

Directors' Report

Dear Members,

Your directors are delighted to present to you the **Twenty Ninth Annual Report** of the Company together with the Audited Statement of Accounts for the financial year ended on March 31, 2021.

The summarised financial results and performance highlights of the Company are given below:

FINANCIAL HIGHLIGHTS

(INR In Lakhs)

PARTICULARS	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Income from Operations	38,537.82	32,374.28	38,549.52	32,362.32
Other Income	647.09	782.37	698.13	904.34
Total Income	39,184.91	33,156.65	39,247.65	33,265.65
Expenses	37,102.07	30,752.25	37,879.20	30,900.67
Depreciation & Amortization	841.79	1,099.89	1,015.98	1,160.68
Total Expenses	37,943.86	31,852.14	38,895.18	32,061.36
Profit before exceptional items and tax	1,241.06	1,304.51	352.47	1,205.30
Exceptional Items	-	645.76	-	491.55
Profit after exceptional items and before tax	1,241.06	658.75	352.47	712.75
Tax Expense	217.61	383.34	135.43	197.44
Profit After Tax	1,023.44	275.41	217.04	516.31
Transfer to Special Reserve under Section 45-IC of The RBI Act, 1934	204.69	89.04	204.69	89.04

BUSINESS AND OPERATIONS

Your Company offers personal loan, education loan and unsecured business loan, secured school finance, supply chain finance and lending to FIs / Escrow backed lending under SME segment. Currently, the business is spread in 17 major cities across 9 states in India including Mumbai, Pune, Delhi, Surat, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Chennai, Madurai, Coimbatore, Kolkata, Vijayawada, Vadodara, and Thane through its 21 offices with an employee base of ~600 employees spread across various functions. The Company has loan assets of INR 2,634 crs as of March 31, 2021. The net NPA of the Company is about 1.71% as of March 31, 2021. Your Company has a strong capital base of circa INR 1,046 crs . The Debt Equity ratio of the Company stands at 1.64x as on March 31, 2021. Your Company has a diversified portfolio comprising consumer loans (46%) and MSME Business loans (54%).

Overview of the FY 2020-21:

- The Company's revenue was INR 391.85 crs and profit after tax increased to INR 10.23 crs during the year as against INR 2.75 crs in previous year;
- Assets under management grew to INR 2,553.60 crs as against INR 2,048.49 crs in previous year;
- Gross and Net NPAs were 3.43% and 1.71%;

CAPITAL ADEQUACY RATIO (CRAR)

The Company maintains a healthy CRAR of 37.20 % 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, 2020:

CRAR- Tier I Capital	:	36.54%
CRAR- Tier II Capital	:	0.66%

CAPITAL AND DEBT RAISE

During the Financial Year 2020-21, the Company has allotted 91,209 equity shares pursuant to the Company's ESOP Scheme.

Further, the Company has raised INR 1292.5 Crs out of which INR 622 Crs were raised through issuance of Non-Convertible Debentures of which INR 450 Crs is under the Targeted Long-Term Repo Operation (TLTRO) Scheme and Partial Credit Guarantee Scheme (PCGS). Further, your Company, raised INR 650.50 Crs through term loan and working capital from various banks and INR 20 Crs through the issuance of Commercial paper.

The Company intends to use the capital raised through the raise to boost its balance sheet lending, as well as in making further investments in technology initiatives to drive analytics and risk management capabilities.

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.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

Your Company has two subsidiaries viz. InCred Management & Technology Services Private Limited and Booth Fintech Private Limited as on March 31, 2021.

As on March 31, 2021, the Company had one Associate Company i.e. mValu Technology Services Private Limited. The Company does not have any joint ventures within the meaning of Section 2(6) of the Companies Act, 2013 as on March 31, 2021.

During the year under the review, InCred Housing Finance Private Limited merged into InCred Financial Services Limited pursuant to order passed by the National Company Law Tribunal, Mumbai Bench on March 11, 2021 and effectively InCred Housing Finance Private Limited ceased to be the subsidiary of the Company.

Further, InCred.AI Limited was incorporated as a wholly owned subsidiary of the Company with effect from April 5, 2021.

The statement containing salient features of the financial statement of Subsidiaries/Associate Companies/ 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 Company has prepared consolidated financial statements comprising of the balance sheet, statement of profit & loss 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.

MATERIAL CHANGES AND COMMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION AFTER BALANCE SHEET DATE

There have been 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.

IMPACT OF COVID -19 PANDEMIC

The detailed disclosure on the material impact of Covid-19 pandemic on the Company is forming part of the Financial Statements of the Company. You may refer to Note no. 28 A of the Standalone Financial Statements for the same.

CHANGES IN THE NATURE OF BUSINESS

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

DIVIDEND

In order to conserve the internal resources of the Company for future prospect and growth, the Board of Directors of your Company has not recommended to give any dividend on the equity shares of the Company for the financial year under review.

