contractual life of options outstanding at end of the year: 1.96 years

II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), erstwhile Holding Company

On August 01, 2018, Bee Finance Limited (Mauritius), erstwhile Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the erstwhile 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, 2023:

No fresh grants have been given during the year ended March 31, 2023 and year ended March 31, 2022

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	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 year	-	-	-	-
Less: Options lapsed during the year	-	-	(47,728.27)	(241.00)
Options outstanding as at the year 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):

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	**1,850.84**	**1,712.56**
Addition during the year	863.49	552.36
Disposals during the year	(80.95)	-
Depreciation for the year	(451.17)	(414.08)
Balance as at the end of the year	**2,182.21**	**1,850.84**

ii. The following is the movement in lease liabilities:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	**2,141.57**	**1,927.82**
Addition during the year	782.53	552.36
Finance cost accrued during the year	202.32	198.43
Payment of Lease liabilities made during the year	(604.40)	(537.04)
Balance as at the end of the year	**2,522.02**	**2,141.57**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

iii The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	553.85	369.50
Between one and five years	1,950.12	1,674.34
More than five years	18.05	97.72
Total	**2,522.02**	**2,141.56**

iv Expenses recognised in the statement of Profit and Loss

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation expense on right-of-use assets (Refer Note 9A)	451.17	414.08
Interest expense on lease liabilities (Refer Note 23)	202.32	198.43
Expense relating to short-term leases (Refer Note 26)	148.25	10.51
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

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments		
Undrawn committed credit lines*	34,555.27	14,248.30
Obligation on investments in partly paid up preference shares	332.20	181.81
Total	**34,887.47**	**14,430.11**

*Does not include undrawn commitments which are unconditionally cancellable by the Company or improbable for future drawdowns. Such lines are not considered for impairment allowance testing.

There are no litigations and proceedings against the Company which requires any provision or disclosure as contingent liability.

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:

(₹ in Lakhs)

Particulars	As at March 31, 2023			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	38,833.58	-	38,833.58	5,203.13	-	5,203.13
Bank balance other than cash and cash equivalents	4,019.85	775.58	4,795.43	2,991.36	-	2,991.36
Derivative financial instruments	893.28	495.26	1,388.54	451.45	729.60	1,181.05
Loans	2,35,756.95	3,04,623.07	5,40,380.02	1,74,340.33	1,98,886.09	3,73,226.42
Investments	2,291.48	5,919.11	8,210.59	3,198.35	5,481.18	8,679.53
Other financial assets	7,436.51	2,075.73	9,512.24	1,473.59	1,263.10	2,736.69
Sub total	**2,89,231.65**	**3,13,888.75**	**6,03,120.40**	**1,87,658.21**	**2,06,359.97**	**3,94,018.18**

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current Tax assets (Net of provision for tax)	-	1,405.35	1,405.35	-	1,184.47	1,184.47
Deferred Tax assets (Net of deferred tax liabilities)	-	47,472.61	47,472.61	-	2,038.67	2,038.67
Property, plant and equipment	-	4,281.96	4,281.96	-	3,384.80	3,384.80
Capital Work-in-progress	-	161.79	161.79	-	293.95	293.95
Goodwill	-	6,126.09	6,126.09	-	-	-
Other intangible assets	-	540.52	540.52	-	188.63	188.63
Other non-financial assets	2,205.12	23.10	2,228.22	480.00	800.55	1,280.55
Sub total	**2,205.12**	**60,011.42**	**62,216.54**	**480.00**	**7,891.07**	**8,371.07**
Total assets	**2,91,436.77**	**3,73,900.17**	**6,65,336.94**	**1,88,138.21**	**2,14,251.04**	**4,02,389.25**
LIABILITIES						
Financial liabilities						
Derivative financial instruments	-	727.43	727.43	186.87	-	186.87
Debt securities	55,950.22	59,239.86	1,15,190.08	40,463.06	66,060.71	1,06,523.77
Borrowings (other than debt securities)	1,16,438.61	1,59,667.27	2,76,105.88	69,333.94	1,05,731.55	1,75,065.49
Other financial liabilities	10,811.09	9,580.26	20,391.35	3,094.13	5,063.80	8,157.93
Sub total	**1,83,199.92**	**2,29,214.82**	**4,12,414.74**	**1,13,078.00**	**1,76,856.06**	**2,89,934.06**
Non-Financial liabilities						
Provisions	2,357.58	406.11	2,763.69	59.12	264.15	323.27
Other non-financial liabilities	1,791.10	-	1,791.10	900.48	-	900.48
Sub total	**4,148.68**	**406.11**	**4,554.79**	**959.60**	**264.15**	**1,223.75**
Total liabilities	**1,87,348.60**	**2,29,620.93**	**4,16,969.53**	**1,14,037.60**	**1,77,120.21**	**2,91,157.81**

37. FOREIGN CURRENCY TRANSACTIONS

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remittance in foreign currency		
Directors' sitting fees	-	9.20
Legal, professional and consultancy charges	964.81	165.65
Information Technology expenses	61.40	14.27
Membership and subscription	0.42	-
Travelling and conveyance	1.10	-
Miscellaneous expenses	19.55	8.18
Interest on External Commercial Borrowings	418.26	215.69
Purchase of Software	83.32	-
Total	**1,548.86**	**412.99**

38. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the Composite Scheme of amalgamation and arrangement dated September 27, 2021 the identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ("Pre-Demerged InCred" / "Demerged Company") demerged with KKR India Financial Services Private Limited (later renamed as 'Incred Financial Services Limited) with effect from April 01, 2022 ("Appointed Date"). The Scheme was approved by National Company Law Tribunal ("NCLT"), Mumbai Bench on May 06, 2022.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

As a consequence of the above demerger, for regulatory purpose, the CSR liability will be of KKR India Financial Services Private Limited (later renamed as ‘‘Incred Financial Services Limited’).

Please find attached the table showing the CSR obligation and the actual payment against the same.

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amount required to be spent as per section 135 of the Companies Act, 2013:	-	16.12
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash		16.35
Yet to be paid in cash	-	-
Total	**-**	**16.35**
Details related to spent obligations:		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	-	11.68
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**

39. MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 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 March 31, 2023, 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 underthe said Act till March 31, 2023.

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.

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Common Equity Tier1 (CET1) capital	1,90,992.91	1,08,442.86
Other Tier 2 capital	2,959.88	2,461.45
Total capital	**1,93,952.79**	**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.

Refer Note 47 (2) for further details.

41. RATIO ANALYSIS AND ITS ELEMENTS

Ratio	As at March 31, 2023	As at March 31, 2022	% change
CRAR (%)	33.40%	28.05%	19.08%
CRAR - Tier I Capital (%)	32.89%	27.43%	19.93%
CRAR - Tier II Capital (%)	0.51%	0.62%	(18.12)%
Liquidity Coverage Ratio (LCR)*	609.24%	Not Applicable	Not Applicable

*Not Applicable in for year ended March 31, 2022, as the Company is a Non-Deposit taking NBFC with an asset size which was less than ₹ 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

LCR : Refer Note no 47 (18 f)

42. COMPOSITE SCHEME OF ARRANGEMENT:

The Board of Directors of the Company at their meeting held on September 03, 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 06, 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 01, 2022, and accordingly the books of account and financial statements effecting the Scheme have been prepared with effect from April 01, 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 statements issued under the name of new IFSL represent the continuation of the financial statements 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 figure presented in respect of comparative previous year is of erstwhile IFSL and is accordingly not comparable with the current year figure.

The accounting impact of the aforesaid Scheme in the books of new IFSL has been summarily presented as follows:

(₹ in Lakhs)

Particulars	Amount	Amount
(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	

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	Amount	Amount
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 02, 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 ₹ 1,077.31 lakhs pertaining to the remaining NBFC business will continue to remain in the erstwhile IFSL.

(₹ in Lakhs)

Particulars	Amount	Amount
(i) Assets		
Loans	1,033.58	
Other assets	2,213.71	
(ii) Liabilities		
Borrowings (Other than Debt Securities)	1,000.00	
Other liabilities	1,169.98	
Net Assets transferred (i-ii)		**1,077.31**

43. GOODWILL

The carrying amount of goodwill acquired in business combination as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	**-**	**-**
Goodwill arising on account of business combination	20,754.75	-
Impaired during the year	(14,628.66)	-
Balance at the end of year	**6,126.09**	**-**

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 year ended March 31, 2023 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 recognised impairment charge of ₹ 14,628.66 lakhs against the goodwill.

44 . 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 September 20, 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto ₹ 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 September 20, 2021 at a price of ₹ 5,797 (including premium of ₹ 5,787) per share aggregating to ₹ 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 May 18, 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 ₹ 1,819.99 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 May 18, 2022 at a price of ₹ 4,044 per share aggregating to ₹ 1,819.99 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) 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 except as disclosed in Note no 42.

(x) The Company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systemically 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 for the year ended March 31, 2023 (Contd.)

45. DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/2020-21 DATED AUGUST 06, 2020 AND RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 DATED MAY 05, 2021

(₹ in Lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2023	Of (A) amount written off during the half-year ended March 31, 2023#	Of (A) amount paid by the borrowers during the half-year ended March 31, 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2023
Personal Loans*	2,913.83	270.95	43.98	841.61	1,757.29
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	2,913.83	270.95	43.98	841.61	1,757.29

*includes resolution framework implemented pursuant to OTR 2.0 till September 30, 2021 for persoanl loans and small business loans

Accounts written off during the half year ended March 31, 2023 were classified as NPA prior to being written off

46. DISCLOSURE AS PER RBI NOTIFICATION RBI/2018-19/100 DBR.NO.BP.BC.18/21.04.048/2018-19 DATED JANUARY 01, 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 06, 2020 EXTENDED FURTHER VIA RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 DATED MAY 05, 2021 - MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) SECTOR – RESTRUCTURING OF ADVANCES

(₹ in Lakhs)

For the year ended March 31, 2023		For the year ended March 31, 2022	
No. of accounts restructured	Amount	No. of accounts restructured	Amount
-	-	13	1,222.00

47. ADDITIONAL DISCLOSURES REQUIRED BY RESERVE BANK OF INDIA ('RBI')

1 Fraud reported during the year

The Company has reported frauds aggregating ₹ 27.10 (previous year: ₹ 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:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
i) CRAR (%)	33.40%	28.05%
ii) CRAR - Tier I Capital (%)	32.89%	27.43%
iii) CRAR - Tier II Capital (%)	0.51%	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	5,80,627.84	3,95,365.69

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

3 INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(1) Value of investments		
(i) Gross value of investments		
(a) In India	12,598.44	8,688.81
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	4,387.85	9.28
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	8,210.59	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 year	4,387.85	9.28
(iii) Less : Write-off/(write-back)of excess provisions during the year	(9.28)	(13.17)
(iv) Closing balance	4,387.85	9.28

4 DERIVATIVES

(a) Forward rate agreement/interest rate swap

(₹ in Lakhs)

Particulars	As at March 31, 2023	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	875.63	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	875.63	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

(₹ in Lakhs)

Particulars	As at March 31, 2023	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	875.63	299.22
(b) Liability	-	-
(iii) Credit exposure	875.63	299.22
(iv) Unhedged exposures	-	-

(d) Unhedged Foreign Currency Exposure - NIL (PY: Nil). (Refer Note No 1 and 30)

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

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, 2023

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i) Amount of Loan accounts assigned	55,975.35	2,085.00
ii) Retention of Beneficial Economic Interest (in%)	20.08%	68.01%
iii) Weighted Average Maturity (in Years)	6.23	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

Details of overdue loans (NPA and SMA) transferred during the year ended March 31, 2023:

(₹ in Lakhs)

Particulars	To permitted transferees
No of Accounts	2.00
Aggregate principal outstanding of loans transferred	34,229.00
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	17,140.55
Additional consideration realised in respect of accounts transferred in earlier years	-

II) Details of overdue loans (NPA and SMA) transferred during 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 ₹ 2,085.87 lakhs for ₹ 1,040.00 lakhs effective October 01, 2021. The sale has resulted in a gross loss of ₹ 1,045.87 lakhs with a corresponding release of loan provision amounting to ₹ 481.67 lakhs, thus resulting in a net charge of ₹ 564.20 lakhs for the quarter.

Details of overdue loans (NPA and SMA) transferred during the previous year:

(₹ 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 MARCH 31, 2023

(₹ 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	32,536.49	35,552.82	30,334.42	52,024.80	85,308.42	1,48,029.55	46,478.10	1,10,115.42	5,40,380.02
Investments	517.76	26.11	-	1,747.61	-	1,781.57	-	4,137.54	8,210.59
Borrowings	14,668.77	8,610.94	32,315.89	32,310.45	84,458.20	1,88,537.42	24,617.80	-	3,85,519.47
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	24.60	-	5,751.90	-	-	5,776.50

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2022

(₹ 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

7 EXPOSURE TO SENSITIVE SECTOR

a Exposure to real estate sector

(₹ in Lakhs)

	Particulars	As at March 31, 2023	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	50.10	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	23,409.46	55,098.11
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	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

b Exposure to capital market

(₹ in Lakhs)

Particulars		As at March 31, 2023	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;	6,744.66	4,924.22
	Total exposure to capital market	6,744.66	4,924.22

8 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

During the current year, the Company has given ICD of ₹ 1,500 lakhs to the parent company (PY: NIL)

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 year.

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

11 MISCELLANEOUS

(a) Registration obtained from other financial sector regulators

Particulars	Reg. Number
RBI Registration Number (COR)	B-13.02417
Corporate Identification number (CIN)	U67190MH1995PLC360817

(b) Related Party Transactions

Refer Note 31 to the Financial statements for the transaction with the related parties.

