

Date: 09 August 2022

The National Stock Exchange of India Limited Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai - 400051	BSE Limited Phiroze Jeejeebhoy Tower Dalal Street, Mumbai – 400001
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Kind Attn: Head – Listing Department / Dept of Corporate Communications

Sub: Unaudited Financial Results for the quarter ended June 30, 2022

Dear Sir / Madam

Pursuant to Regulations 51, 52 and 54 read with Para A of Part B of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations") and other regulations, if applicable, we hereby inform the Exchanges that the Board of Directors of the Company at its Meeting held on August 9, 2022 has, inter alia, approved the following

- i) Unaudited Financial Results of the Company for the quarter ended June 30, 2022.

Accordingly, please find enclosed the Unaudited Financial Results for the quarter ended June 30, 2022 along with the Limited Review Report by the Statutory Auditors and the disclosures in compliance with Regulations 52(4) of the Listing Regulations.

Further, in accordance with Regulation 52 of the Listing Regulations, the Company would be publishing the Unaudited Financial Results for the quarter ended June 30, 2022 in the newspapers.

- ii) Appointment of Mr. Bhushan Patkar as the Head-Internal Audit Function of the Company with effect from August 9, 2022


The Board Meeting commenced at 3.21 p.m. and concluded at 5.30 p.m.

We request you to kindly take the above on records.

Thanking you,

Yours faithfully,

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


Gajendra Thakur
Company Secretary
Encl: As above

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

**Review Report to
The Board of Directors
InCred Financial Services Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of InCred Financial Services Limited (formerly, KKR India Financial Services Limited) (the "Company") for the quarter ended June 30, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 2 of the Statement describing the accounting treatment followed for effecting the business combination. As per the Scheme of Arrangement (the 'Scheme'), the accounting treatment in the books of account of the Company will be given effect from the Appointed Date as prescribed in the Scheme. However, Ind AS 103 requires the Company to account for the acquisition from the acquisition date (i.e the date when actual control is obtained). Further, the accounting for business combination has been recorded on a provisional basis as permitted by Ind AS, pending final determination of the conversion terms of the compulsorily convertible preference shares which represents purchase consideration. Our conclusion is not modified in respect of this matter.

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

6. The comparative financial information of the Company for the corresponding quarter ended on June 30, 2021, as reported in these unaudited standalone financial results have been approved by the Company's Board of Directors, but have not been subjected to a review.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

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per Sarvesh Warty

Partner

Membership No.: 121411

UDIN: 22121411AOQNZT5282

Mumbai

August 9, 2022

INCREC FINANCIAL SERVICES LIMITED
(Formerly known as KKR India Financial Services Limited)

Corporate Office and Registered Office:

Unit 1203, 12th Floor, B wing, The Capital, Plot no C-70, G Block, Bandra Kurla Complex, Mumbai, India, 400051

CIN: U67190MH1995PLC360817 | Email: incred.compliance@incred.com | Contact: 022-4097 7000 | Website-www.incred.com

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2022

(INR in lakhs)

Particulars	Quarter ended			Year Ended
	June 30, 2022 Unaudited	March 31, 2022 Audited	June 30, 2021 Unaudited	March 31, 2022 Audited
		(Refer Note 8)	(Refer Note 8)	
Revenue From operations				
(i) Interest income	17,838.88	12,341.23	10,616.82	47,334.45
(ii) Net gain on derecognition of financial instruments under amortised cost category	-	336.68	-	336.68
(iii) Fees and commission income	315.02	307.76	130.14	1,022.24
(iv) Net gain on fair value changes	301.89	13.37	24.79	98.29
(I) Total revenue from operations	18,455.79	12,999.04	10,771.75	48,791.66
(II) Other income	574.45	1,112.64	203.09	3,330.04
(III) Total income (I + II)	19,030.24	14,111.68	10,974.84	52,121.70
Expenses				
(i) Finance costs	8,312.66	6,408.82	4,272.42	21,951.92
(ii) Net loss on derecognition of financial instruments under amortised cost category	21.69	-	-	1,045.87
(iii) Impairment on financial instruments	(1,893.50)	75.11	2,056.10	4,351.64
(iv) Employee benefits expenses	4,394.00	3,371.67	3,002.17	13,687.26
(v) Depreciation, amortization and impairment	234.83	384.92	188.31	1,070.98
(vi) Others expenses	1,368.75	697.47	1,349.24	5,196.83
(IV) Total expenses	12,438.43	10,937.99	10,868.24	47,304.50
(V) Profit before tax and exceptional items (III - IV)	6,591.81	3,173.69	106.60	4,817.20
(VI) Exceptional Item (Refer Note 15)	2,489.81	-	-	-
(VII) Profit before tax (V - VI)	4,102.00	3,173.69	106.60	4,817.20
Tax Expense:				
(i) Current Tax	58.76	950.82	22.81	1,358.68
(ii) Deferred Tax	1,043.31	(162.28)	-	(153.25)
(VIII) Total Tax Expense	1,102.07	788.54	22.81	1,205.43
(IX) Profit for the period (VII - VIII)	2,999.93	2,385.15	83.79	3,611.77
(X) Other comprehensive income				
(A) (i) Items that will not be reclassified to profit or loss				
(a) Remeasurements of the defined benefit plans	(20.16)	(16.91)	-	(94.84)
(ii) Income tax relating to items that will not be reclassified to profit or loss	5.07	4.26	-	23.87
Subtotal (A)	(15.09)	(12.65)	-	(70.97)
(B) Items that will be reclassified to profit or loss				
(i) Items that will be reclassified to profit or loss				
(a) Debt instruments through other comprehensive income	(23.93)	(19.66)	-	(120.30)
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	19.60	252.46	-	103.74
(ii) Income tax relating to items that will be reclassified to profit or loss	1.09	(58.60)	-	4.17
Subtotal (B)	(3.24)	174.20	-	(12.39)
Other comprehensive income (A + B)	(18.33)	161.55	-	(83.36)
(XI) Total comprehensive income for the period (IX + X)	2,981.60	2,546.70	83.79	3,528.41
(XII) Earnings per equity share (EPS) (refer note 4)				
(Not annualised except yearly data) (Face value of INR 10 each)				
Basic (INR)	0.65	0.62	0.02	0.94
Diluted (INR)	0.65	0.61	0.02	0.93