TRANSFER TO RESERVES

Your Company being an NBFC, has transferred a sum of INR 204.69 lakhs to the statutory reserve as required under section 45-IC of RBI Act, 1935.

DIRECTORS

The composition of the Board is in compliance with the applicable provisions of the Companies Act, 2013, ("Act") and the rules framed thereunder, guideline(s) issued by the Reserve Bank of India ("RBI"), SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), as applicable.

As on the date of this report, the Board of Directors of the Company comprises of 6 directors comprising of two Wholetime Directors, two Independent Directors and two Non-executive Non Independent Directors.

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

Cessation:

During the year under review, due to other professional commitments Dr. Parvinder Singh Pasricha resigned from the office of Independent director with effect from September 3, 2020.

Subsequent to the year under review, Mr. Deepak Narang, Independent Director has resigned with effect from June 11, 2021, due to his pre-occupation with other assignments along with his engagement in other personal work.

Further, Mr. Girish Nadkarni, appointed as the Nominee Director of M/s. Investcorp Private Equity Fund II ("Investcorp") pursuant to the provisions of the Shareholders Agreement entered between the Company, promoter, and investors ceased to be a director with effect from June 13, 2021 on account of reduction in shareholding of Investcorp below 6% of the paid-up capital of the Company, the threshold of shareholding that enables investors to appoint directors on the Board of the Company in terms of Shareholders Agreement dated April 11, 2019..

The Board places on record its sincere appreciation for the valuable contribution and guidance provided by Dr. Parvinder Singh Pasricha, Mr. Deepak Narang and Mr. Girish Nadkarni during their association with the Company towards establishing and building the Company into a well-respected and highly profitable credit institution.

Appointment:

During the year under review, on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company on November 30, 2020, has appointed Mr. Debashish Dutta Gupta as Independent Director for a period of 5 years with effect from December 1, 2020, not liable to retire by rotation subject to approval by the shareholders of the Company at the ensuing Annual General Meeting of the Company.

The Company has received the requisite notice from the member in writing proposing the appointment of Mr. Debashish Dutta Gupta.

A brief profile of Mr. Debashish Dutta Gupta has been included in the notice convening the ensuing Annual General Meeting.

DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors, have submitted a declaration of independence, as required pursuant to section 149(7) of the Act, stating that they meet the criteria of independence as provided in section 149(6).

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Act and the rules made thereunder for appointment as Independent Director and confirm that they are independent of the management.

DIRECTORS RETIRING BY ROTATION

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Vivek Bansal (DIN: 07835456), Director being longest in office, shall retire by rotation and being eligible has offered himself for reappointment at the ensuing Annual General Meeting of the Company. A brief profile of Mr. Vivek Bansal has been included in the notice convening the ensuing Annual General Meeting.

DIRECTORS DECLARATION AND DISCLOSURES

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 your Company are disqualified from being appointed or to continue as Directors.

KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Nikita Hule resigned as the Company Secretary of the Company w.e.f August 31, 2020, and Mr. Gajendra Thakur was appointed as the Company Secretary of the Company w.e.f. September 1, 2020.

As per Section 203 of the Act read with the rules made thereunder, the following employees were the whole-time key managerial personnel of the Company as on March 31, 2021:

1. Mr. Bhupinder Singh, Whole Time Director & Chief Executive Officer
2. Mr. Vivek Bansal, Whole Time Director & Chief Financial Officer
3. Mr. Gajendra Thakur, Company Secretary & Compliance Officer

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of your Company met four times during the financial year on June 11, 2020, August 31, 2020, November 6, 2020 and February 17, 2021.

The Company has complied with the provisions of the Companies Act, 2013 and Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings for the financial year under review. The details of the board meetings held are annexed to this report as **Annexure C**.

The Meeting of the independent directors was held on March 30, 2021.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, the directors, hereby declare that to the best of our knowledge and belief:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(b) We 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 at the end of the financial year and of the profit of the Company for that period.

(c) We have had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) We have prepared the annual accounts on a going concern basis and

(e) We have had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

(f) We had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY COMMITTEES

Audit Committee

The composition of the Audit Committee is in conformity with provisions the of Section 177 of the Companies Act, 2013 read with the rules issued thereunder. The members of the Audit Committee are financially literate, have ability to read and understand financial statements and have experience in financial management. The present composition of **Audit Committee** is as follows:

1. Mrs. Rupa Vora, Chairperson and Independent Director
2. Mr. Antonius Bruijnckx, Non-Executive Director
3. Mr. Debashish Dutta Gupta, Independent Director

Consequent to the resignation of Mr. Deepak Narang w.e.f June 11, 2021, the Audit Committee was reconstituted on June 13, 2021, to comprise of the members mentioned above.

The terms of reference of the Audit Committee are in accordance with the Companies Act, 2013.