(c) Credit rating

(₹ in Lakhs)

Rating Agency	Facilities	As at March 31, 2023	As at March 31, 2022
CRISIL Ratings Limited	Long Term Bank Loan Facilities	CRISIL A+/Stable	CRISIL A (Under Credit watch with Positive Implication)
	Non-convertible debentures	CRISIL A+/Stable	CRISIL A (Under Credit watch with Positive Implication)
	Principal Protected Market Linked Debenture	CRISIL PPMLD A+/ Stable	CRISIL PPMLD Ar (Under Credit watch with Positive Implication)
	Principal Protected Market Linked Debenture	CRISIL PP MLD AA+ (CE)/Stable	"CRISIL PP MLD AA+r (CE)/Stable"
	Commercial paper	CRISIL A1+	CRISIL A1
CARE Ratings Limited	Long Term Bank Facilities	CARE A+/Stable	CARE A (Under Credit watch with Positive Implication)
	Principal Protected Market Linked Debenture	CARE PP- MLD A+/Stable	CARE PPMLD A (Under Credit watch with Positive Implication)
	Non-convertible debentures	CARE A+/Stable	CARE A (Under Credit watch with Positive Implication)
	Commercial paper	CARE A1+	NA

12 (a) Provisions and contingencies

(₹ in Lakhs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2023	Year ended March 31, 2022
Provisions for depreciation on investment	4,378.57	(3.89)
Provision towards NPA/ Write off	5,690.62	3,786.02
Provision made towards income tax	8,621.52	1,205.43
Provision for Standard Assets	4,732.69	(186.14)

(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

(i) Concentration of advances

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total advances to twenty largest borrowers	34,924.82	26,183.49
Percentage of advances to twenty largest borrowers to total advances of the NBFC	6.29%	6.85%

(ii) Concentration of exposures

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to twenty largest borrowers/customers	34,924.82	26,183.49
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	5.92%	6.60%

(iii) Concentration of NPAs

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to top four NPA accounts	2,204.87	2,040.67

(iv) Intragroup Exposures

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Amount of Intragroup Exposures	5,675.06	5,436.23
Total amount of Top-20 Intragroup Exposures	5,675.06	5,436.23
% of Intragroup Exposure to Total Exposure on customers	1.03%	1.42%

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

(iv) Sector-wise exposure and NPAs

(₹ in Lakhs)

Sector	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% Gross NPAs to total exposure in that sector
I. Bank Credit (II + III)	**5,89,786.83**	**11,441.58**	**1.94%**	**3,96,572.15**	**10,811.36**	**2.73%**
II. Food Credit	**-**	**-**	**-**	**-**	**-**	**-**
III. Non-food Credit	**5,89,786.83**	**11,441.58**	**1.94%**	**3,96,572.15**	**10,811.36**	**2.73%**
1. Agriculture and Allied Activities	**11,235.43**	**282.14**	**2.51%**	**2,904.07**	**418.35**	**14.41%**
2. Industry (Micro and Small, Medium and Large)	**16.56**	**-**	**0.00%**	**206.27**	**3.50**	**3.29%**
2.1. Micro and Small	16.31	-	0.00%	106.27	3.50	3.29%
2.2. Medium	0.23	-	0.00%	100.00	-	0.00%
2.3. Large	0.02	-	0.00%	-	-	0.00%
3. Services	**2,35,137.75**	**6,315.76**	**2.69%**	**1,81,792.06**	**6,816.88**	**3.75%**
3.1. Transport Operators	1,134.11	-	0.00%	357.24	-	0.00%
3.2. Computer Software	250.55	-	0.00%	49.87	-	0.00%
3.3. Tourism, Hotels and Restaurants	9,706.48	841.54	8.67%	6,246.17	526.08	8.42%
3.4. Shipping	-	-	-	-	-	-
3.5. Aviation	-	-	-	-	-	-
3.6. Professional Services	3,189.38	-	0.00%	3,631.50	40.29	1.11%
3.7. Trade	75,144.15	1,033.02	2.18%	44,590.54	720.63	1.62%
3.7. 1. Wholesale Trade (other than food procurement)	26,783.41	29.33	0.11%	17,916.58	55.09	0.31%
3.7. 2. Retail Trade	48,360.74	1,003.70	2.08%	26,673.96	665.54	2.50%
3.8. Commercial Real Estate	12,455.66	-	0.00%	-	-	-
3.9. Non-Banking Financial Companies (NBFCs) of which,	61,246.89	7.98	0.01%	52,635.52	7.99	0.02%
3.9. 1. Housing Finance Companies (HFCs)	1,433.62	-	0.00%	1,502.91	-	0.00%
3.9. 2. Public Financial Institutions (PFIs)	-	-	-	-	-	-
3.10. Other Services*	72,010.53	4,433.22	6.16%	74,281.22	5,521.89	7.43%
4. Personal Loans	**3,43,397.08**	**4,843.67**	**1.41%**	**2,11,669.76**	**3,572.64**	**1.69%**
4.1. Consumer Durables	-	-	-	-	-	-
4.2. Housing (Including Priority Sector Housing)	50.10	43.69	87.21%	407.94	95.70	23.46%
4.3. Advances against Fixed Deposits	-	-	-	-	-	0.00%
4.4. Advances to Individuals against share, bonds, etc.	-	-	-	-	-	-
4.5. Credit Card Outstanding	-	-	-	-	-	-
4.6. Education	1,19,834.71	147.71	0.12%	60,872.92	40.06	0.07%
4.7. Vehicle Loans	3,779.10	0.36	0.01%	3,758.12	0.50	0.01%
4.8. Loans against gold jewellery	-	-	-	-	-	-
4.9. Other Personal Loans	2,19,733.17	4,651.91	2.12%	1,46,630.79	3,436.39	2.34%

* Other Services include services which are not indicated elsewhere.

13 MOVEMENT OF NPAS

(₹ in Lakhs)

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
(i)	**Net NPAs to net advances (%)**	**0.91%**	**1.43%**
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	10,811.36	9,036.67
	(b) Other adjustments	(379.33)	15.86
	(c) Additions during the year	9,874.97	7,756.89
	(d) Reductions during the year	8,865.42	5,998.06
	(e) Closing balance	**11,441.58**	**10,811.36**
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	5,404.46	4,424.55
	(b) Other adjustments	(195.26)	(601.83)
	(b) Additions during the year	3,985.66	4,339.27
	(c) Reductions during the year	4,181.59	2,757.53
	(d) Closing balance	**5,013.27**	**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 year	5,889.31	3,417.62
	(d) Write-off of excess provisions	4,683.83	3,240.53
	(e) Closing balance	**6,428.31**	**5,406.90**

14 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

The Company does not have any joint ventures or subsidiaries abroad, hence not applicable.

15 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 March 31, 2023 (March 31, 2022:NIL)

16 CUSTOMER COMPLAINTS

(₹ in Lakhs)

Sr No	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Compliants received by the NBFC from its customers		
1	Number of complaints pending at the beginning of the year	7	4
2	Number of complaints received during the year	2,506	2,710
3	Number of complaints disposed during the year	2,496	2,707
3.1	Of which, number of compliants rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	17	7
	Maintainable complaints received by the NBFC from the Office of Ombudsman		
5*	Number of complaints received by the NBFC from Office of Ombudsman	179	20
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	177	20
5.2	Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	2	-
5.3	Of 5, number of complaints resolved after passing of Awards by th Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

*Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
For the year ended March 31, 2023					
Collections related	2	1,698	(0.93)%	3	-
Sales Related Complaint	4	443	104.15%	5	2
Fraudulent Practice	-	101	100.00%	9	2
Mobile App Related	-	73	(70.08)%	-	-
Bureau Related	-	72	100.00%	-	-
Others	1	119	(77.76)%	-	-
Total	**7**	**2,506**	**(7.53)%**	**17**	**4**
For the year ended March 31, 2022					
Collections Related	-	1,714	195.52%	2	-
Disbursal Issue	-	316	100.00%	-	-
Mobile App Related	-	244	45.24%	-	-
Feedback On Sales	3	217	520.00%	4	-
EMI Related	-	162	(63.43)%	-	-
Others	1	57	(24.00)%	1	-
Total	**4**	**2,710**	**108.30%**	**7**	**-**

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:

(₹ in Lakhs)

Sr. No.	Particulars	As at March 31, 2023		As at March 31, 2022	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1)	**Liabilities side :**				
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures*				
	- Secured	1,14,207.24	-	95,683.00	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	2,54,743.36	-	1,62,291.78	-
	(d) Inter-corporate loans and borrowing	-	-	4,550.00	-
	(e) Commercial Paper	982.84	-	10,840.77	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	21,362.52	-	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	1,95,548.90	3,889.72	1,59,163.37	3,200.39
	(b) Unsecured	3,59,682.65	4,820.60	2,23,160.48	4,900.36

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

b Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

(₹ in Lakhs)

Sr. No.	Particulars	As at March 31, 2023	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:

(₹ in Lakhs)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
	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	4,345.74	2,899.87
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	855.44
	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	2,355.19	4,915.00
	(b) Preference	9.66	9.22
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	1,500.00	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

d Borrower group-wise classification of assets, financed as in (3) and (4) above :

(₹ in Lakhs)

Sr. No.	Category	As at March 31, 2023 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	1,88,094.27	3,52,285.76	5,40,380.02
	Total	**1,88,094.27**	**3,52,285.76**	**5,40,380.02**

(₹ 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):

(₹ in Lakhs)

Sr. No.	Category	As at March 31, 2023		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	3,855.19	3,855.19	4,915.00	4,915.00
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2.	Other than related parties	4,363.44	4,355.40	3,773.81	3,764.53
	Total	**8,218.63**	**8,210.59**	**8,688.81**	**8,679.53**

f Other information

(₹ in Lakhs)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	11,441.58	10,811.36
(ii)	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	5,013.27	5,404.46
(iii)	Assets acquired in satisfaction of debt	-	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

18. DISCLOSURE AS PER RBI/2019-20/88 DOR.NBFC (PD) CC. NO.102/03.10.001/2019-20 DATED NOVEMBER 04, 2019 - LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NON-BANKING FINANCIAL COMPANIES AND CORE INVESTMENT COMPANIES

a Funding Concentration based on significant counterparty

(₹ in Lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	24	2,79,524.87	NA	67.04%

b Top 20 large deposits : NA

c Top 10 Borrowings

(₹ in Lakhs)

Amount	% of Total borrowings
1,95,440.03	49.95%

d Funding Concentration based on significant instrument/product

(₹ in Lakhs)

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	2,48,963.67	59.71%
2	Market Linked Debentures	55,438.42	13.30%
3	Non Convertible Debentures	58,768.82	14.09%
4	Commercial paper	982.84	0.24%
5	Cash Credit / WCDL	21,362.52	5.12%
6	External Commercial Borrowings	5,779.70	1.39%

e Stock Ratios

Sr. No.	Name of Instrument	% of Total public funds	% of TotalLiabilities	% of Total Assets
a	Commercial paper	0.25%	0.24%	0.16%
b	Non-convertible debentures (Original maturity of less than 1 year)	0.00%	0.00%	0.00%
c	Other short term liabilities	47.61%	44.68%	29.87%

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

f **LCR Disclosure**

Particulars	As at March 31, 2023		As at December 31, 2022		As at September 30, 2022		As at June 30, 2022	
	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	42,936.16	42,408.12	24,922.96	21,521.19	35,880.06	35,880.06	57,574.10	57,574.10
Cash Outflows								
2 Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3 Unsecured wholesale funding	933.80	1,073.87	827.27	951.36	11,801.48	13,571.70	5,469.36	6,289.76
4 Secured wholesale funding	13,734.97	15,795.22	14,063.05	16,172.51	7,425.25	8,539.04	4,923.89	5,662.47
5 Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	9,542.91	10,974.35	7,820.68	8,993.78	4,999.35	5,749.25	4,077.29	4,688.88
7 Other contingent funding obligations	-	-						
8 TOTAL CASH OUTFLOWS	**24,211.68**	**27,843.44**	**22,711.00**	**26,117.65**	**24,226.08**	**27,859.99**	**14,470.54**	**16,641.12**
Cash Inflows								
9 Secured lending@	18,137.00	13,602.75	22,000.00	16,500.00	23,000.00	17,250.00	7,000.00	5,250.00
10 Inflows from fully performing exposures	32,898.76	24,674.07	28,191.29	21,143.47	28,660.69	21,495.52	27,835.95	20,876.96
11 Other cash inflows	5,509.69	4,132.27	9,424.84	7,068.63	12,095.55	9,071.66	150.82	113.12
12 TOTAL CASH INFLOWS	**56,545.45**	**42,409.09**	**59,616.13**	**44,712.10**	**63,756.24**	**47,817.18**	**34,986.77**	**26,240.08**
		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13 TOTAL HQLA		**42,408.12**		**21,521.19**		**35,880.06**		**57,574.10**
14 TOTAL NET CASH OUTFLOWS		**6,960.86**		**6,529.41**		**6,965.00**		**4,160.28**
15 LIQUIDITY COVERAGE RATIO (%)		**609.24%**		**329.60%**		**515.15%**		**1383.90%**

Details of HQLA	As at March 31, 2023		As at December 31, 2022		As at September 30, 2022		As at June 30, 2022	
	Total Unweight	Total Weighted Value	Total Unweight	Total Weighted Value	Total Unweight	Total Weighted Value	Total Unweight	Total Weighted Value
Cash & Bank Balance	36,300.96	36,300.96	13,946.35	13,946.35	24,776.11	24,776.11	6,627.01	6,627.01
FD - Non Earmarked	3,114.89	3,114.89	1,029.25	1,029.25	11,103.95	11,103.95	50,947.09	50,947.09
HQLA 1 (A)	**39,415.85**	**39,415.85**	**14,975.60**	**14,975.60**	**35,880.06**	**35,880.06**	**57,574.10**	**57,574.10**
Investment with long term rating of AA- or above	3,520.31	2,992.26	4,491.19	3,817.51	-	-	-	-
Investment with long term rating between A+ and BBB-	-	-	5,456.16	2,728.08	-	-	-	-
HQLA 2 (B)	**3,520.31**	**2,992.26**	**9,947.36**	**6,545.59**	**-**	**-**	**-**	**-**
Total HQLA (A+B)	**42,936.16**	**42,408.12**	**24,922.96**	**21,521.19**	**35,880.06**	**35,880.06**	**57,574.10**	**57,574.10**

The Reserve Bank of India has introduced Liquidity Coverage Ratio (LCR) requirement for all NBFCs with asset size of ₹ 5,000 crore and above. LCR has been introduced to ensure that NBFCs have adequate stock of un-encumbered high quality liquid assets (HQLA) to meet the liquidity requirements for a period of at least 30 days under stress scenario. The LCR requirement has been inducted in a phased manner with company required to maintain minimum LCR of 50% from December 01, 2020 eventually increasing to 100% by December 01, 2024.

The LCR of the Company is governed by the Liquidity Risk Management framework as defined in the Asset Liability Management (ALM) policy of the Company. The Asset Liability Committee (ALCO) is responsible for implementing the liquidity risk management strategy of the Company and ensures compliance of the same with the overall risk management strategies of the Company.

Accordingly, the Company has implemented the prescribed format and calculated its LCR on monthly basis by dividing company's stock of HQLA by its total net cash outflows over a 30 days stress period. The Company has maintained HQLA of ₹ 42,936.16 lakhs as on March 31, 2023. The Company has maintained LCR of 609.24% as on March 31, 2023 as against minimum requirement of 60%. LCR as on March 31, 2022 was not applicable since asset size of the Company as on March 31, 2022 was less than ₹ 5,000 crore.