Notes:

1. The above standalone financial results of Incred Financial Services Limited (formerly known as KKR India Financial Services Limited) ("the Company") have been reviewed and recommended by the audit committee to the Board of Directors and the same has been approved at the meeting held on August 9, 2022.

2. Composite Scheme of Arrangement

a. The Board of Directors of the Company at their meeting held on September 3, 2021, had approved the Composite Scheme of Arrangement (the 'Scheme') with KKR Capital Markets India Private Limited, Bee Finance Limited, InCred Prime Finance Limited (formerly known as "InCred Financial Services Limited and the Company) and the same was filed with various regulatory authorities and National Company Law Tribunal.

The NCLT passed the final order dated May 6, 2022. The Scheme was made effective by the Board of Directors of the Company, InCred Prime Finance Limited and KKR Capital Markets Limited at their meetings held on July 26, 2022 and the relevant filing were done with the Registrar of Companies, Mumbai on July 26, 2022.

The Appointed date of the Scheme is April 1, 2022, and accordingly the books of account and financial results effecting the Scheme have been prepared with effect from April 1, 2022.

Under the Scheme, the identified NBFC business of InCred Prime Finance Limited (formerly, InCred Financial Services Limited) ('erstwhile IFSL') shall be demerged with InCred Financial Services Limited (formerly, KKR India Financial Services Limited) ('new IFSL'). As per the terms of the Scheme, the Board of Directors of erstwhile InCred Financial Services Limited have been appointed as the directors of the new IFSL constituting majority. Further, with the discharge of purchase consideration for demerger, the shareholders of erstwhile IFSL will hold majority shareholding of the new IFSL.

Accordingly, the business combination has been treated as reverse acquisition for financial reporting purpose as per Ind AS 103 and erstwhile IFSL has been identified as the accounting acquirer and new IFSL being the accounting acquiree.

As per Ind AS 103, these financial results issued under the name of new IFSL represent the continuation of the financial results of erstwhile IFSL (including comparatives) and accordingly the assets, liabilities and reserves of erstwhile IFSL have been continued at their pre-business combination carrying values and measured the fair value of identified assets and liabilities of new IFSL acquired as per requirements of Ind AS 103.

The accounting impact of the aforesaid Scheme in the books of new IFSL has been summarily presented as follows:

Particulars	INR in lakhs
(A) Assets and liabilities (Net Assets) recorded at fair value pursuant to reverse merger	1,01,618.62
(B) Purchase consideration (Fair value of shares deemed to be issued on reverse merger) (Note (b))	1,11,698.48
Goodwill (A-B)	10,079.86

Further as per the Scheme, the remaining NBFC business (i.e after excluding identified NBFC business demerged under the Scheme) shall continue to be carried out by erstwhile IFSL. Accordingly, the net assets of Rs. 1,077.31 lakhs pertaining to the remaining NBFC business will continue to remain in the erstwhile IFSL.

b. As per the terms of the Scheme, the shareholders of erstwhile IFSL shall receive compulsorily convertible preference shares of M/s. KKR Capital Markets Limited, being the Holding Company, as a consideration for demerger of identified NBFC business, whose equity conversion terms would determine the purchase consideration described above. Pending finalisation of the conversion terms as on date, the Company has determined the purchase consideration on a provisional basis. Any subsequent changes in measurement of these amounts will be adjusted to the provisional values presently determined to reflect the initial accounting for business combination as at the acquisition date (i.e April 1, 2022).

3. The standalone financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under section 133 of the Companies Act 2013 ('the Act) read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance / Clarifications/Directions issued by Reserve Bank of India or other regulators are implemented as and when they are issued / applicable.

4. Earnings per equity share for the quarter ended June 30, 2022 ; March 31, 2022 and June 30, 2021 have not been annualised.