The Audit Committee met four times during the financial year i.e. on June 11, 2020, August 31, 2020, November 6, 2020 and February 17, 2021. During the period under review, all the recommendations made by the Audit Committee were accepted by the Board of Directors.

Nomination and Remuneration Committee

The present composition of Nomination and Remuneration Committee is as follows:

1. Mrs. Rupa Vora, Independent Director
2. Mr. Debashish Dutta Gupta, Independent Director
3. Mr. Bhupinder Singh, Wholetime Director & CEO
4. Mr. Vivek Anand PS, Non-Executive Director

The terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013.

Consequent to the resignation of Mr. Deepak Narang w.e.f. June 11, 2021, and Mr. Girish Nadkarni w.e.f. June 13, 2021, the Nomination and Remuneration Committee was reconstituted on June 13, 2021, to comprise of the members mentioned above.

The Committee met three times in the financial year i.e. on June 11, 2020, August 31, 2020, and November 6, 2020.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has constituted **Internal Complaints Committee** in compliance with 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 recognized human right to work with dignity
- prevention of sexual harassment of women at the workplace.

There were no complaints reported in this regard in the Company during the financial year under review.

CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of Companies Act, 2013, your Board has constituted a Corporate Social Responsibility (CSR) committee to support the Company in achieving the CSR objectives of the Company. The CSR committee of the Board of Directors comprises of the following:

1. Mr. Bhupinder Singh, Member
2. Mrs. Rupa Vora, Member
3. Mr. Vivek Bansal, Member

The terms of reference of the Corporate Social Responsibility Committee are in accordance with the provisions of Section 135 of the Companies Act, 2013.

The Corporate Social Responsibility committee met twice in the financial year i.e. on August 31, 2020 and March 24, 2021.

The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules") and in accordance with CSR Policy, during the year, the Company has spent INR 20,05,000 towards CSR projects/ programs. The CSR Policy adopted by your Company is also available on the website of the Company at <https://www.Incred.com>. The Annual Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached to this report as **Annexure D**.

NOMINATION AND REMUNERATION POLICY

The policy also covers the criteria for determining qualifications and other attributes for appointment of directors including independent directors. The salient features of the Policy are given below. The Policy is also available on the website of the Company <https://www.incred.com>

➤ **Objective and Purpose of the Policy**

- i. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director and to recommend their appointment/removal;
 - ii. To lay out the remuneration principles for the Directors, Key Managerial Personnel and other employees.
- A person to be appointed as Director, KMP should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. A Whole-Time KMP of the Company shall not hold office in more than one Company except in its subsidiary company at the same time.
- The Company may appoint or re-appoint a person as Managing Director/Manager/Whole-time Director for a term not exceeding five years at a time. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term up to five consecutive years.
- The remuneration should be reasonable and sufficient to justify the position and responsibility and to retain the Directors. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.

Risk Management Committee

The Risk Management Committee comprises of Mr. Bhupinder Singh, Wholetime Director & CEO, Mr. Vivek Bansal, Wholetime Director & CFO, Mr. Saurabh Jhalaria, Head – SME and Mr. Prithvi

Chandrasekhar, Head – Risk. The role, terms of reference and power of the Risk Management Committee are in conformity with the requirements RBI Master Directions. The Risk Management committee met twice in the financial year i.e. on October 27, 2020 and March 15, 2021.

Asset Liability Management Committee (ALCO)

The ALCO comprises of Mr. Bhupinder Singh, Wholetime Director & CEO, Mr. Vivek Bansal, Wholetime Director & CFO and Mr. Saurabh Jhalaria, Head – SME. The role, terms of reference and power of the ALCO are in conformity with the requirements of the provisions of RBI Master Direction. The ALCO met three times in the financial year i.e. on May 25, 2020, November 6, 2020 and January 27, 2021.

IT Strategy Committee

The IT Strategy Committee comprises of Mr. Rupa Vora, Chairperson & Independent Director Mr. Bhupinder Singh, Wholetime Director & CEO, Mr. Vivek Bansal, Wholetime Director & CFO, Mr. Antonius Bruijninx, Director & Member and Mr. Rahul Bhargava, Member. The role, terms of reference and power of the IT Strategy Committee are in conformity with the requirements of the Master Direction – Information Technology Framework for the NBFC Sector issued by the RBI. The IT Strategy Committee met twice in the financial year i.e. on July 8, 2020 and January 27, 2021.

EVALUATION OF BOARD

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, approved by the Board of Directors 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.

STATUTORY DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

In terms of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees of the Company have been provided in **Annexure E** to this report.

In terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement relating to particulars of employees of the Company is available for inspection by the Members at the registered office of the Company during business hours on working days. A copy of this statement may be obtained by the Members by writing to the Company Secretary of the Company. The Board hereby confirms that the remuneration paid to the Directors is as per the Remuneration Policy of the Company.