19. RESTRUCTURING OF LOANS

(₹ in Lakhs)

Sr. No.	Type of Restructuring		Others				
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts as on April 01, 2022	No. of borrowers	95.00	2,728.00	-	-	2,823.00
		Amount outstanding	10,117.32	1,524.73	-	-	11,642.05
		Provision thereon	428.05	843.66	-	-	1,271.71
2	Fresh Restructuring during the year	No. of borrowers	-	6.00	-	-	6.00
		Amount outstanding	-	69.75	-	-	69.75
		Provision thereon	-	45.33	-	-	45.33

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Sr. No.	Type of Restructuring		Others				
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total
	Details						
3	Upgradations to restructured standard category during the FY*	No. of borrowers	24.00	74.00	-	-	98.00
		Amount outstanding	1,570.66	605.72	-	-	2,176.38
		Provision thereon	(1,362.91)	304.45	-	-	(1,058.46)
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	(13.00)	13.00	-	-	-
		Amount outstanding	(1,290.35)	1,233.00	-	-	(57.35)
		Provision thereon	(52.97)	616.29	-	-	563.32
6	Write-offs of restructured accounts during the FY	No. of borrowers	3.00	2,426.00	-	-	2,429.00
		Amount outstanding	16.22	436.47	-	-	452.69
		Provision thereon	6.30	287.03	-	-	293.33
7	Restructured Accounts as on March 31, 2023	No. of borrowers	55.00	247.00	-	-	302.00
		Amount outstanding	7,240.09	1,785.29	-	-	9,025.38
		Provision thereon	1,731.69	913.80	-	-	2,645.49

*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 01, 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 06, 2020 extended further via RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 05, 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 05, 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 August 06, 2020 - Resolution Framework for COVID-19-related Stress.

(₹ in Lakhs)

Sr. No.	Type of Restructuring		Others				
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts as on April 01, 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

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

20. DISCLOSURE AS PER SECTION II OF RBI CIRCULAR RBI/2022-23/26 DOR.ACC.REC.NO.20/21.04.018/2022-23 DATED APRIL 19, 2022

(A) Corporate Governance

1 Composition of Board

Sr No	Name of Director	Director since	Capacity	DIN	Number of Board Meetings		No. of other Director ships**	No. of shares held in and convertible instruments held in the NBFC*
					Held@	Attended		
1	Mr. Bhupinder Singh	July 26, 2022	Chairperson	7342318	8	4	10	395
2	Mr. Vivek Bansal	July 26, 2022	Wholetime Director & CFO	7835456	8	6	4	1
3	Mr. Gaurav Trehan	July 26, 2022	Non-Executive Director	3467781	8	5	3	-
4	Mr. Rohan Suri	March 30, 2023	Non-Executive Director	7074450	8	-	6	-
5	Mr. Vivek Anand PS	July 26, 2022	Non-Executive Director	2363239	8	4	3	-
6	Ms. Rupa Vora	July 26, 2022	Independent Director	1831916	8	6	6	-
7	Mr. Karnam Sekar	July 26, 2022	Independent Director	7400094	8	6	4	-
8	Ms. Sunita Gupta	March 30, 2023	Independent Director	6902258	8	-	-	-
9	Ms. Ambika Bisla	March 30, 2023	Independent Director	9789579	8	-	-	-
10	Dr. Sankaran Nair Rajagopal	March 30, 2023	Independent Director	10087762	8	-	-	-

For Remuneration details, refer note No 31 - Related party

**excluding number of directorship held in foreign entities.

@ The total number of Board meetings mentioned above included the meetings held prior to the effectiveness of the Composite Scheme of Arrangement. Refer Note 42

Details of change in composition of the Board during the current and previous financial year

Sr No	Name of Director	Capacity	Nature of change	Effective date
1.	Mr. Anil Nagu	Executive Director	Resignation	July 26, 2022
2.	Mr. Jigar Shah	Whole-Time Director	Resignation	June 30, 2022
3.	Mr. Brian Wesley Dillard	Non-Executive Director	Resignation	July 26, 2022
4.	Mr. Karthik Krishna	Independent Director	Resignation	July 26, 2022
5.	Ms. Aparna Ravi	Independent Director	Resignation	July 26, 2022
6.	Mr. Bhupinder Singh	Wholetime Director & CEO	Appointment	July 26, 2022

Sr No	Name of Director	Capacity	Nature of change	Effective date
7.	Mr. Vivek Bansal	Wholetime Director & CFO	Appointment	July 26, 2022
8.	Mr. Gaurav Trehan	Non-Executive Director	Appointment	July 26, 2022
9.	Mr. Sanjay Nayar	Non-Executive Director	Appointment	July 26, 2022
10.	Mr. Vivek Anand PS	Non-Executive Director	Appointment	July 26, 2022
11.	Ms. Rupa Vora	Independent Director	Appointment	July 26, 2022
12.	Mr. Karnam Sekar	Independent Director	Appointment	July 26, 2022
13.	Mr. Debashish Dutta Gupta	Independent Director	Appointment	July 26, 2022
14.	Mr. Sanjay Nayar	Non-Executive Director	Resignation	March 21, 2023
15.	Mr. Debashish Dutta Gupta	Independent Director	Resignation	March 30, 2023
16.	Dr. Sankaran Nair Rajagopal	Independent Director	Appointment	March 30, 2023
17.	Ms. Sunita Gupta	Independent Director	Appointment	March 30, 2023
18.	Ms. Ambika Bisla	Independent Director	Appointment	March 30, 2023
19.	Mr. Rohan Suri	Non-Executive Director	Appointment	March 30, 2023

Where an independent director resigns before expiry of her/ his term, the reasons for resignation as given by her/ him shall be disclosed.

i On account of the effectiveness of the Composite Scheme of amalgamation and arrangement amongst InCred Holdings Limited (formerly 'KKR Capital Markets India Limited'), Bee Finance Limited, InCred Financial Services Limited (formerly 'KKR India Financial Services Limited') ("the Company"), InCred Prime Finance Limited (formerly 'InCred Financial Services Limited') and their respective shareholders on July 26, 2022, which was approved by the National Company Law Tribunal vide its order dated May 06, 2022, Mr. Karthik Krishna and Ms. Aparna Ravi who were appointed as Independent Director of the Company, resigned before completion of their term.

ii Mr. Debashish Dutta Gupta who was appointed as an Independent Director of the Company, resigned before completion of his term on March 30, 2023 due to his pre-occupation with other assignments.

None of the directors of the Company are related to each other.

2 Committees of the Board and their composition

AUDIT COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings ofthe Committee		No. of shares held in the NBFC*
				Held	Attended	
1	Ms. Rupa Vora	July 26, 2022	Chairperson	5	4	-
2	Mr. Vivek Anand PS	July 26, 2022	Member	5	2	-
3	Mr. Karnam Sekar	July 26, 2022	Member	5	4	-
4	Ms. Sunita Gupta	March 30, 2023	Member	5	-**	-
5	Dr. Sankaran Nair Rajagopal	March 30, 2023	Member	5	-**	-

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

NOMINATION AND REMUNERATION COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings ofthe Committee		No. of shares held in the NBFC*
				Held	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	2	1	395
2	Mr. Gaurav Trehan	July 26, 2022	Member	2	2	-
3	Ms. Rupa Vora	July 26, 2022	Member	2	2	-
4	Dr. Sankaran Nair Rajagopal	March 30, 2023	Member	2	-**	-
5	Ms. Ambika Bisla	March 30, 2023	Member	2	-**	-
6	Mr. Karnam Sekar	July 26, 2022	Member	2	-	-

RISK MANAGEMENT COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings ofthe Committee		No. of shares held in the NBFC*
				Held	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	2	1	395
2	Mr. Vivek Bansal	July 26, 2022	Member	2	1	1
3	Ms. Rupa Vora	July 26, 2022	Member	2	1	-
4	Mr. Prithviraj Chandrasekar	July 26, 2022	Member	2	1	-
5	Mr. Saurabh Jhalaria	July 26, 2022	Member	2	1	-
6	Mr. Krishna Bahety	January 17, 2023	Member	2	-	-
7	Mr. Rohan Suri	March 30, 2023	Member	2	-**	-
8	Mr. Sankaran Nair Rajagopal	March 30, 2023	Member	2	-**	-

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings ofthe Committee		No. of shares held in the NBFC*
				Held	Attended	
1	Mr. Karnam Sekar	July 26, 2022	Member	1	1	-
2	Mr. Vivek Bansal	July 26, 2022	Member	1	1	-
3	Ms. Rupa Vora	July 26, 2022	Member	1	1	-
4	Ms. Ambika Bisla	March 30, 2023	Member	1	-***	-
5	Ms. Sunita Gupta	March 30, 2023	Member	1	-***	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

STAKEHOLDER RELATIONSHIP COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings ofthe Committee		No. of shares held in the NBFC*
				Held	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	1	-	395
2	Mr. Vivek Bansal	July 26, 2022	Member	1	1	1
3	Ms. Ambika Bisla	March 30, 2023	Member	1	-***	-
4	Ms. Sunita Gupta	March 30, 2023	Member	1	-***	-

IT STRATEGY COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings ofthe Committee		No. of shares held in the NBFC*
				Held	Attended	
1	Mr. Vivek Bansal	July 26, 2022	Member	1	-	1
2	Mr. Karnam Sekar	July 26, 2022	Member	1	1	-
3	Mr. Ashwin Sekar	July 26, 2022	Member	1	1	-
4	Dr. Sankaran Nair Rajagopal	March 30, 2023	Member	1	-***	-
5	Ms. Ambika Bisla	March 30, 2023	Member	1	-***	-
6	Ms. Sunita Gupta	March 30, 2023	Member	1	-***	-

ASSETS LIABILITY MANAGEMENT COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings ofthe Committee		No. of shares held in the NBFC*
				Held	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	3	2	395
2	Mr. Vivek Bansal	July 26, 2022	Member	3	2	1
3	Mr. Saurabh Jhalaria	July 26, 2022	Member	3	2	-
4	Mr. Krishna Bahety	January 17, 2023	Member	3	1	-

FINANCE COMMITTEE

Sr No	Name of Director	Member of Committee since	Capacity	Number of Meetings ofthe Committee		No. of shares held in the NBFC*
				Held	Attended	
1	Mr. Bhupinder Singh	July 26, 2022	Member	29	29	395
2	Mr. Vivek Bansal	July 26, 2022	Member	29	29	1

#For terms of reference of each Committee, refer Corporate Governance Section under Annual Report.

*The shares are held on behalf on InCred Holdings Limited (erstwhile known as KKR Capital Markets India Limited), the Holding Company.

***Ms. Sunita Gupta, Ms. Ambika Bisla, Mr. Sankaran Nair Rajagopal and Mr. Rohan Suri were appointed on March 30, 2023 and were not eligible for attending the meetings held during the year.

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

1 General Body Meetings

Sr No	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	Annual General Meeting	June 23, 2022 at Registered office of the Company	None
2	Extra-Ordinary General Meeting	August 25, 2022 at Registered office of the Company	Adoption Restated Articles of Association of the Company, Issuance of Non-Convertible Debentures/ Bonds during the FY 2022-23, Revision in overall borrowing power of the Company, Creation of Mortgage/charge on the assets, Approval of material Related Party Transaction
3	Extra-Ordinary General Meeting	March 27, 2023 at Registered office of the Company	Approval for the amendment in Articles of Association of the Company

2 Details of non-compliance with requirements of Companies Act, 2013 - Not applicable

3 Details of penalties and strictures – For year ended March 31, 2023 – ₹ 5.00 lakhs (PY – NIL)

RBI has imposed, by an order dated May 05, 2022, a monetary penalty of ₹ 5.00 lakh 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.

B) Breach of Covenant

There are no breach of Covenants in the current year and previous year

C) Divergence in Asset Classification and Provisioning

During the current year, the Company has had an RBI inspection; the report of which is awaited.

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

(₹ in Lakhs)

Asset Classification as per RBI Norms for year ended March 31, 2023	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	5,17,664.54	2,959.88	5,14,704.66	1,102.26	1,857.62
	Stage 2	26,125.43	5,463.35	20,662.08	1,649.29	3,814.06
Subtotal		**5,43,789.98**	**8,423.22**	**5,35,366.74**	**2,751.55**	**5,671.68**
Non-Performing Assets (NPA)						
Substandard	Stage 3	11,441.58	6,428.30	5,013.28	844.65	5,583.65
Doubtful - up to 1 year	Stage 3	-	-	-	391.79	(391.79)
1 to 3 years	Stage 3	-	-	-	497.72	(497.72)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**-**	**-**	**-**	**889.51**	**(889.51)**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Asset Classification as per RBI Norms for year ended March 31, 2023	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
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**11,441.58**	**6,428.30**	**5,013.28**	**1,734.16**	**4,694.13**
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	34,555.27	20.16	34,535.11	-	20.16
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		34,555.27	20.16	34,535.11	-	20.16
Total	Stage 1	5,52,219.81	2,980.04	5,49,239.77	1,102.26	1,877.78
	Stage 2	26,125.43	5,463.35	20,662.08	1,649.29	3,814.06
	Stage 3	11,441.58	6,428.30	5,013.28	1,734.16	4,694.13
	Total	5,89,786.82	14,871.69	5,74,915.13	4,485.71	10,385.97

(₹ in Lakhs)

Asset Classification as per RBI Norms for year ended March 31, 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						
Standard	Stage 1	3,49,541.03	2,461.45	3,47,079.58	1,519.64	941.81
	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	-	-	-	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Asset Classification as per RBI Norms for year ended March 31, 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)
	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**

48. PREVIOUS YEAR FIGURES ARE REGROUPED/RECLASSIFIED, WHEREVER NECESSARY, TO CORRESPOND WITH THE CURRENT YEAR'S CLASSIFICATION / DISCLOSURE.

49. 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

per Sarvesh Warty
Partner
Membership No: 121411

Place: Mumbai
Date: April 27, 2023

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: April 27, 2023

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 [formerly known as "KKR India Financial Services Limited"] (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2023, 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 auditor on separate financial statement and on the other financial information of the subsidiary, 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 as at March 31, 2023, 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 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.

EMPHASIS OF MATTER

We draw attention to Note 43 of the consolidated financial statements describing the demerger during the year ended March 31, 2023. 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 conclusion is not modified in respect of this matter.

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, 2023. 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.

Independent Auditor's Report (Contd.)

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 loans as at balance sheet date (expected credit losses) (refer note 1 – D.6 and note 32 of the consolidated financial statements)	
Ind AS 109 requires the Holding Company to provide for impairment of its loans (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 and other factors which could impact the credit quality of the Company's loans. In the above process, management has applied significant degree of judgements and estimates for the following: • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories) based on past due status or qualitative assessment; • Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis; • Determining macro-economic and other factors impacting credit quality of loans; • Estimation of losses for loan products with no/ minimal historical defaults. In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the consolidated financial statements, it is a key audit matter.	• Read and assessed the Holding Company's accounting policies for impairment of loans considering the requirements of 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. • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation. • Assessed the criteria for staging of loans based on their past-due status as per the requirements of Ind AS 109. Assessed the performing loans on sample basis for any SICR or loss indicators requiring them to be classified under higher stages. • Evaluated segmentation done by the management for PD computation and assessed scenario weights applied for computation of PD • Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, macro-economic factors. • Tested assumptions used by the management of the Holding Company in determining the overlay for macro-economic and other factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
(b) IT systems and controls	
The Financial accounting and reporting systems, of the Holding Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. 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 accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications"). • Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting. • Tested the Holding Company's periodic review of access rights. We also tested requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. • Involved internal experts to verify that the physical servers on which the accounting records are maintained by the Holding Company are present in India and backups are performed on daily basis.

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.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual report, if, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate that 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 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 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; 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 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.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective company(ies).