5. These standalone financial results have been prepared in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.

6. In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the current and previous year, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0. dated August 6, 2020 and Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress. As at June 30, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.

7. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and Gratuity Act and rules there under. The ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate and assess the impact of the rules as and when the same are notified. The Company will record any related impact in the period the rules becomes effective.

8. The figures for the last quarter of the previous financial year are the balancing figures between audited figures in respect of the full financial year and the year to date figures up to the end of third quarter of the previous year which was subjected to limited review by the auditors. The figures for quarter ended June 30, 2021 are approved by the Board of Directors and were not subject to limited review by Statutory Auditors of the Company.
9. All secured Non Convertible Debentures ("NCDs") issued by the Company are either secured by pari-passu charge / exclusive charge over receivables of the Company to the minimum extent of 100% or such higher security as per the respective information memorandum of the outstanding secured NCDs. Certain NCDs are additionally secured by way of mortgage over Company's property. The average security cover for all NCDs required to be maintained by the company is 1.15 times and the Company is in compliance with the requirement.
10. Pursuant to the RBI circular dated February 15, 2022, the Company shall 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") by September 30, 2022. The Company is in the process of taking necessary steps to ensure compliance with the RBI circular.
11. Disclosure as required by the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 is as under:

Details of overdue loans (NPA and SMA) transferred during the year:

Particulars	(INR in crores)	
	To ARC	
No of Accounts		1
Aggregate principal outstanding of loans transferred		97.29
Weighted average residual tenor of the loans transferred		< 1 year
Net book value of loans transferred (at the time of transfer)		-
Aggregate consideration		54.60
Additional consideration realised in respect of accounts transferred in earlier years		-

12. There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
13. Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended June 30, 2022 is attached as Annexure I to these financial results.
14. On May 13, 2022, the Board of Directors had approved investment in equity for an aggregate amount of upto Rs. 1,820.00 lakhs in Booth Fintech Private Limited ("BFPL") (a wholly owned subsidiary of the Company). Subsequently, BFPL purchased 45,000 equity shares of mValu Technology Services Private Limited (an Associate Company of BFPL) to acquire controlling stake at a price of Rs. 4,044 (including premium of Rs. 4,034) per share aggregating to Rs. 1820.00 lakhs.
15. The Company has tested the investment in its subsidiaries for impairment and recognised an impairment loss of Rs. 2,489.81 lakhs on investment in BFPL as an exceptional item for the period ended June 30, 2022.
16. The previous period's / year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current period's / year's classification / disclosure.

For InCred Financial Services Limited

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Bhupinder Singh
Whole Time Director & CEO
DIN: 07342318

Place: Mumbai
Date: August 9, 2022

Annexure 1:

Additional Disclosures pursuant to Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as at June 30, 2022 with respect to listed secured debentures of the Company issued on a private placement basis.

- a) Omitted
- b) Omitted
- c) **Debt equity ratio (Refer Note 1) :** 1.54
- d) Omitted
- e) Omitted
- f) **Debt service coverage ratio:** Not applicable
- g) **Interest service coverage ratio:** Not applicable
- h) **Outstanding redeemable preference shares (quantity and value):** Not applicable
- i) **Capital Redemption Reserve:** Nil
- j) **Net worth (Refer Note 2):** INR 2,25,335.17 lakhs

k) **Net profit after tax:**

Particulars	Quarter ended June 30, 2022
Net profit after tax:	INR 2,999.93 lakhs

l) **Earnings per share (not annualised):**

Particulars	Quarter ended June 30, 2022
- Basic:	INR 0.65
- Diluted:	INR 0.65

- m) **Current ratio:** Not applicable
- n) **Long term debt to working capital:** Not applicable
- o) **Bad debts to Account receivable ratio:** Not applicable
- p) **Current liability ratio:** Not applicable
- q) **Total debts to total assets (Refer Note 3):** 59.30%
- r) **Debtors turnover:** Not applicable
- s) **Inventory turnover:** Not applicable
- t) **Operating margin (%):** Not applicable

u) **Net profit margin (%) (Refer Note 4):**

Particulars	Quarter ended June 30, 2022
Net profit margin (%) :	15.76%

v) **Sector specific ratios:**

Gross NPA ratio (stage III assets) (Refer Note 5)	2.41%
Net NPA ratio (stage III assets) (Refer Note 6)	1.13%
Provision coverage ratio (Refer Note 7)	53.51%
CRAR	35.63%
Liquidity coverage ratio	1384%

Notes:

- Debt to equity ratio = (Debt securities + Borrowings other than debt securities) / Net-worth.
- Net-worth is paid up share capital plus reserves less deferred revenue expenditure.
- Total debt to total assets = (Debt securities + Borrowings other than debt securities) / Total assets.
- Net profit margin = Net profit for the period / Total income for the period.
- Gross NPA ratio = Stage III gross carrying amount / Gross carrying amount.
- Net NPA ratio = (Stage III gross carrying amount - Impairment allowance on Stage III loans) / (Gross carrying amount - Impairment allowance on Stage III loans)
- Provision coverage ratio = Impairment allowance on Stage III gross carrying amount / Stage III gross carrying amount.