EMPLOYEE STOCK OPTION SCHEME

The Company believes that its success is largely determined by the quality of its workforce and their commitment towards achieving the goals of the Company. To enable the employees of the Company to participate in the future growth and success of the Company, the Company has implemented InCred Financial Services Employee Incentive Scheme – 2018.

In terms of Section 62 of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, the disclosures for FY ended on March 31, 2021, is annexed in **Annexure F** to this report.

AUDITORS

M/s. BSR & Co. LLP, Chartered Accountants, Mumbai (Registration No. 101248W), the Statutory Auditors of the Company were appointed in the twenty Sixth Annual General Meeting of the Company with effect from the conclusion of that Meeting to hold the office as the auditors for a term of 5 (Five) years from the conclusion of the Twenty Sixth Annual General Meeting until the conclusion of the thirty first Annual General Meeting at such remuneration as was mutually agreed between the Board of Directors of the Company and the said Auditors. However, since M/s. BSR & Co. LLP, have already completed the tenure of 3 years, they are no longer eligible to continue as the Statutory Auditors of the Company in accordance with the guidelines of the Reserve Bank of India vide their circular dated April 27, 2021 issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).

Subject to approval of the members, , the Board of Directors of the Company has recommended the appointment of M/s. S. R. Batliboi & Associates LLP (FRN: 101049W/E300004) as the statutory auditors of the Company pursuant to section 139 of the Companies Act, 2013. Members' attention is drawn to a Resolution proposing the appointment of M/s. S. R. Batliboi & Associates LLP as the statutory auditors of the Company which is included in item no. 4 of the notice of the AGM.

There are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditor in their Audit Report. The Notes to the financial statements referred in the Auditors Report are self-explanatory .. The Auditors' Report is enclosed with the financial statements in the Annual Report.

During the year under review, the Statutory Auditors have not reported any instances of fraud in the Company committed by officers or employees of the Company to the Audit Committee.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 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 2020-21. The Secretarial Audit Report is annexed to this report as **Annexure G** and does not contain any qualifications, reservations, adverse remarks, or disclaimers.

DEBENTURE TRUSTEE

Name of Debenture Trustee - Axis Trustee Services Limited

Contact person - Chief Operating Officer

Address - Ground Floor, Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025

Tel. Nos - +91 22 6226 0054

Email addresses - debenturetrustee@axistrustee.com

Website - www.axistrustee.com

Name of Debenture Trustee - Catalyst Trusteeship Limited*

Contact person - Manager

Address - Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400098

Tel. Nos - 022-49220548

Email addresses - compliancectl-mumbai@ctltrustee.com

Website - <https://www.catalysttrustee.com/>

**Catalyst Trusteeship Limited was appointed as the Trustee w.e.f. June 22, 2020*

SHIFTING OF REGISTERED OFFICE OF THE COMPANY.

During the year under review, the Board of directors had approved the shifting of the Registered Office of the Company within local limits from 1502 -A, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai 400 051 to Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400 051 with effect from August 1, 2020.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Act and the rules made thereunder and amended from time to time, the extract of Annual Return of the Company in the prescribed Form MGT-7 is available on the website of the Company at www.incred.com.

CREDIT RATING

During the period under review, your Company has received credit rating from CARE for its borrowing program as under:

Facilities	Rating
Long term Bank facilities	CRISIL A (Stable) / CARE A (Negative)
Non- Convertible Debentures	CRISIL A(Stable) / CARE A (Negative)
Secured Redeemable Principal Protected -Market Linked Non-Convertible Debenture (PP-ML-NCD)	CRISIL PP-MLD Ar (Stable) / CARE PP-MLD A (Negative)
Commercial Paper	CRISIL A1 / CARE A1
Short term bank facilities	CRISIL A1

In March 2021, CRISIL Ratings has assigned Long Term rating of “CRISIL A” with ‘Stable’ outlook for the Non-Convertible Debentures and “CRISIL PP-MLD A r” with ‘Stable’ outlook for the Principal protected Market Linked Debentures issuances by the company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Since the Company is a Non-Banking Finance Company, the disclosures regarding particulars of the loans given, guarantee given and security provided is exempt under the provisions of Section 186(11) of the Companies Act, 2013.

Further, pursuant to the provisions of Section 186 (4) of the Act the details of investments made by the Company are provided under Notes forming part of the financial statements of the Company for the year ended March 31, 2021.

TRANSACTIONS WITH RELATED PARTIES

The Company has entered 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 H** annexed to this report.

The Board of Directors of your Company has formulated a policy on related party transactions, which is displayed on the web site of the Company at www.incred.com. This policy deals with review of the related party transactions and regulates all transactions between the Company and its Related Parties.

The details pertaining to as required as per clause 53 (F) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year is provided in **Annexure I** of this Report.

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.