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, 2023 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

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs. 4.32 lakhs as at March 31, 2023, total revenue of Rs. Nil, total net loss after tax of Rs. 1.08 lakhs, total comprehensive loss of Rs. 1.08 lakhs, for the year ended on that date respectively and net cash outflows of Rs. 8.76 lakhs for the year ended on that date. These financial statements 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.

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 companies, incorporated

in India, as noted in the 'Other Matter' paragraph, there are no 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.

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, 2023 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, 2023 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 1" 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, 2023 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their respective directors. The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company and its subsidiaries incorporated in India for the year ended March 31, 2023.

   (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 1 – D.23 and 4 to the consolidated financial statements in respect of such items as it relates to the Group.

      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, 2023.

Independent Auditor's Report (Contd.)

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 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 have 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.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 01, 2023 for the Holding Company, its subsidiaries, associate companies incorporated in India, hence reporting under this clause is not applicable.

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

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 23121411BGWEFP9819

Place: Mumbai
Date: April 27, 2023

Annexure 1 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date on the consolidated financial statements of InCred Financial Services Limited

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, 2023, 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"), 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.

Annexure 1 (Contd.)

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, 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, 2023, 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 subsidiaries, which is a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

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

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 23121411BGWEFP9819

Place: Mumbai
Date: April 27, 2023

Consolidated Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

Particulars				Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS						
(1)	**Financial assets**					
	(a)	Cash and cash equivalents		2	34,227.75	5,505.98
	(b)	Bank balance other than cash and cash equivalents		3	4,795.43	2,991.36
	(c)	Derivative financial instruments		4	1,388.54	1,181.05
	(d)	Receivables				
		(I)	Trade receivables	5	2.45	108.34
		(II)	Other receivables		-	-
	(e)	Loans		6	5,40,380.02	3,73,226.42
	(f)	Investments		7	7,235.56	8,119.65
	(g)	Other financial assets		8	9,578.75	2,754.80
					5,97,608.50	**3,93,887.60**
(2)	**Non-financial assets**					
	(a)	Current tax assets (net)			1,417.91	1,209.98
	(b)	Deferred tax assets (net)		9	47,140.31	2,038.67
	(c)	Property, plant and equipment		10	4,357.86	3,479.68
	(d)	Capital work-in-progress		11	161.79	293.95
	(e)	Goodwill		43	6,778.74	652.65
	(f)	Other intangible assets		12	666.43	433.27
	(g)	Other non-financial assets		13	2,707.43	1,468.76
					63,230.47	**9,576.96**
	Total assets				**6,60,838.97**	**4,03,464.56**
LIABILITIES AND EQUITY						
LIABILITIES						
(1)	**Financial liabilities**					
	(a)	Derivative financial liabilities		4	727.43	186.87
	(b)	Debt securities		14	1,15,190.08	1,06,523.77
	(c)	Borrowings (other than debt securities)		15	2,71,246.87	1,75,065.49
	(d)	Other financial liabilities		16	20,458.93	8,198.31
					4,07,623.31	**2,89,974.44**
(2)	**Non-financial liabilities**					
	(a)	Provisions		17	2,765.02	324.46
	(b)	Deferred tax liabilities (net)		9	-	728.89
	(c)	Other non-financial liabilities		18	1,789.58	918.07
					4,554.60	1,971.42
EQUITY						
	(a)	Equity share capital		19	46,022.65	46,022.65
	(b)	Other equity		20	2,02,638.41	65,496.05
					2,48,661.06	**1,11,518.70**
Total liabilities and equity					**6,60,838.97**	**4,03,464.56**

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 27, 2023

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: April 27, 2023

Consolidated Statement of Profit & Loss

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars		Note No.	Year ended March 31, 2023	Year ended March 31, 2022
REVENUE FROM OPERATIONS				
(i)	Interest income	21	82,282.87	47,340.06
(ii)	Dividend income		25.18	-
(iii)	Net gain on derecognition of financial instruments under amortised cost category		1,560.88	336.68
(iv)	Fees and commission income	22	2,088.89	1,022.24
(v)	Net (loss)/gain on fair value changes	23	500.05	104.17
(I)	**Total revenue from operations**		**86,457.87**	**48,803.15**
(II)	Other income	24	1,287.52	3,624.09
(III)	**Total income (I + II)**		**87,745.39**	**52,427.24**
EXPENSES				
(i)	Finance costs	25	35,583.91	21,946.81
(ii)	Net loss on derecognition of financial instruments under amortised cost category		25.00	1,045.87
(iii)	Impairment on financial instruments	26	(1,196.29)	4,352.02
(iv)	Employee benefit expenses	27	19,167.79	13,921.43
(v)	Depreciation and amortisation	10 & 12	1,283.42	1,227.80
(vi)	Other expenses	28	8,488.93	5,326.87
(IV)	**Total expenses**		**63,352.76**	**47,820.80**
(V)	**Profit before share of loss of Associates (III - IV)**		**24,392.63**	**4,606.44**
(VI)	Share of loss of associates		10.14	420.90
(VII)	**Profit before exceptional items and tax (V - VI)**		**24,382.49**	**4,185.54**
(VIII)	Exceptional item		4,065.48	-
(IX)	**Profit before tax (VII - VIII)**		**20,317.01**	**4,185.54**
	Tax Expense:			
	(1) Current Tax		461.22	1,358.99
	(2) Tax pertaining to previous years		-	-
	(3) Deferred Tax		7,763.71	(256.21)
(X)	**Total Tax Expense**	29	**8,224.93**	**1,102.78**
(XI)	**Profit for the year (IX - X)**		**12,092.08**	**3,082.76**
(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		(62.34)	(94.84)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**15.92**	**23.87**
	Subtotal (A)		(46.42)	(70.97)
	(B) Items that will be reclassified to profit or loss			
	(a) Debt instruments through other comprehensive income		(73.59)	(120.30)
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		129.99	103.74
	(ii) Income tax relating to items that will be reclassified to profit or loss		**(13.87)**	**4.17**
	Subtotal (B)		42.53	(12.39)
	Other comprehensive income (A + B)		**(3.89)**	**(83.36)**
(XIII)	**Total comprehensive income for the year (XI + XII)**		**12,088.19**	**2,999.40**
	Profit is attributable to:			
	Owners of the Group		12,092.08	3,082.76
	Non controlling interests		-	-
	Other Comprehensive Income is attributable to:			
	Owners of the Group		(3.89)	(83.36)
	Non controlling interests		-	-
	Total Comprehensive Income is attributable to:			
	Owners of the Group		12,088.19	2,999.40
	Non controlling interests		-	-
(XIV)	**Earnings per equity share (Face Value : ₹ 10 per share)**	30		
	Basic (₹)		2.63	0.80
	Diluted (₹)		2.63	0.79
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 27, 2023

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: April 27, 2023

Consolidated Cash Flow Statement
for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	20,317.01	4,185.54
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation, amortisation and impairment	1,283.42	813.72
Loss on sale of property, plant and equipment	10.40	3.40
Net (gain) on fair value changes	(497.41)	(104.17)
Impairment of Goodwill	14,628.66	-
Net gain on derecognition of financial instruments	(1,535.88)	-
Interest Income	(82,282.87)	(47,340.06)
Finance Cost	35,381.59	21,562.20
Impairment on financial instruments	(1,178.60)	4,350.54
Retirement Benefit expenses	207.48	60.92
Share based payment to employees	3,765.87	2,446.59
Provision for dimunition on investment	(8.58)	-
Share in loss of associate	10.14	420.90
Operating cash flow before working capital changes	**(9,898.77)**	**(13,600.42)**
Working capital adjustments		
(Increase) / decrease in other trade receivables	105.89	(99.87)
(Increase) in loans	(1,14,133.80)	(1,22,227.31)
(Increase) in other financial assets	(5,392.34)	(902.32)
(Increase) in other non financial assets	(486.36)	14.03
Increase in other financial liabilities	11,735.45	1,817.10
Increase in provisions	553.02	0.38
Increase in other non financial liabilities	589.61	401.47
Cash (used in) / generated from operations	**(1,16,927.30)**	**(1,34,596.94)**
Interest received on loans	80,569.04	45,746.63
Interest paid on borrowings and debt	(34,955.42)	(21,562.20)
Income taxes paid	2,843.78	(1,831.74)
Net cash (used in) / generated from operating activities	**(68,469.90)**	**(1,12,244.25)**
CASH FLOW GENERATED FROM INVESTING ACTIVITIES		
(Purchase) / Sale of property, plant and equipment	(1,939.45)	(496.34)
(Purchase) / Sale of intangibles assets	(466.95)	(107.08)
(Addition) / Deletion of Capital work-in-progress	132.16	(279.45)
Investment in associate	4,276.47	(999.40)
Proceeds from business combination	35,939.05	-
Purchase of investments	(45,309.07)	(61,273.28)
Proceeds from sale of investments	44,500.37	66,880.30
Investment in term deposits	(1,37,589.04)	(57,680.30)
Proceeds from maturity of term deposits earmarked with banks	1,35,784.97	55,277.40
Net cash (used in) / generated from investing activities	**35,328.50**	**1,321.85**

Consolidated Cash Flow Statement
for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
CASH FLOW GENERATED FROM FINANCING ACTIVITIES		
Issue of equity shares (including securities premium)	-	671.64
Reversal of rent expense	(604.40)	(441.55)
Proceeds / (Repayment) of borrowings (other than debt securities)	55,006.69	81,295.65
Proceeds / (Redemption) of debt securities	8,665.66	32,696.74
Net cash (used in) / generated from financing activities	**63,067.95**	**1,14,222.48**
Net increase / (decrease) in cash and cash equivalents	**29,926.56**	**3,300.08**
Cash and cash equivalents at the beginning of the year	2,788.93	(511.15)
Cash and cash equivalents at the end of the year	**32,715.49**	**2,788.93**

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

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	-	-
Balances with banks		
- Current Accounts	31,695.13	5,255.98
Deposit with bank with maturity less than 3 months	2,532.62	250.00
Cash and cash equivalents (Refer note 2)	34,227.75	5,505.98
Less: Bank overdraft and cash credit (Refer note 15)	(1,512.26)	(2,717.05)
Cash and cash equivalents in cash flow statement	32,715.49	2,788.93

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

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 27, 2023

Place: Mumbai
Date: April 27, 2023

InCred finance

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	46,022.65	46,022.65
Changes in equity share capital during the year	-	-
Balance as at the end of the year	46,022.65	46,022.65

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus					Merger Reserve	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, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**(7,224.42)**	**89.03**	**-**	**15.36**	**(616.81)**	**59,552.34**
Profit for the year	-	-	-	-	3,082.76	-	-	-	-	-	3,082.76
Other comprehensive income for the year	-	-	-	-	(70.97)	-	(90.02)	77.63	-	-	(83.36)
Total comprehensive income for the year (net of tax)					**3,011.79**	**-**	**(90.02)**	**77.63**	**-**	**-**	**2,999.41**
Transfer / utilisations											
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	(270.48)	-	-	-	-	-	-	-
Utilised 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**	**3,900.43**	**5,401.43**	**(7,224.42)**	**(0.99)**	**77.63**	**15.36**	**(616.81)**	**65,496.05**

Statement of Changes in Equity
for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	Reserves and Surplus					Merger Reserve	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						
Profit for the year	-	-	-	-	12,092.08		-	-	-	-	12,092.08
Other comprehensive income for the year	-	-	-	-	(46.42)		(54.74)	97.27	-	-	(3.89)
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**12,045.66**	**-**	**(54.74)**	**97.27**	**-**	**-**	**12,088.18**
Transfer / utilisations											
Purchase consideration towards business combination (Refer Note No 41)	-	-	98,118.06	-		24,255.34	-	-	-	-	1,22,373.40
Transferred to special reserve from retained earnings	2,416.02	-	-	-	(2,416.02)	-	-	-	-	-	-
Share based payment expense	-	-	3,758.07	-		-	-	-	-	-	3,758.07
Transfer from share based payment reserve (Refer Note No 31)	-	-	3,900.43	(3,900.43)	-	-	-	-	-	-	-
Transfer of business (Refer Note No 41)	-	-	-		(1,077.31)	-	-	-	-	-	(1,077.31)
Balance at March 31, 2023	**3,795.09**	**62,498.29**	**1,05,842.66**	**-**	**13,953.76**	**17,030.92**	**(55.73)**	**174.90**	**15.36**	**(616.81)**	**2,02,638.41**

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 27, 2023

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: April 27, 2023

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

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 October 25, 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 are authorised for issue by the Parent's Board of Directors on April 27, 2023.

B. Basis of preparation

(BA) The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS 34) 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, various directions issued by the Reserve Bank of India from time to time. 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 March 13, 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI. The Company uses accrual basis of accounting except as explained in 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 ('₹'), 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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 recognised at cost.

- Equity method

  Under equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise 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 recognised 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 recognise 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 recognised 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 recognised 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 recognised 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 recognised 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 recognises 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 recognised 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 recognised 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 recognised 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 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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 categorised 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 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 recognised 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 at each reporting period 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 each reporting period 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 each reporting period 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 each reporting period 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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 derecognises 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.

The Group sells, assigns (including Co-lending transaction) its loans to counter-parties wherein the risk and reward of the asset is transferred for the entire/substantial portion of the Loan. As per Ind AS 109, Financial assets are derecognised on the date of assignment. Any right on interest on sold portion of asset is recognised as a financial asset at fair value, basis the scheduled cash flows on execution of the transaction estimated for prepayments and defaults. Estimated costs to be incurred for servicing the de-recognised portion is recorded as servicing liability at fair value.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

If the Group enters into transactions whereby it transfers assets recognised 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 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. 12'month ECL is recognised on stage 1 exposures.

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. Lifetime ECL is recognised for exposures with 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.

W.e.f October 01, 2022, a financial instrument is considered as Stage 3 if the asset crosses 90 days pass due and remains in overdue category. This is aligned to the definition of default for loan assets stipulated in RBI circular dated November 12, 2021 – "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances – Clarifications" (the "RBI circular"). For exposures that have become credit impaired, a lifetime ECL is recognised. Stage 3 exposures represent Non-Performing Assets (NPA).

Credit-impaired financial assets:

At each reporting period, the Group assesses whether financial assets carried at amortised cost and 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 (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

While estimating the PD, the Company reviews macro-economic developments occurring in the economy and market it operates in. On annual basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, private consumption rate, Gross national saving/investment, real wholesale & retail trade and services with the estimate of PD. Typically, these macro-economic scenarios span a base case, plus an upside and downside scenario.

The ECL model allows for multiple macro-economic scenarios to be reflected in a probabilistic manner. The weights are reviewed on annual basis.

Exposure at Default (EAD)- The Exposure at Default is an estimate of the exposure at a future default date.

Loss Given Default (LGD)- The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the 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

In absence of enough historical data, LGD rates are adopted from RBI circular "Implementation of the Internal Rating Based (IRB) Approaches for Calculation of Capital Charge for Credit Risk" by RBI dated December 22, 2011.- (RBI/2011-12/311 DBOD.No.BP.BC.67/21.06.202/2011-12) .

The Group may also make additional impairment allowance based on its assessment of risk profile and create safeguard from potential future events.

Write-offs

The Group writes off Retail secured and unsecured loans which have a days past due (DPD) for more than 18 months and 15 months 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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 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 recognises 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 recognises 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 recognised 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:

i 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

ii 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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	60 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 amortisation 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 these 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 these 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 recognised by applying the effective interest rate to the recoverable amount 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 are recognised only on receipt basis.

16. Income from de-recognition of assets:

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the transferee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction estimated for prepayments and defaults, discounted at the applicable rate entered into with the transferee is recorded upfront, net off estimated cost, in the statement of profit and loss.

17. Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

18. 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.

vi. 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.

19. 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 recognised 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.

20. 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.

21. 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.

22. 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.

23. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognised 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 recognised 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.

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. The Company assesses its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts periodically and ensures that appropriate treatment has been made as required under Ind AS.

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.

24. 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

25. Standards issued but not yet effective upto the date of issuance of the financial statements

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments applies to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The above amendments are applicable for annual periods beginning on or after April 01, 2023.The Group is currently assessing the impact of the amendments.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

2. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks	31,695.13	5,255.98
Fixed Deposit with banks with original maturity of less than 3 months	2,532.62	250.00
Total	**34,227.75**	**5,505.98**

3. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed deposit with bank with original maturity of more than 3 months*	4,795.43	2,991.36
Total	**4,795.43**	**2,991.36**

*Includes lien marked fixed deposits for borrowings amounting to ₹ 4,121.04 lakhs (Previous Year ₹ 2,946.04 lakhs)

4. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Derivative financial assets		
(i) Cross Currency Interest Rate Swaps		
Cash flow hedge (Notional amount : 5,110.00 , PY : 5,110.00)*	875.63	299.22
(ii) Equity Linked Derivatives		
Options and futures (Notional amount : 5,718.00, PY : 5,443.98) (Refer note 15)	512.91	881.83
Total	**1,388.54**	**1,181.05**
(B) Derivative financial liabilities		
Embedded Derivative on Market Linked Debentures (Notional amount : 5,790.00, PY : 4,620.00) (Refer Note 15)	727.43	186.87
Total	**727.43**	**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

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Unsecured, considered good	2.46	108.74
Allowance for impairment loss	(0.01)	(0.40)
Total	**2.45**	**108.34**

Refer Note 51 for ageing of the outstanding balance

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

6. LOANS

(₹ in Lakhs)

Particulars			As at March 31, 2023 Amortised cost	As at March 31, 2022 Amortised cost
(A)	(i)	Term loans*	5,55,231.55	3,82,323.85
	(ii)	Loans repayable on demand	-	-
	Total - Gross		**5,55,231.55**	**3,82,323.85**
	Less: Impairment loss allowance		(14,851.53)	(9,097.43)
	Total - Net of impairment loss allowance (A)		**5,40,380.02**	**3,73,226.42**
(B)	(i)	Secured by tangible assets**	1,92,715.85	1,54,384.85
	(ii)	Covered by Bank and Government guarantees	2,833.05	4,778.52
	(iii)	Unsecured	3,59,682.65	2,23,160.48
	Total - Gross		**5,55,231.55**	**3,82,323.85**
	Less: Impairment loss allowance		(14,851.53)	(9,097.43)
	Total - Net of impairment loss allowance (B)		**5,40,380.02**	**3,73,226.42**
(C)	**Loans in India**			
	(i)	Public sectors	-	-
	(ii)	Others	5,55,231.55	3,82,323.85
	Total - Gross		**5,55,231.55**	**3,82,323.85**
	Less: Impairment loss allowance		(14,851.53)	(9,097.43)
	Total - Net of impairment loss allowance (C)		**5,40,380.02**	**3,73,226.42**

* Does not include outstanding of ₹ 51,045.20 lakhs (PY : 2,085.00 lakhs) derecognised on account of Co-Lending transaction.

**Secured by charge on immovable properties, vehicles, inventories and receivables.

7. INVESTMENTS

(₹ in Lakhs)

Particulars		As at March 31, 2023	As at March 31, 2022
(A)	At Amortised Cost		
	- Debt securities	1,500.00	855.47
(B)	At Fair Value Through Other Comprehensive Income (FVOCI)		
	- Debt securities	4,617.81	2,909.12
(C) At Fair Value Through Profit or Loss (FVTPL)			
	- Liquid funds	1,116.13	78.65
(D)	Others		
Equity instruments			
-	Associates (Refer Note 34 and note 49)	-	4,276.47
-	Convertible Preference Shares	9.66	9.22
Total - Gross (E= A+B+C+D)		**7,243.60**	**8,128.93**
Investments in India (F)		7,243.60	8,128.93
Total - Gross (G)		**7,243.60**	**8,128.93**
Less: Allowance for impairment loss on amortised cost (H)		-	(0.03)
Less: Allowance for impairment loss FVOCI (I)		(8.04)	(9.25)
Total - Net (G- H - I)		**7,235.56**	**8,119.65**

* Investments at amortised cost and FVOCI are all classified as Stage I under credit risk

** Others are measured as per Equity method

8. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2023 Amortised cost	As at March 31, 2022 Amortised cost
Security Deposits (Unsecured, considered good)	758.21	340.08
Retained interest on Loans derecognised	2,775.31	336.68
Receivables from related parties (Refer Note 34)	1,815.55	504.35
Balances with Partners/Anchors	570.51	746.31
Margin money deposit	-	150.00
Others	272.20	677.52
Receivable from Co-lending assignment	3,580.24	-
Less: Allowance for impairment loss	(193.27)	(0.14)
Total	**9,578.75**	**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 year ended March 31, 2023:

(₹ in Lakhs)

Particulars	As at April 1, 2022	Merger Adjustment	Demerger Adjustment	Recognised in profit and loss	Recognised in OCI	As at March 31, 2023
Deferred tax assets						
Provision for impairment loss on financial instruments	2,282.81	4,975.54	(54.25)	5,003.39	-	12,207.49
Provision for employee benefit plans	78.99	212.63	-	368.01	15.92	675.55
Disallowance of merger expenses	148.69	248.50	-	(182.41)	-	214.78
Lease liability	67.27	-	-	18.25	-	85.52
Fair value change on financial instruments	57.92	3,355.18	-	(3,401.24)	-	11.86
Unabsorbed business loss/capital loss	-	44,629.29	-	(9,862.59)	-	34,766.70
Difference between written down value of property plant and equipment and Intangible assets as per the books of accounts and income tax	98.51	-	-	(11.20)	-	87.31
Fair value change of investment valued at Fair value through OCI	(2.97)	-	-	30.87	(13.87)	14.03
Total (A)	**2,731.22**	**53,421.14**	**(54.25)**	**(8,036.92)**	**2.05**	**48,063.24**
Deferred tax liabilities						
EIR impact on financial instruments	(692.55)	(85.05)	(1.62)	199.50	-	(579.72)
Fair valuation of investments in associate	(728.89)	-	-	728.89	-	-
Others	-	311.97	-	(655.18)	-	(343.21)
Total (B)	**(1,421.44)**	**226.92**	**(1.62)**	**273.21**	**-**	**(922.93)**
Deferred tax assets (net) (A+B)	**1,309.78**	**53,648.06**	**(55.87)**	**(7,763.71)**	**2.05**	**47,140.31**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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:

(₹ in Lakhs)

Particulars	As at April 1, 2021	Merger Adjustment	Demerger Adjustment	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. (₹ 2,038.67 lakhs - ₹ 728.89 lakhs)

10. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
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**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2023								
At carrying cost at the beginning of the year	22.71	160.73	974.98	202.59	1,113.71	383.78	2,942.40	5,800.89
Additions during the year	-	132.37	415.57	138.17	447.52	37.53	863.49	2,034.64
Acquisition of subsidiary	-	-	-	-	19.59	-	-	19.59
Disposals		(28.99)	(11.02)	(19.19)	-	-	(313.90)	(373.11)
Gross carrying value as March 31, 2023	**22.71**	**264.10**	**1,379.54**	**321.56**	**1,580.82**	**421.30**	**3,491.98**	**7,482.02**
Accumulated depreciation as at the beginning of the year	1.54	35.03	241.74	93.69	681.87	175.78	1,091.57	2,321.22
Depreciation for the year	0.38	25.27	197.54	53.58	280.93	40.75	451.17	1,049.62
Acquisition of subsidiary	-	-	-	-	16.63	-	-	16.63
Disposals	-	(10.38)	(3.77)	(16.18)	-	-	(232.95)	(263.30)
Accumulated depreciation as at March 31, 2023	**1.92**	**49.90**	**435.51**	**131.09**	**979.44**	**216.51**	**1,309.78**	**3,124.16**
Net carrying value as at March 31, 2023	**20.79**	**214.20**	**944.03**	**190.47**	**601.38**	**204.79**	**2,182.19**	**4,357.86**

* Immovable properties have been pledged against debt securities issued. Refer Note 14

** Refer Note 36 for recognition of right-of-use assets

11. CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

Capital work in progress (CWIP)	As at March 31, 2023				As at March 31, 2022			
	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	161.79	-	-	-	293.95	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
	161.79	**-**	**-**	**-**	**293.95**	**-**	**-**	**-**

12. OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Computer software
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**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	Computer software
Year ended March 31, 2023	
At cost at the beginning of the year	1,386.11
Additions during the year	466.95
Gross carrying value as March 31, 2023 (A)	**1,853.06**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	952.84
Amortisation for the year	233.79
Accumulated amortisation as at March 31, 2023 (B)	**1,186.63**
Net carrying value as at March 31, 2023 (A-B)	**666.43**

13. OTHER NON-FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	356.08	298.63
Advances to vendors	132.35	94.73
GST receivable	2,219.00	1,075.40
Total	**2,707.43**	**1,468.76**

14. DEBT SECURITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Debentures	1,14,207.24	95,683.00
Commercial Paper	982.84	10,840.77
Total	**1,15,190.08**	**1,06,523.77**
Debts securities in India	1,15,190.08	1,06,523.77
Debt securities outside India	-	-
Total	**1,15,190.08**	**1,06,523.77**

Terms and conditions

(₹ in Lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
1	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 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.	June 22, 2023	5,364.39	5,313.88
2	1,000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	June 26, 2023	10,729.18	10,689.83
3	350, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 7,50,000 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.	Principal & Coupon Payment to be paid quarterly	August 30, 2024	2,626.94	-
4	250, 9.10% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	June 04, 2022	-	628.49
5	1,150, 10.95% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 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.	July 27, 2024	12,293.76	12,128.60
6	5,21,273, 0% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 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.	February 17, 2023	-	5,203.54
7	4,15,484, 9.25% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 1,000 each		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	February 17, 2024	4,175.32	4,146.15
8	53,836, 9.13% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 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.	February 17, 2024	537.61	1,074.31

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
9	17,38,325, 9.45% Secured Rated Listed Redeemable Non-Convertible issued at ₹ 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid quaterly.	May 02, 2025	17,347.01	-
10	2,54,599, 9.80% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 1,000 each		Redeemable at par at the end of 820 days from the date of allotment. Coupon to be paid annually.	May 02, 2025	2,543.63	-
11	1,47,712, 9.65% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid quaterly.	May 02, 2026	1,466.09	-
12	1,69,758, 10.00% Secured Rated Listed Redeemable Non-Convertible Debentures issued at ₹ 1,000 each		Redeemable at par at the end of 1185 days from the date of allotment. Coupon to be paid annually.	May 02, 2026	1,684.95	-
13	550, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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.	March 03, 2023	-	6,406.88
14	370, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	July 28, 2023	4,491.65	1,657.03
15	372, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	October 20, 2022	-	4,056.95

(₹ in Lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
16	154, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	May 26, 2023	1,828.81	1,658.75
17	139, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	October 04, 2024	1,387.36	1,400.88
18	150, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	April 26, 2024	1,359.24	1,527.53
19	200, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	December 29, 2022	-	2,132.32
20	389, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	August 29, 2023	4,529.57	2,139.44

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
21	1,330, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	April 22, 2024	15,163.88	3,309.36
22	7,500, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 1,00,000		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	April 03, 2023	8,739.96	7,707.02
23	400, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	June 23, 2023	4,460.70	4,062.03
24	173, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	May 08, 2025	1,369.88	1,705.86
25	117, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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 25% of the initial fixing level or else at par	December 05, 2025	975.69	-

(₹ in Lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2023	As at March 31, 2022
26	250, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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	April 08, 2025	2,598.43	-
27	1,000, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 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 1279 days from the date of allotment (or on the call option exercise date of January 04, 2023) if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	November 04, 2024	-	10,780.60
28	750, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of ₹ 10,00,000		Redeemable with agreed coupon at the end of 912 days from the date of allotment (or on the call option exercise date of April 03, 2023) if NIFTY final fixing level is greater than or equal to 25% of the initial fixing level or else at par	March 29, 2024	8,533.19	7,953.55
29	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	982.84	10,840.77
	Total				**1,15,190.08**	**1,06,523.77**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

15. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Lakhs)

Particulars	As at March 31, 2023 Amortised cost	As at March 31, 2022 Amortised cost
(a) Term loans		
(i) from banks	2,13,635.31	1,42,452.01
(ii) from other parties	41,108.05	19,839.77
(b) Inter corporate borrowings from other parties	-	4,550.00
(c) Loans repayable on demand (Net)		
(i) from banks	16,503.51	8,223.71
Total	**2,71,246.87**	**1,75,065.49**
Borrowings in India	2,65,470.63	1,69,735.67
Borrowings outside India	5,776.24	5,329.82
Total	**2,71,246.87**	**1,75,065.49**

Note : The borrowings from banks and financial institutions have been used for the specific purpose for which it was borrowed.

Terms and conditions

(₹ in Lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2023	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 asset cover requirement of each lender, 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 9.61% p.a.	2,13,635.31	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 asset cover requirement of each lender, 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 10.55% p.a.	35,331.81	14,509.95
b) Others- External commercial borrowings	Term Loan from Others (External Commercial Borrowings) 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 asset cover requirement of each lender, 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."	5,776.24	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 7.98% p.a.	-	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 asset cover requirement of each lender, stipulated in respect of the outstanding facilities.	CC / WCDL facilities (Net amount) are repayable on demand with renewal at the end of 1 year. Interest is payable on a monthly basis at an average ROI of 9.32% p.a.	16,503.51	8,223.71
Total			**2,71,246.87**	**1,75,065.49**

16. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liability (Refer Note 36)	2,522.02	2,141.57
Collaterals received towards loans	7,201.54	3,098.48
Security deposits	69.92	55.35
Payable on servicing portfolio	2,351.39	106.13
Provision for expenses	4,007.95	2,769.74
Payable to customers	3,431.01	5.36
Servicing liability on loans derecognised	610.00	-
Others	265.10	21.68
Total	**20,458.93**	**8,198.31**

17. PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	2,744.86	315.04
Expected credit loss provision on undrawn commitments	20.16	9.42
Total	**2,765.02**	**324.46**

18. OTHER NON-FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	1,789.58	918.07
Total	**1,789.58**	**918.07**

19. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022*	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of ₹ 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 ₹ 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**

*Refer Note No 1 and 43 for details of the Scheme of Arrangement.