SIGNIFICANT OR MATERIAL ORDERS OF REGULATORS/COURTS/TRIBUNALS

No significant or material orders were passed by the regulator or court or tribunal which impacts the going concern status and the Company’s operations in future.

REMUNERATION OF DIRECTORS

There were no pecuniary relationship or transactions of the non-executive directors, vis- à-vis the company during the financial year 2020-2021 therefore there are no disclosures to be provided herein.

Details of remuneration/ sitting fees paid to directors has been presented in **Annexure E**.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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 Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 not relevant to its activities.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has incurred INR 38.35 lakhs expenditure in foreign exchange but not earned any Foreign Exchange during the year of review.

RISK MANAGEMENT POLICY

Your Company has a Board approved Risk Management Policy which has laid down a framework for identifying, assessing, measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks. Risk Management Committee of the Company has overall responsibility for overseeing the risk management activities of the Company. Your Company has established procedures to periodically place risk management reports before the Risk Management Committee.

INTERNAL FINANCIAL CONTROLS

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. Your Statutory Auditors, M/s. BSR & Co. LLP, have issued unqualified report on Internal Financial Control.

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.

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 web site of the Company at <https://www.incred.com>.

DEPOSITS

Your Company has not accepted any public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI. Further, your 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 your Company.

RBI COMPLIANCE

The Company has complied with the RBI regulations as applicable to it as a Non-Deposit taking Non-Banking Finance Company. The Company being a Non-Deposit Accepting Non-Banking Finance 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 Reserve Bank of India (RBI).

FEMA COMPLIANCE

With respect to the foreign direct investments and downstream investments made by the Company during the financial year under review, the Board hereby confirms that the Company has complied with all the provisions and requirements as applicable under the Master Direction – Foreign Investment in India issued by the Reserve Bank of India.

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of provisions of Section 118 of the Companies Act, 2013 your 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.

ACKNOWLEDGEMENT

The Board acknowledges with gratitude the cooperation and assistance provided to your Company by all the regulatory authorities. The Board wishes to place on record its appreciation to the contribution made by employees of the Company during the year under review. Your Directors thank the customers, clients, vendors, lenders and other business associates for their continued support and are thankful to the Shareholders for their patronage.

For InCred Financial Services Limited

Sd/-

Bhupinder Singh

Whole Time Director and CEO

DIN: 07342318

Sd/-

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: July 23, 2021

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company is a non-deposit taking Non-banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and is engaged in the business of lending.

InCred has 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. InCred has 3 subsidiaries namely, InCred Management and Technology Services Private Limited, Booth Fintech Private Limited and InCred.Ai Limited.

Macroeconomic and Industry Overview – COVID and Lockdown changed the world!

We are living through one of the toughest times of our lives. While health wise, the COVID-19 pandemic has affected 4.7 million people across most countries of the world, global economy is facing one of its worst periods ever and has virtually come to a grinding halt. The most affluent countries are not spared by this highly contagious virus. Even India, relatively less affected on percentage of population terms, is crippled by loss of commercial activities. Lockdowns have caused over 50% reduction in of the world's gross domestic product (GDP). The challenge is that nobody seems know whether we are at the start, middle or end of crisis.

In India too, millions of unemployed daily wage workers and their families trying to walk back to their villages hundreds of kilometres away; has uncovered the weak social security infrastructure. While the number of infected people is going up every day, the Government of India has now started opening up the economy in parts. Containment zones in cities and metropolises continue to remain locked down. Efforts are being made to carefully open up economic activities across most parts of the country with adequate social distancing, use of masks and other stringent health protocols. Even so, returning to the pre-COVID-19 normal seems distant. The efforts of government and policy makers are facing low Consumer confidence, inadequate public transport infrastructure and new health protocol driven working conditions to accommodate growing need of people to get back to routine life.

There appears to be consensus among economists and business community that real GDP growth may see one of the steepest falls in GDP growth in last few decades. Frankly speaking, we do not know. What we can say quite clearly is that not just us in India, but across much of the world, FY2021 will be the most difficult year that we have seen for a very long time. Good news is that this time around, the Central banks and Governments across the world have unleashed massive fiscal measures to protect economic activity including some of the most aggressive monetary and regulatory measures. The Government of India announced measures aggregating to approximately 10% of nominal GDP. The package includes additional liquidity to sectors like NBFC and MSME, government guarantees on lending by banks, greater allocation to social spending schemes like MNREGA, direct bank transfers, free foodgrains for the poor, etc. Earlier, RBI had lowered the benchmark repo rate to its lowest ever level of 4.0%. Also, the RBI announced a moratorium of from April 1,2020 1 to August 31, 2020, on repayment of term loans and interest on working capital, taking the total period of applicability of the moratorium period to 6 months. The shape of the post-pandemic recovery curve depends upon the length of time for which economic activity is subdued, and damage caused by it. Besides special liquidity and partial credit guarantee scheme to provide liquidity to NBFCs, HFCs, MFIs and mutual funds, (v) 100% credit guarantee scheme for aggregate INR 3 lakh crore of emergency credit lines by banks and NBFCs to their MSME borrowers and (vi) subordinated debt and equity support to MSMEs. The Government has also initiated compliance relief measures across various regulatory requirements. The RBI has also initiated several measures like reduction in policy rates, monetary transmission, credit flows to the economy and providing relief on debt servicing. Given the extended tenor of lockdown and severity of its impact on the economy, it is likely that the fiscal stimulus

announced so far may not have the desirable effect on the economy at least in the short term. It remains to be seen whether there are other fiscal measures in the offing.

The Company and its subsidiaries took immediate steps to manage this unprecedented situation, some of the focus areas have been:

- **People:** Keeping safety of the employees as paramount, we provided all the IT support required for them to work from home following strict guidelines as prescribed by government agencies.
- **Strengthening Capabilities:** Risk management is culturally embedded in your company's DNA. So, we have used this crisis to further improve our technology, analytics and collections capabilities. This is to ensure that the portfolio quality is maintained to the best of possibilities and employees are motivated to maintain productivity.
- **Cost & Operating Expenses Effectiveness:** Prudent cost control measures for both salary and non-salary costs have been implemented resulting in significant savings and capital preservation.
- **Conservative Liquidity Management**
- **Brand and Reputation Management**

Your company has triggered the business continuity plans and also ensured that all the partners are also following the health protocols and regulatory guidelines on this crisis management.

Industry Outlook:

The NBFC sector continued to play an important role in bringing the Indians on fringes to the mainstream of credit access. NBFCs are also powering the digitisation of entire sector through use of latest technology. This has resulted in improved financial inclusion, product innovation and superior services especially to the unbanked population.

To ease liquidity pressure on NBFCs, the RBI had taken multiple actions including a Targeted Long-Term Repo Operation (TLTRO) for the sector of INR 50,000 crore and a special financing window through SIDBI, NABARD and National Housing Bank (NHB) of another INR 50,000 crore to enable financing NBFCs.

This pandemic is also expected to result in a deterioration in the asset quality of the financial sector. It remains to be seen how this will pan out when economic activities resume. It is certain that the NBFCs with better equity cover and less leverage will be relatively unscathed during these tough times. Your company is in strong position in that regard.

InCred Financial Services Limited:

Performance highlights of the Company (Standalone) for the Financial Year 2020-21:

- ✓ Number of Employees as on March 31, 2021 was 623
- ✓ Loans and Advances grew to INR 2,55,359.84 lakhs as against INR 2,04,849.17 lakhs in the previous year.
- ✓ Net Interest Income – INR 22,440.35 lakhs
- ✓ Total Costs to Income ratio – 68%
- ✓ Impairment – INR 8,865.37 lakhs
- ✓ Profit before Tax – INR 1,241.06 lakhs
- ✓ Profit after Tax – INR 1,023.44 Lakhs

The Company is present in over 20 offices in 9 states across the country.

Your Company is well capitalised with a capital-to-risk weighted asset ratio (CRAR) of 37% as at March 31, 2021.

The Company's loan book is robust because of strong risk culture and contemporary risk management practices driven by local expertise, advanced analytics and enabled by cutting-edge technology. IFSL's net NPA at 1.68% is among the lowest in the NBFC industry.

IFSL has prudently manage its asset liability management (ALM) by raising long-term borrowings and maintaining a judicious mix of borrowings between banks, MLDs, etc. It has a comprehensive liquidity management framework and maintains an abundant liquidity buffer to manage liquidity risk.

Opportunities and Threats:

COVID pandemic has acted as a 'quality separator' between well managed NBFCs and average ones. Over leveraged NBFCs will likely struggle in the new world, as the ones who do not have risk and collections management competencies. For the initiated companies, there is expected to be significant pent-up demand after the rate of growth of virus starts reducing and/or vaccine is found. At that time, well capitalized NBFCs with technology and talented leadership will have opportunity to cherry pick the right credit from large Indian consumer lending market.

However, temporary job & income losses during lockdown will have negative impact portfolio quality and growth forecasts and will seriously challenge the cost to income ratios. Because of Transmission effect, the government's policy initiatives to ease liquidity and consumer demand will take a while to give real push to the sector to come back to normalcy.

Risks and Concerns:

The COVID has also exposed the vulnerabilities of Credit, Operational, Liquidity and Interest rate risks for most NBFCs. Fortunately, for your Company, early and continued investments into creating robust risk management framework along with diversified portfolio strategy have served us very well so far. We not only have product diversification but also geographical spread that allows to us contain the risks within acceptable limits.