Terms/rights attached to equity shares

The Group has only one class of equity shares having par value of ₹ 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 for the year ended March 31, 2023 (Contd.)

Equity shares held by holding company

Out of the equity shares issued by the group, shares held by its holding company :

(₹ in Lakhs)

Name of shareholder	As at March 31, 2023		As at March 31, 2022*	
	No. of shares held	Amount	No. of shares held	Amount
InCred Holdings Limited (formerly known as KKR Capital Markets Private Limited)	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:

(₹ in Lakhs)

Name of shareholder	As at March 31, 2023		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 Private Limited)	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 :

(₹ in Lakhs)

Name of shareholder	As at March 31, 2023		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 Private Limited)	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

(₹ in Lakhs)

Name of shareholder	As at March 31, 2023		As at March 31, 2022*	
	Number	Amount	Number	Amount
At the beginning of the year	46,02,26,538	46,022.65	46,02,26,538	46,022.65
Add: Issued during the year				
Shares issued during the year	-		-	-
Stock options exercised during the year	-	-	-	-
Preference shares converted into equity shares	-	-	-	-
At the end of the year	**46,02,26,538**	**46,022.65**	**46,02,26,538**	**46,022.65**

20. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus					Merger Reserve	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, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**(7,224.42)**	**89.03**	**-**	**15.36**	**(616.81)**	**59,552.34**
Profit for the year	-	-	-	-	3,082.76	-	-	-	-	-	3,082.76
Other comprehensive income for the year	-	-	-	-	(70.97)	-	(90.02)	77.63	-	-	(83.36)
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**3,011.79**	**-**	**(90.02)**	**77.63**	**-**	**-**	**2,999.41**
Transfer / utilisations											
Additions during the year (cash premium)	-	497.86	-	-	-	-	-	-	-	-	497.86
Additions during the year (non-cash premium)	-	270.48	-	(270.48)	-	-	-	-	-	-	-
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**	**3,900.43**	**5,401.43**	**(7,224.42)**	**(0.99)**	**77.63**	**15.36**	**(616.81)**	**65,496.05**
Profit for the year	-	-	-	-	12,092.08	-	-	-	-	-	12,092.08
Other comprehensive income for the year	-	-	-	-	(46.42)	-	(54.74)	97.27	-	-	(3.89)
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**12,045.66**	**-**	**(54.74)**	**97.27**	**-**	**-**	**12,088.18**
Transfer / utilisations											
Purchase consideration towards business combination (Refer Note No 42)	-	-	98,118.06	-	-	24,255.34	-	-	-	-	1,22,373.40
Transferred to special reserve from retained earnings	2,416.02	-	-	-	(2,416.02)	-	-	-	-	-	-
Share based payment expense	-	-	3,758.07	-	-	-	-	-	-	-	3,758.07
Transfer from share based payment reserve (Refer Note No 35)	-	-	3,900.43	(3,900.43)	-	-	-	-	-	-	-
Transfer of business (Refer Note No 42)	-	-	-	-	(1,077.31)	-	-	-	-	-	(1,077.31)
Balance at March 31, 2023	**3,795.09**	**62,498.29**	**1,05,842.66**	**-**	**13,953.76**	**17,030.92**	**(55.73)**	**174.90**	**15.36**	**(616.81)**	**2,02,638.41**

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 issued by InCred Holdings Limited (formerly known as KKR Capital Markets Private Limited) 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 42. The reserves also includes share based arrangement where the Holding Company has granted equity settled options to the employees of the Group. Refer Note No 35.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)

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. During the current year, the Holding Company has adopted new ESOP Scheme. Refer Note no 35.

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.

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 42.

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.

21. INTEREST INCOME

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial assets measured at amortised cost:		
- Interest on loans	80,205.44	45,746.63
- Interest income from investments	419.07	862.39
- Interest on deposits with banks	855.05	122.17
On Financial Assets measured at fair value through profit or loss:		
- Interest on loans	363.60	-
On Financial Assets measured at fair value through Other Comprehensive Income:		
- Interest income from investments	439.71	608.87
Total	**82,282.87**	**47,340.06**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the year ended March 31, 2023 and March 31, 2022.

22. FEES AND COMMISSION INCOME

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Loan servicing and administration charges	2,088.89	966.24
Service fees (Refer Note 33)	-	56.00
Total	**2,088.89**	**1,022.24**
Geographical Markets		
Within India	2,088.89	1,022.24
Outside India	-	-
Total	**2,088.89**	**1,022.24**
Timing of revenue recognition		
Services transferred at a point in time	2,088.89	1,022.24
Services transferred over time	-	-
Total	**2,088.89**	**1,022.24**

Note: For receivable balances against the income, refere note no 8

23. NET (LOSS)/ GAIN ON FAIR VALUE CHANGES

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	498.73	138.81
- Derivatives	1.32	(34.64)
Total	**500.05**	**104.17**
Fair value changes:		
- Realised	498.73	(34.64)
- Unrealised	1.32	138.81

24. OTHER INCOME

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Marketing fees	510.00	1,331.47
Business support charges	273.26	2,055.20
Other income	504.26	237.42
Total	**1,287.52**	**3,624.09**

25. FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	23,131.97	10,593.94
(ii) Discount on Commercial Paper	749.41	487.26
(iii) Interest on Debentures	10,968.39	10,206.40
(iv) Interest on Inter Corporate Debts ("ICD")	105.65	274.60
(v) Interest on lease liability (Refer Note 36)	202.32	199.18
(vi) Other finance cost	426.17	185.43
Total	**35,583.91**	**21,946.81**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

26. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Lakhs)

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
On Financial instruments measured at amortised cost			
-	Loans (including amount written off, net of recovery)	(1,187.18)	4,360.72
-	Investments	(8.58)	(3.90)
-	Others	(0.53)	(4.80)
Total		**(1,196.29)**	**4,352.02**

27. EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	14,283.38	10,897.47
Contribution to provident and other funds	382.34	280.21
Share based payment to employees (Refer Note 35)	3,765.87	2,446.48
Staff welfare expenses	526.50	234.13
Retirement Benefit expenses (Refer Note 34)	207.48	60.92
Others	2.22	2.22
Total	**19,167.79**	**13,921.43**

28. OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Information Technology expenses	1,748.41	1,360.83
Cost of collection	1,559.81	1,150.94
Legal, professional and consultancy charges	1,875.89	1,144.55
Office Expense	642.34	469.16
Travelling and conveyance	453.45	260.73
Advertisement, publicity and sales promotion expenses	407.57	226.59
Rating fees	199.59	189.75
Payment to auditors	140.28	122.83
Directors' sitting fees (Refer Note 33)	40.96	45.35
Stamp Duty & Filing fees	41.43	30.81
Bank charges	36.15	26.68
Repairs and maintenance	20.74	28.06
Corporate Social responsibility (Refer Note 40)	-	16.35
Rent (Refer Note 36)	166.62	27.31
Membership and Subscription	6.19	4.70
Miscellaneous expenses	1,149.50	222.23
Total	**8,488.93**	**5,326.87**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

Payment to the auditors:

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Auditor's remuneration		
- Audit fees	94.15	79.33
- Limited review	29.71	18.97
In other capacity		
- Certification services	16.42	24.53
Total	**140.28**	**122.83**

Excludes fees of ₹ 47.43 lakhs (exlcuding GST) (Previous year ₹ 15.00 lakhs) incurred during the year 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.

29. TAX EXPENSE

(a) Amounts recognised in profit and loss

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax expense		
Current year	461.22	1,358.99
Current tax expense	461.22	1,358.99
Deferred tax expense		
Origination and reversal of temporary differences	7,763.71	(256.21)
Current tax expense	**7,763.71**	**(256.21)**
Tax expense for the year	**8,224.93**	**1,102.79**

(b) Amounts recognised in other comprehensive income

(₹ in Lakhs)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	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)	(62.34)	15.92	(46.42)	(94.84)	23.87	(70.97)
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(73.59)	18.85	(54.74)	(120.30)	30.28	(90.02)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	129.99	(32.72)	97.27	103.74	(26.11)	77.63
Total	**(5.94)**	**2.05**	**(3.89)**	**(111.40)**	**28.04**	**(83.36)**

(d) Reconciliation of effective tax rate

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax as per Statement of profit and loss	20,317.01	4,185.54
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	5,113.79	1,053.50
Tax effect of:		

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Tax effect of amounts which are not deductible in calculating taxable income	3,377.23	60.49
Effect of income exempt from income tax	-	(25.17)
Tax pertaining to prior year	-	-
Other adjustments	(266.09)	13.96
Total income tax expense	**8,224.93**	**1,102.78**
Effective tax rate	**40.48%**	**26.35%**

30. 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:

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to equity holders of the Company used in calculating basic earnings per share	12,092.08	3,082.76
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	12,092.08	3,082.76

ii. Weighted average number of ordinary shares

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	46,02,26,538	38,60,17,437
Add: Adjustments for calculation of diluted earnings per share	-	21,16,274
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	46,02,26,538	38,81,33,711
Basic earnings per share	**2.63**	**0.80**
Diluted earnings per share	**2.63**	**0.79**

Refer Note No 42 - Composite Scheme of Arrangement

31. 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 :

(₹ in Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	34,227.75		-	5,505.98
Bank balance other than cash and cash equivalents	-	-	4,795.43	-	-	2,991.36
Derivative finncial instruments	1,388.54	-	-	1,181.05	-	-
Receivables						
(I) Trade receivables	-	-	2.45	-	-	108.34
(II) Other receivables	-	-	-	-	-	-
Loans	-	-	5,40,380.02	-	-	3,73,226.42
Investments						
- Liquid funds	1,116.13	-	-	78.65		-
- Debt securities		4,609.77	1,500.00		2,899.87	855.44
- Convertible preference shares	9.66	-	-	9.22	-	
Other financial assets	-	-	9,578.75	-	-	2,754.80
Total financial assets	**2,514.33**	**4,609.77**	**5,90,484.40**	**1,268.92**	**2,899.87**	**3,85,442.34**
Financial liabilities						
Derivative finncial instruments	727.43	-	-	186.87	-	-
Debt securities	-	-	1,15,190.08	-	-	1,06,523.77
Borrowings (other than debt securities)	-	-	2,71,246.87	-	-	1,75,065.49
Other financial liabilities	-	-	20,458.93	-	-	8,198.31
Total financial liabilities	**727.43**	**-**	**4,06,895.88**	**186.87**	**-**	**2,89,787.57**

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:

(₹ in Lakhs)

Particulars	Fair value							
	As at March 31, 2023				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Convertible preference shares	-	9.66	-	9.66	-	9.22	-	9.22
Investment in liquid funds	1,116.13	-	-	1,116.13	78.65	-	-	78.65
Derivative financial instruments			1,388.54	1,388.54	-	-	1,181.05	1,181.05
Investment in debt securities	-	-	4,609.77	4,609.77	-	-	2,899.87	2,899.87
Total	**1,116.13**	**9.66**	**5,998.31**	**7,124.10**	**78.65**	**9.22**	**4,080.92**	**4,168.79**
Financial liabiltiies								
Derivative financial instruments	-	-	727.43	727.43	-	-	186.87	186.87
Total	**-**	**-**	**727.43**	**727.43**	**-**	**-**	**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.

(₹ in Lakhs)

Particulars	Fair value							
	As at March 31, 2023				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	34,227.75	-	-	34,227.75	5,505.98	-	-	5,505.98
Bank balance other than cash and cash equivalents	4,795.43	-	-	4,795.43	2,991.36	-	-	2,991.36
Receivables								
(I) Trade receivables	2.45	-	-	2.45	108.34	-	-	108.34
(ii) Other receivables	-	-	-	-	-	-	-	-
Investments								
- Debt securities	-	-	1,500.00	1,500.00	-	-	855.44	855.44
Loans	-	-	6,01,741.00	6,01,741.00	-	-	3,96,023.64	3,96,023.64
Other financial assets	9,578.75	-	-	9,578.75	2,754.80	-	-	2,754.80
Total	**48,604.38**	**-**	**6,03,241.00**	**6,51,845.38**	**11,360.48**	**-**	**3,96,879.08**	**4,08,239.56**
Financial Liabilities								
Debt securities	-	-	1,17,566.27	1,17,566.27	-	-	1,07,546.28	1,07,546.28
Borrowings (other than debt securities)	-	-	2,71,156.72	2,71,156.72	-	-	1,75,643.97	1,75,643.97
Other financial liabilities	20,458.93	-	-	20,458.93	8,198.31	-	-	8,198.31
Total	**20,458.93**	**-**	**3,88,722.99**	**4,09,181.92**	**8,198.31**	**-**	**2,83,190.25**	**2,91,388.56**

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	34,227.75	34,227.75	5,505.98	5,505.98
Bank balance other than cash and cash equivalents	4,795.43	4,795.43	2,991.36	2,991.36
Derivative financial instruments	1,388.54	1,388.54	1,181.05	1,181.05
Receivables				
(I) Trade receivables	2.45	2.45	108.34	108.34
(II) Other receivables	-	-	-	-
Loans	5,40,380.02	6,01,741.00	3,73,226.42	3,96,023.64
Investments				
- Liquid funds	1,116.13	1,116.13	78.65	78.65
- Debt securities at Other comprehensive income	4,609.77	4,609.77	855.44	855.44
- Debt securities at amortised cost	1,500.00	1,500.00	2,899.87	2,899.87
Convertible preference shares	9.66	9.66	9.22	9.22
Other financial assets	9,578.75	9,578.75	2,754.80	2,754.80
Total	**5,97,608.50**	**6,58,969.48**	**3,89,611.13**	**4,12,408.35**
Financial liabilities				
Derivative financial instruments	727.43	727.43	186.87	186.87
Debt securities	1,15,190.08	1,17,566.27	1,06,523.77	1,07,546.28
Borrowings (other than debt securities)	2,71,246.87	2,71,156.72	1,75,065.49	1,75,643.97
Other financial liabilities	20,458.93	20,458.93	8,198.31	8,198.31
Total	**4,07,623.31**	**4,09,909.35**	**2,89,974.44**	**2,91,575.43**

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:

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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, 2023 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 liquid fund:**

The investment in liquid 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, 2023 and March 31, 2022.

D. **Sensitivity analysis of financial instruments at Level 3**

Particulars	Input name	As at March 31, 2023		As at March 31, 2022*	
		Delta effect of		Delta effect of	
		+ 1% change	- 1% change	+ 1% change	- 1% change
Financial Assets:					
Loans	Discount rate	(3,639.93)	3,719.65	(2,035.95)	2,077.02
Investment in debt securities	Gsec rate	(10.53)	10.69	(9.46)	9.58
Derivative Financial Instruments	Volatility rate	21.56	(21.91)	25.11	(33.00)
Financial Liabilities:					
Debt securities	Discount rate	(22.16)	19.43	146.99	(149.14)
Borrowings (other than debt securities)	Discount rate	(336.15)	344.16	(663.65)	678.98
Derivative Financial Instruments	Volatility rate	21.87	(25.12)	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, 2023 and March 31, 2022

(₹ in Lakhs)

Particulars	Derivative	Debt Instruments
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**
Acquisitions/(Disposal)	-	1,782.28
Gains recognised in other comprehensive income	576.41	(73.59)
As at March 31, 2023	**875.63**	**4,617.81**

32. 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 minimise 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 amortised 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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 recognise 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.

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%)
	Student Loans					
	Supply Chain Finance					
	Escrow Backed Unsecured Business Loan					50% basis management estimates
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					
	Micro Finance	In absence of sufficient default data, a management judgement-based PD is used in line with industry benchmarks				
	Loan Against Property					
	Home Loans					

As at March 31, 2023

(₹ in Lakhs)

Particulars	Asset group	Gross carrying amount	Expected credit losses	Net carrying amount
Stage 1	Term Loans*	5,17,664.54	2,959.88	5,14,704.66
	Loan commitments	34,555.27	20.16	34,535.11
Stage 2	Term Loans	26,125.43	5,463.35	20,662.08
Stage 3	Term Loans	11,441.58	6,428.30	5,013.27

* Out of the above GCA of 5,17,664.54 from 3,90,019 loan accounts, 3,72,262 loan accounts with GCA of ₹ 4,95,542.17 lakhs are zero days past due.

As at March 31, 2022

(₹ 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.

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. While considering the macreconomic factor Group consider economic span of base case, plus upside and downside scenario.

(ii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

The below table signifies movement of gross carrying amount:

(₹ 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	(797.77)	(72.00)	(379.33)
Loan exposure on April 01, 2022	**3,97,263.85**	**26,300.33**	**10,432.03**
Change in opening credit exposure	(2,52,032.71)	1,179.26	(4,167.47)
New credit exposures during the year, net of repayment*	3,76,402.96	3,283.46	1,239.05
Transferred to 12-month ECL	5,126.57	(5,103.82)	(22.75)
Transferred to Lifetime ECL not credit impaired	(4,103.52)	4,109.52	(5.99)
Transferred to Lifetime ECL credit impaired	(4,992.61)	(3,643.32)	8,635.92
Write – offs	-	-	(4,669.21)
Loan exposure on March 31, 2023	**5,17,664.54**	**26,125.43**	**11,441.58**

*represents outstanding balance of loan exposures originated during the year as at reporting date.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

For Loan loss allowance:

(₹ 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	63.41	(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**
Transfer of credit exposure due demerger	(15.59)	(15.85)	(184.07)
Loss allowance on Apr 01, 2022	**2,445.86**	**1,213.24**	**5,222.82**
Change in opening credit exposure	(1,915.03)	4,348.76	4,915.20
New credit exposures during the year, net of repayment*	2,254.94	438.44	596.51
Transferred to 12-month ECL	294.64	(283.22)	(11.42)
Transferred to Lifetime ECL not credit impaired	(35.68)	38.89	(3.20)
Transferred to Lifetime ECL credit impaired	(84.83)	(292.77)	377.60
Write – offs	-	-	(4,669.21)
Loss allowance on March 31, 2023	**2,959.88**	**5,463.35**	**6,428.30**

*represents outstanding balance of loss allowance on loan exposures originated during the year as at reporting date.

For investments

(₹ 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	(1.24)
Loss allowance on March 31, 2023	**8.04**

For loan commitments

(₹ 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	10.74
Loss allowance on 31 March 2023	**20.16**

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 March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID19 -Regulatory Package', the Group had granted moratorium up to six months on the payment of instalments which became due between March 01 , 2020 and August 31, 2020 to all eligible borrowers. During the financial year 2022 and 2021, the Group 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 05, 2021 for COVID-19 induced stress. As at March 31, 2023, the Group 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 Group 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").

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:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Expiring within one year	26,137.00	17,010.00
Total	**26,137.00**	**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 March 31, 2023

(₹ 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	727.43	(727.43)	-	(727.43)	-	-
Debt securities	14	1,15,190.08	(1,26,757.59)	(62,752.34)	(60,789.16)	(3,216.09)	-
Borrowings	15	2,71,246.87	(3,10,752.75)	(1,32,467.48)	(1,55,086.12)	(23,199.15)	-
Other financial liabilities	16	20,458.93	(20,458.93)	(10,877.34)	(1,232.92)	(942.52)	(7,406.16)
Loan commitments	37	34,887.47	(34,887.46)	(34,555.27)	(332.20)	-	-
Total		**4,42,510.78**	**(4,93,584.16)**	**(2,40,652.43)**	**(2,18,167.83)**	**(27,357.76)**	**(7,406.16)**

As at March 31, 2022

(₹ 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	37	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 for the year ended March 31, 2023 (Contd.)

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, 2023

(₹ 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	34,227.75	34,227.75	34,227.75	-	-	-
Bank deposits	3	4,795.43	4,975.17	4,140.87	834.30	-	-
Derivative financial instruments	4	1,388.54	1,388.54	226.82	1,161.72	-	-
Trade receivables	5	2.45	2.45	2.45	-	-	-
Loans	6	5,40,380.02	8,65,142.58	3,25,041.62	2,34,473.03	87,987.21	2,17,640.73
Investments (other than subsidiaries)	7	7,243.60	5,930.56	554.95	5,375.62	-	-
Other financial assets	**8**	**9,578.75**	**8,735.40**	**8,453.56**	**137.78**	**43.90**	**100.16**
Total		**5,97,616.54**	**9,20,402.45**	**3,72,648.01**	**2,41,982.45**	**88,031.11**	**2,17,740.89**

As at March 31, 2022

(₹ 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	2,754.80	-	-	-
Total		**3,89,601.91**	**5,33,654.32**	**2,36,213.19**	**1,50,505.30**	**55,625.27**	**91,310.56**

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.

(₹ in Lakhs)

Particulars	Nominal amount	
	As at March 31, 2023	As at March 31, 2022
Loans		
Fixed rate loans	3,43,369.47	2,22,062.75
Variable rate loans	2,15,879.21	1,58,346.89
Bank balance other than cash and cash equivalents	4,795.43	2,991.36
Fixed rate investments in debt securities at amortised cost	1,500.00	855.47
Fixed rate investments in debt securities at other comprehensive income	4,617.81	2,909.12
Total	**5,70,161.92**	**3,87,165.59**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(1,34,450.54)	(1,56,641.86)
Variable rate Debt and Borrowings	(2,44,713.90)	(1,21,500.62)
Total	**(3,79,164.44)**	**(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 year ended/ Other Equity (pre-tax) as on March 31, 2023 and March 31, 2022 would increase/ (decrease) by the following amounts:

(₹ in Lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2023				
Variable-rate instruments	(288.35)	288.35	(288.35)	288.35
Cash flow sensitivity (net)	**(288.35)**	**288.35**	**(288.35)**	**288.35**
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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)

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, 2023, profit or loss(pre-tax) for the year ended March 31, 2023 would increase/decrease by ₹ 0.16 lakhs (Previous Year: ₹ 0.74 lakhs) with a corresponding increase/decrease in the Total Equity of the Group as at March 31, 2023.

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 March 26, 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.

33. RELATED PARTY DISCLOSURES

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the KMP	Designation	Nature of change (resignation, appointment)	Effective date
Mr. Anil Nagu	Executive Director	Resignation	July 26, 2022
Mr. Jigar Shah	Whole-Time Director	Resignation	June 30, 2022
Mr. Brian Wesley Dillard	Non-Executive Director	Resignation	July 26, 2022
Mr. Karthik Krishna	Independent Director	Resignation	July 26, 2022
Ms. Aparna Ravi	Independent Director	Resignation	July 26, 2022
Mr. Bhupinder Singh	Wholetime Director & CEO	Appointment	July 26, 2022
Mr. Vivek Bansal	Wholetime Director & CFO	Appointment	July 26, 2022
Mr. Gaurav Trehan	Non-Executive Director	Appointment	July 26, 2022
Mr. Sanjay Nayar	Non-Executive Director	Appointment	July 26, 2022
Mr. Vivek Anand PS	Non-Executive Director	Appointment	July 26, 2022
Ms. Rupa Vora	Independent Director	Appointment	July 26, 2022
Mr. Karnam Sekar	Independent Director	Appointment	July 26, 2022
Mr. Debashish Dutta Gupta	Independent Director	Appointment	July 26, 2022
Mr. Sanjay Nayar	Non-Executive Director	Resignation	March 21, 2023
Mr. Debashish Dutta Gupta	Independent Director	Resignation	March 30, 2023
Dr. Sankaran Nair Rajagopal	Independent Director	Appointment	March 30, 2023
Ms. Sunita Gupta	Independent Director	Appointment	March 30, 2023
Ms. Ambika Bisla	Independent Director	Appointment	March 30, 2023
Mr. Rohan Suri	Non-Executive Director	Appointment	March 30, 2023
Mr. Binoy Parikh	Company Secretary	Resignation	July 26, 2022
Mr. Gajendra Thakur	Company Secretary	Appointment	July 27, 2022

On account of the effectiveness of the Composite Scheme of amalgamation and arrangement amongst InCred Holdings Limited (formerly 'KKR Capital Markets India Limited'), Bee Finance Limited, InCred Financial Services Limited (formerly 'KKR India Financial Services Limited') ("the Company"), InCred Prime Finance Limited (formerly 'InCred Financial Services Limited') and their respective shareholders on July 26, 2022, which was approved by the National Company Law Tribunal vide its order dated May 06, 2022, Mr. Karthik Krishna, Ms. Aparna Ravi, Mr. Anil Nagu and Mr Brian Wesley Dillard, resigned from the Board of the Group.

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)
6. InCred Alternative Investments Private Limited
7. InCred Wealth and Investment 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, 2023	As at March 31, 2022
Bee Finance Limited (Mauritius)	Mauritius	0.00%	59.38%
InCred Holdings Limited (formerly known as KKR Capital Markets Private Limited)	India	100.00%	0.00%

Refer Note No 42 for change in shareholding due to business combination

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2023	As at March 31, 2022
mValu Technology Services Private Limited	India	Mumbai	0.00%	47.39%

Transactions with key management personnel

i. Key management personnel compensation

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Employee benefit expenses	990.97	692.35
Directors' sitting fees	40.96	45.35

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 for the year ended March 31, 2023 (Contd.)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹ 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, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance Sheet transactions								
Investment in equity shares	-	-	-	-	-	-	-	-
ICD taken	-	-	-	-	3,500.00	11,000.00	-	1,700.00
Repayment of ICD taken (including interest)	-	-	-	-	3,503.72	15,619.20	-	3,071.29
ICD given	1,500.00	-	-	-	-	-	-	-
Refund of Security Deposit	-	-	-	-	-	-	-	-
Payment against expenses	-	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	1.95	-	-	-
Issue of Market Linked Debentures ("MLD")	-	-	-	-	6,899.36	9,910.00	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	-	-	-
Reimbursement of credit loss	-	-			-	-	-	1.85
Proceeds from sale of Debentures	-	-	-	-	-	-	-	-
Stock options exercised	-	-	-	3.85	-	-	-	-
Income transactions								
License fees	-	-			-	-	-	56.00
Interest on ICD	82.62	-	-	-	-	-	-	-
Income on account of reimbursement	1.96	-	-	-	70.36	977.89	-	300.60
Profit on sale of Debentures	-	-	-	-	-	-	-	-
Expense transactions								
License fees	-	-	-	-	-	-	-	-
Interest on ICD	-	-	-	-	3.72	119.20	-	71.29
Expenses on account of reimbursement	-	-	-	-	-	78.69	-	-
Fee and commission	-	-	-	-	158.18	569.56	-	-

Note: During the current year the Holding Company has issued employee stock options to its own and subsidiary employees (Refer Note 35 for further details).

Summary of balance receivable from / payable to the above related are as follows:

(₹ in Lakhs)

Sr. No.	Balance outstanding	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel		Fellow Subsidiary		Associate of subsidiary	
		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Advances/Receivables	644.23	-	-	-	28.72	489.18	1,143.68	-	-	15.17
2	ICD Payable	-	-	-	-	-	-	-	-	-	-
3	ICD Receivable	1,500.00	-	-	-	-	-	-	-	-	-
4	Other Payables	-	-	-	-	-	-	-	-	-	-
5	Security deposit payable	-	-	-	-	-	-	-	-	-	-
6	Number of options outstanding	-	-	-	-	-	-	-	-	-	-

Notes:

For terms and conditions of ICD payable to related parties, refer Note No 15

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 for the year ended March 31, 2023 (Contd.)

34. EMPLOYEE BENEFITS

1. The Group has recognised the following amounts in the Profit & Loss Account towards contributions to provident fund and other funds:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Provident fund and other funds	382.34	280.21

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 as per Payment of Gratuity Act, 1972.

Table showing change in the present value of projected benefit obligation

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	315.04	158.90
Interest cost	16.24	6.75
Acquisition of subsidiary (Refer Note 43)	0.56	-
Current Service cost	90.57	54.15
Past Service cost - incurred during the period	122.22	
Benefit Paid Directly by the Employer	(58.25)	-
Actuarial (Gains) / Loss on Obligations - Due to Change in Demographic Assumptions	-	(0.02)
Actuarial (Gains) / Loss on Obligations - Due to Change in Financial Assumptions	(24.55)	(0.56)
Actuarial (Gains) / Loss on Obligations - Due to Experience	86.14	95.82
Liability at the end of the year	**547.96**	**315.04**

Amount recognised in the Balance Sheet

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of benefit obligation at the end of the year	(547.96)	(315.04)
Fair value of plan assets at the end of the year		
Funded Status (Deficit)	(547.96)	(315.04)
Net (Liability) Recognised in the Balance Sheet	**(547.96)**	**(315.04)**

Expenses recognised in the Statement of Profit and Loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost*	90.57	54.15
Interest cost	16.24	6.75
Benefit Paid Directly by the Employer	122.22	-
Expenses recognised	**229.03**	**60.90**

*Above does not include the movement of opening gratuity liability on acccount of business combination

Expenses recognised in the Other comprehensive income (OCI)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Actuarial (Gains) on obligation for the year	61.59	95.24
Net (Income) for the year recognised in OCI	**61.59**	**95.24**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

The actuarial assumptions used to determine benefit obligations as at March 31, 2023 and March 31, 2022 are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Discount Rate	7.20%	5.15%
Salary escalation rate	8.00%	8.00%
Expected Rate of return on Plan Assets	N.A	N.A
Rate of Employee Turnover	35%	35%
Retirement Age	60 years	60 years
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening net liability	**315.04**	**158.90**
Expenses recognised in Statement of Profit and Loss	229.03	60.90
Expenses recognised in OCI	61.59	95.24
Benefit Paid Directly by the Employer	(58.25)	-
Net liability recognised in the Balance Sheet	**547.41**	**315.04**

Maturity analysis of the benefit payments: from the employer

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Projected benefits payable in future years from the date of reporting		
1st following year	159.92	59.12
2nd following year	123.44	71.59
3rd following year	95.71	63.45
4th following year	75.54	48.84
5th following year	59.06	37.04
Sum of years 6 To 10	115.45	70.38
Sum of years 11 and above	20.14	12.23

Sensitivity analysis

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Projected benefit obligation on current assumptions	**547.41**	**315.04**
Delta effect of +1% change in rate of discounting	(11.00)	(7.66)
Delta effect of -1% change in rate of discounting	11.62	8.11
Delta effect of +1% change in rate of salary increase	16.20	6.62
Delta effect of -1% change in rate of salary increase	(15.60)	(6.43)
Delta effect of +1% change in rate of employee turnover	(3.28)	(3.91)
Delta effect of -1% change in rate of employee turnover	3.38	4.01

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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.