Our gross NPAs stood at 3.43% for the financial year ended March 31, 2021. Mechanism to plough back the intelligence into regular policy upgrades have ensured that we stay ahead of curve in maintaining the quality of portfolio.

Strong governance framework that includes various committees involving board members and senior leadership at the highest level ensures that timely course correction is done whenever required. Ahead of time investment in fraud control unit and collections has only amplified our risk structures, processes and performance. Superior technology and advanced analytics play an important role in getting early warning signals and have been fundamental to our approach to risk management. Daily MIS metrics and Internal audits help us identify the outliers in expected performances across risk areas.

Besides the macro-economic factors like COVID etc., partner risk is something that we have been watching closely. Overall, InCred seem to be well poised to grow with best in class risk management practices.

Business Update:

The Company caters to lower middle class to middle class Indian households for their personal finance needs like education loans, personal loans. Correspondingly, it also offers unsecured business loans to small businesses, secured loan to 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. Additionally, our ability to originate and process large number of applications with much better efficiencies than the competition has helped us to keep the operating costs under control.

Personal Loans:

In our most digitized through put business, we are continuing to grow cautiously and outperforming our benchmarks across risk, origination and operational efficiencies:

- ✓ Total number of loans made as on March 31, 2021 were more than 600,000
- ✓ Loan book saw growth of 66% during FY2021 stood at INR 79,355 lakhs.
- ✓ Gross deployment in FY2021 were INR 87,693 lakhs.
- ✓ PL business was fueled by growing customer franchise, strategic partnerships, investment in advanced analytics and customer centric processing capabilities.

Student Loans:

In this niche lending space, our experienced team has created one of the strongest brands for InCred. Extensive knowledge about the education sector, its finer nuances like accreditations, fees structures, entrance scores, evaluation systems, university/college/course rankings etc. give us the ability to predict the potential employability and income for any student that we fund. The customer here is highly qualified, demanding and has potential to be InCred customer for most of his/her financial needs for next 30-40 years. Numbers so far are:

- ✓ Loan book stood at INR 33,076 lakhs
- ✓ We have funded over 2,200 talented Indian students, who have gone to over 600 plus universities across 25 countries
- ✓ Over 4,390 students applied for InCred education loan during the year
- ✓ First batch of InCred funded students that are coming out after completing their courses are getting salaries ranging from \$ 50,000+ to \$ 150,000+, endorsing our superior underwriting
- ✓ Only 1 student is 90+ overdue

MSME Lending:

Anchor backed business loans:

- ✓ Risks are contained because of proactive monitoring of portfolio and regular evaluation of cash flows of borrowers
- ✓ Focus on customers and partnerships engaged in IT distribution, Consumer business, pharmaceuticals, delivery-e-commerce platform, restaurant and food delivery platforms.
- ✓ Loan book increased from INR 23,023 lakhs to INR 27,808 lakhs i.e. growth of 20.8%

Lending to FI's and Escrow backed lending:

- ✓ Loan book grew at 86% to INR 53,524 lakhs from INR 28,737 lakhs
- ✓ Focus on companies with robust ALM practices and companies financing microfinance sector

School Financing (secured):

Another business vertical where InCred is dominant player because of its specific expertise is lending to 12 schools in few states of India.

- ✓ School loans AUM grew by 28% to INR 57,245 lakhs in FY 2021 from INR 44,550 crores in FY 2020
- ✓ Predominantly spread across South and West because of the prevailing culture of education and more transparent fees structures.

New Business Segments

Your Board of Directors at their meeting held on February 17, 2021, have approved the engagement in new product / businesses namely Loan Against Property, Micro Finance Institution Business and certain financial products such as Loan Against Securities, Margin funding, ESOPs funding and IPO financing.

Financial Performance and operational performance (Standalone):

- During the financial year 2020-21, the Company's total income amounted to INR 39,184.91 lakhs, as compared to INR 33,156.65 lakhs in 2019-20.
- The Company's profit after tax Increased to INR 1,023.44 lakhs during financial year 2021-21 from INR 275.41 lakhs in 2019-20.
- Gross NPAs and net NPAs for the year under review stood at 3.43% and 1.68% respectively.
- Capital Adequacy Ratio (CRAR): The Company maintained a CRAR of 37% during 2020-21
- Assets under Management (AUM): The total Assets under Management (AUM) as on March 31, 2021 stood at INR 2,63,366.49 lakhs as against Rs. 2,07,690.51 lakhs as at March 31, 2020.

Outlook:

Developments during the last year have clearly separated well run NBFCs with prudent risk & ALM managements practices from mediocre companies with 'me too' business models in the same space. Quality of leadership, integrity and high standards of governance will decide the future of not only the new players but also entrenched incumbents. With democratization of technology, brands built through Customer experience and values-based culture will be the only sustainable competitive advantages.