35. 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 42 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. The liability towards the employee ESOP cost in the books of the Group is compensated by way of capital contribution by Holding Company in the Group. Further, the balance outstanding in Employees Stock Option Reserve as at March 31, 2023 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 year are as follows:

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2023	For the year ended March 31, 2022
Fair value as on grant date (weighted average)	35.03 to 44.82	24.91 to 42.17
Share prices during the year , on grant dates	65.00 to 67.02	55.00 to 65.00
Exercise price	40.00	40.00
Expected volatility (weighted average volatility)	40%	40%
Rate of Employee Turnover	20%	35%
Expected life (expected weighted average life)	11.02 years	8.5 years
Risk- free interest rate (based on government bonds)	6.89% to 7.59%	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 ₹ 40.00 per share to ₹ 28.00 per share.

Accordingly the incremental fair value of the option ranging from ₹ 5.37 to ₹ 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, 2023	As at March 31, 2022
Opening balance	37.26	3,42,48,588	1,80,44,938
Add: Options granted during the year	40.00	27,47,500	1,88,51,500
Less: Options exercised during the year	36.28	(37,31,310)	(17,38,050)
Less: Options lapsed during the year	38.09	(13,07,124)	(9,09,800)
Options outstanding as at the year end	**37.32**	**3,19,57,654**	**3,42,48,588**
Option exercisable of the above		1,33,54,082	1,20,39,181

Weighted average remaining contractual life of options outstanding at end of the year: 1.96 years

II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), erstwhile Holding Company

On August 01, 2018, Bee Finance Limited (Mauritius), erstwhile Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the erstwhile 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, 2023:

No fresh grants have been given during the year ended March 31, 2023 and year ended March 31, 2022

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan:

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	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 year	-	-	-	-
Less: Options lapsed during the year	-	-	(47,728.27)	(241.00)
Options outstanding as at the year end	-	-	-	-

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 for the year ended March 31, 2023 (Contd.)

36. 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):

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	**1,850.83**	**1,739.74**
Addition during the year	863.49	552.34
Disposals during the year	(80.95)	-
Depreciation for the year	(451.17)	(441.25)
Balance as at the end of the year	**2,182.21**	**1,850.83**

ii. The following is the movement in lease liabilities:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	**2,141.57**	**1,957.65**
Addition during the year	782.53	552.36
Finance cost accrued during the year	202.32	199.16
Payment of Lease liabilities made during the year	(604.40)	(567.60)
Balance as at the end of the year	**2,522.02**	**2,141.57**

iii. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	553.85	369.50
Between one and five years	1,950.12	1,674.34
More than five years	18.05	97.72
Total	**2,522.02**	**2,141.56**

iv. Expenses recognised in the statement of Profit and Loss

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation expense on right-of-use assets (Refer Note 10)	451.17	441.27
Interest expense on lease liabilities (Refer Note 25)	202.32	198.43
Expense relating to short-term leases (Refer Note 28)	166.62	10.51
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.

37. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments		
Undrawn committed credit lines*	34,555.27	14,248.30
Obligation on investments in partly paid up preference shares	332.20	181.81
Total	**34,887.47**	**14,430.11**

*Does not include undrawn commitments which are unconditionally cancellable by the Company or improbable for future drawdowns. Such lines are not considered for impairment allowance testing.

There are no litigations and proceedings against the Group which requires any provision or disclosure as contingent liability.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)

38. 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:

(₹ in Lakhs)

Particulars	As at March 31, 2023			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	34,227.75	-	34,227.75	5,505.98	-	5,505.98
Bank Balance other than cash and cash equivalents	4,019.85	775.58	4,795.43	2,991.36	-	2,991.36
Derivatives financial instruments	893.28	495.26	1,388.54	451.45	729.60	1,181.05
Receivables						
(I) Trade receivables	2.45	-	2.45	108.34	-	108.34
(II) Other receivables	-	-	-	-	-	-
Loans	2,35,756.95	3,04,623.07	5,40,380.02	1,74,340.33	1,98,886.09	3,73,226.42
Investments	3,671.63	3,563.92	7,235.56	3,277.00	4,842.65	8,119.65
Other Financial assets	7,502.78	2,075.98	9,578.76	1,456.58	1,298.22	2,754.80
Sub total	**2,86,074.69**	**3,11,533.82**	**5,97,608.50**	**1,88,131.04**	**2,05,756.56**	**3,93,887.60**
Non-financial assets						
Current Tax assets (Net)	-	1,417.91	1,417.91	-	1,209.98	1,209.98
Deferred Tax assets (Net)	-	47,140.31	47,140.31	-	2,038.67	2,038.67
Property, plant and equipment	-	4,357.86	4,357.86	-	3,479.68	3,479.68
Capital work-in-progress	-	161.79	161.79	-	293.95	293.95
Goodwill	-	6,778.74	6,778.74	-	652.65	652.65
Other intangible assets	-	666.43	666.43	-	433.27	433.27
Other non-financial assets	2,684.33	23.10	2,707.43	480.00	988.76	1,468.76
Sub total	**2,684.33**	**60,546.14**	**63,230.47**	**480.00**	**9,096.96**	**9,576.96**
Total assets	**2,88,759.01**	**3,72,079.96**	**6,60,838.97**	**1,88,611.04**	**2,14,853.52**	**4,03,464.56**
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	-	727.43	727.43	187	-	186.87
Debt securities	55,950.22	59,239.86	1,15,190.08	40,463.06	66,060.71	1,06,523.77
Borrowings (Other than Debt Securities)	1,11,579.60	1,59,667.27	2,71,246.87	69,333.95	1,05,731.54	1,75,065.49
Other Financial liabilities	10,878.67	9,580.26	20,458.93	3,134.51	5,063.80	8,198.31
Sub total	**1,78,408.50**	**2,29,214.82**	**4,07,623.31**	**1,13,118.39**	**1,76,856.05**	**2,89,974.44**
Non-Financial liabilities						
Provisions	2,357.58	407.44	2,765.02	59.12	265.34	324.46
Deferred tax liabilities (Net)	-	-	-	-	728.89	728.89
Other non-financial liabilities	1,789.58		1,789.58	918.06	-	918.06
Sub total	**4,147.16**	**407.44**	**4,554.60**	**977.18**	**994.23**	**1,971.41**
Total liabilities	**1,82,555.66**	**2,29,622.26**	**4,12,177.91**	**1,14,095.57**	**1,77,850.28**	**2,91,945.85**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

39. FOREIGN CURRENCY TRANSACTIONS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expenditure in foreign currency		
Directors' sitting fees	-	9.20
Legal, professional and consultancy charges	964.81	165.65
Information Technology expenses	66.42	14.27
Membership and subscription	0.42	-
Travelling and conveyance	1.10	-
Miscellaneous expenses	19.55	8.18
Interest on External Commercial Borrowings	418.26	215.69
Purchase of Software	83.32	-
Total	**1,553.88**	**412.99**

40. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the Composite Scheme of amalgamation and arrangement dated September 27, 2021 the identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ("Pre-Demerged InCred" / "Demerged Company") demerged with KKR India Financial Services Private Limited (later renamed as 'Incred Financial Services Limited) with effect from April 01, 2022 ("Appointed Date"). The Scheme was approved by National Company Law Tribunal ("NCLT"), Mumbai Bench on May 06, 2022.

As a consequence of the above demerger, for regulatory purpose, the CSR liability will be of KKR India Financial Services Private Limited (later renamed as ''Incred Financial Services Limited').

Please find attached the table showing the CSR obligation and the actual payment against the same.

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount required to be spent as per section 135 of the Companies Act, 2013	-	16.12
Amount spent during the year		
(i) Construction/ acquisition of any asset		
(ii) On purposes other than (i) above		
In cash	-	16.35
Yet to be paid in cash	-	-
Total	**-**	**16.35**
Details related to spent obligations:		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	-	11.68
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**

41. MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 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 March 31, 2023, 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 March 31, 2023.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)

42. BUSINESS COMBINATION

A. Composite Scheme of Arrangement

The Board of Directors of the Company at their meeting held on September 03, 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 06, 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 01, 2022, and accordingly the books of account and financial results effecting the Scheme have been prepared with effect from April 01, 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	₹ in lakhs	₹ 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 02, 2022 as per the terms of the Scheme. The same is shown as capital contribution from parent.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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 ₹ 1,077.31 lakhs pertaining to the remaining NBFC business will continue to remain in the erstwhile IFSL.

Particulars	₹ in lakhs	₹ in lakhs
(i) Assets		
Loans	1,033.58	
Other assets	2,213.71	
(ii) Liabilities		
Borrowings (Other than Debt Securities)	1,000.00	
Other liabilities	1,169.98	
Net Assets transferred (i-ii)		**1,077.31**

B. Acquisition of Subsidiary

On May 18, 2022, the Holding Company acquired incremental stake in its associate mValu Technology Services Private Limited. (mValu) for ₹ 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 ₹ 25.74 lakhs and net profit of ₹ 310.86 lakhs to the Group for the period from May 18, 2022 to September 30, 2022. If the acquisition had occurred on April 01, 2022, consolidated pro-forma revenue and profit for the period ended September 30, 2022 would have been ₹ 29.75 lakhs and ₹ 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	₹ in lakhs	₹ 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 ₹ 1,233.94 lakhs 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**

43. GOODWILL

The carrying amount of goodwill acquired in business combination as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	**652.65**	**652.65**
Goodwill arising on account of business combination	20,754.75	-
Impaired during the year	(14,628.66)	
Balance at the end of Period	**6,778.74**	**652.65**

Above Goodwill represents the residual consideration attributable to unidentified intangible assets acquired by the acquirer as result of business combination. The Group has performed its impairment test for year ended March 31, 2023 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 recognised impairment charge of ₹ 14,628.66 lakhs against the goodwill.

44. 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.

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Common Equity Tier 1 (CET1) capital	1,90,992.91	1,08,442.86
Other Tier 2 capital	2,959.88	2,461.45
Total capital	**1,93,952.79**	**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.

45. During the current year, the Parent company has reported frauds to RBI aggregating to ₹ 27.10 lakhs (previous year: ₹ NIL) based on management reporting to risk committee and to the RBI through prescribed returns FMR-1.

46. RATIO ANALYSIS AND ITS ELEMENTS

Below ratios are based on the financial statements of the Parent Company

Ratio	As at March 31, 2023	As at March 31, 2022	% change
CRAR (%)	33.40%	28.05%	(24.60%)
CRAR - Tier I Capital (%)	32.89%	27.43%	(24.94%)
CRAR - Tier II Capital (%)	0.51%	0.62%	(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 ₹ 5,000 crores 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

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 September 20, 2021, the Board of Directors had approved investment in equity for an aggregate amount of upto ₹ 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 September 20, 2021 at a price of ₹ 5,797 (including premium of ₹ 5,787) per share aggregating to ₹ 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 May 18, 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 ₹ 1,819.99 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 May 18, 2022 at a price of ₹ 4,044 per share aggregating to ₹ 1,819.99 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 April 28, 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 Private Limited ("ICFSPL"), of ₹ 2,000 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 42.

(x) The Group, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systemically 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 willful 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.

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, 2023:

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	2,49,233.39	100.23%	12,789.05	105.75%	(6.09)	156.56%	12,782.95	105.75%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,701.72)	(0.68)%	(375.67)	(3.11)%	0.91	(23.39)%	(374.76)	(3.10)%
Booth Fintech Private Limited	(609.44)	(0.25)%	(12.14)	(0.10)%	-	0.00%	(12.14)	(0.10)%
InCred.AI Limited	0.80	0.00%	(1.08)	(0.01)%	-	0.00%	(1.08)	(0.01)%
mValu Technologies Services Private Limited	1,738.03	0.70%	(308.08)	(2.55)%	2.03	(52.11)%	(306.05)	(2.53)%
Total	**2,48,661.06**	**100.00%**	**12,092.08**	**100.00%**	**(3.89)**	**81.05%**	**12,088.19**	**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:

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%	3,557.61	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)	(10.59)%	-	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%**	**2,999.42**	**100.00%**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023 (Contd.)

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	0.00%

Summarised financial information in respect of Group's associates is set out below:

(₹ in Lakhs)

Particulars		As at March 31, 2023	As at March 31, 2022
A)	**Summarised Statement of net assets**		
	Financial assets	-	1,801.63
	Non-Financial assets	-	299.03
	Total assets (I)	**-**	**2,100.66**
	Financial liabilities		47.78
	Non-Financial liabilities	-	8.82
	Total liabilities (II)	**-**	**56.60**
	Net assets (I - II)	**-**	**2,044.06**
	Group's share %	0.00%	47.39%
	Group's share in amount	-	968.68
	Carrying amount of Investment	-	4,276.47

(₹ in Lakhs)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
B)	**Summarised Statement of Profit and Loss**		
	Revenue from operation	-	3.79
	Other income	-	123.91
	Total income (I)	**-**	**127.70**
	Finance costs	-	3.78
	Employee benefit expenses	-	(58.06)
	Depreciation, amortisation and impairment	-	32.90
	Other expenses	-	1,037.25
	Total expenses (II)	**-**	**1,015.87**
	Loss before tax (III = I-II)	**-**	**(888.17)**
	Tax expense (IV)	-	-
	Loss after tax (V = III-IV)	-	(888.17)
	Other Comprehensive income	-	-
	Total Comprehensive income	-	(888.17)
	Group's share %	0.00%	47.39%
	Group share in Amount in Profit and loss (A)	-	(420.91)
	Group share in Amount in Other Comprehensive Income (B)	-	-
	Total Group share in Amount (A+B)	-	(420.91)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)

50. AGEING SCHEDULE

(₹ 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, 2023							
(A) Trade receivables							
Unsecured, considered good	-	2.46	-	-	-	-	2.46
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	-	-	-	-	-	-	-

51. PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED/RECLASSIFIED, WHEREVER NECESSARY, TO CORRESPOND WITH THE CURRENT YEAR'S CLASSIFICATION/DISCLOSURE.

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

Gajendra Thakur
Company Secretary
Membership No: A19285

Place: Mumbai
Date: April 27, 2023

Place: Mumbai
Date: April 27, 2023

Notes

Notes

InCred finance

InCred Financial Services Limited

(Formerly known as KKR India Financial Services Limited)

Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70,

G Block, Bandra - Kurla Complex, Mumbai-400051, Maharashtra