Internal control systems and their adequacy

The company's internal control framework is designed to ensure operational efficiency in a secure environment, accuracy and promptness in financial reporting and management information and compliance with laws and regulations. To support the internal control system, an internal audit process has been implemented to continuously evaluate the design, adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. The Company's internal control system is commensurate with its size, nature and operations.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

As on March 31, 2021, the Company had 623 employees. During financial year 2020-21. the Company has optimised its manpower and focused on increasing per person productivity through improved processes and development of IT systems which automated certain business processes. The Company continued focus on hiring high quality talent across organisation with special focus on Tech and

Analytics teams. It ensured lot more employee engagement initiatives to ensure for employees, we strike fine balance between work demands and workplace fun.

It also ensured consistent and timely feedback and guidance from superiors for employees. It created employee communication platforms at regular intervals with senior management so that employees get an understanding of current business realities and priorities as well as senior management understands employee feedback on major business initiatives as well as get an opportunity to listen to any suggestions/areas of concern etc.

The Company continued emphasis on regulatory training requirements like KYC and POSH etc. In addition, it introduced certain employee development initiatives. Many of those were linked to Company values and culture besides focusing on building skills for employees. The Company tracks employee morale and engagement monthly as it is one the key strategic priorities in shaping the desired culture for the organisation.

It also carried out annual engagement survey to track engagement levels across teams and took corrective actions wherever needed. The Company's further enhanced certain features of our HRIS system to create seamless and paperless experience for all its employees including new joinees.

The Company continued to build strong HR team and processes and consistently aligned HR policies to ensure highest levels of governance in its people processes. The Company complied with all regulatory requirements. The industrial relations situation remained cordial in the Company.

For InCred Financial Services Limited

Sd/-

Bhupinder Singh

Whole time Director and CEO

DIN: 07342318

Sd/-

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: July 23, 2021

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

1	Sr. No.	1	2
2	Name of the Subsidiary	InCred Management and Technology Services Pvt Ltd	Booth Fintech Pvt Ltd
3	Registered Office	Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400051	Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400051
4	Nature of Business	Support services	Advisory and Consultancy services company
5	No. Of Branches	Nil	Nil
6	Reporting period	April 1, 2020 to March 31, 2021	April 1, 2020 to March 31, 2021
7	Reporting currency	INR	INR
8	Exchange rate on the last day of the financial year	NA	NA
9	Share Capital	2,290.00	2.04
10	Reserves and Surplus	(1,086.77)	436.56
11	Total assets (Fixed assets + Investments + Other assets)	1,262.35	443.83
12	Total liabilities (Deposits + Borrowings + Other liabilities + Provisions)	59.12	5.23
13	Investments	-	391.39
14	Turnover	63.36	5.03
15	Profit/ (Loss) Before Tax	(561.31)	(1.78)
16	Provision for tax		
17	Profit/ (Loss) After Tax	(561.31)	(1.78)
18	Proposed dividend	-	-
19	% of shareholding	100%	100%

Part “B”: Associates & Joint Ventures- mValu Technology Services Private Limited

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures		
1	Latest audited balance sheet date	March 31, 2021
2	Shares of Associate/joint Ventures held by the company on the year end	
	Number	1,95,694 Class B CCPS
	Amount of investment in associates/ joint venture	INR 391.39 lakhs (Cost)
	Extent of holding %	40.96% (dilutive)
3	Description of how there are significant influence	Refer Note 1
4	Reason why the associate/joint venture is not consolidated	NA
5	Net worth attributable to shareholding as per latest audited balance sheet	INR 953.24 lakhs
6	Profit/ (loss) for the year	INR (853.45 lakhs)
i	(Loss) Considered in consolidation	INR (349.57 lakhs)
ii	Not considered in consolidation	INR (503. 88 lakhs)

Note 1

Through Booth Fintech Private Limited (Subsidiary of InCred Financial Services Limited)

For InCred Financial Services Limited

Sd/-

Bhupinder Singh

Whole time Director and CEO

DIN: 07342318

Sd/-

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: July 23, 2021

ANNEXURE C

Details of Board Meeting held during FY 2020-21

Quarter	No. of meetings held	Date of meeting(s)
April 2020 to June 2020	1	June 11, 2020
July 2020 to September 2020	1	August 31, 2020
October 2020 to December 2020	1	November 6, 2020
January 2021 to March 2021	1	February 17, 2021

Details of General meetings

Type of meeting	Date of meeting(s)
Annual General meeting	30-09-2020
Extra ordinary General meeting	20-05-2020 10-08-2020

Attendance of Board of Directors for the meetings held during the financial year 2020-21

Name of Director	11.06.2020	31.08.2020	06.11.2020	17.02.2021
Mr. Bhupinder Singh	Yes	Yes	Yes	Yes
Mr. Vivek Bansal	Yes	Yes	Yes	Yes
Mr. Debashish Dutta Gupta **	NA	NA	NA	Yes
Mr. Girish Nadkarni#	Yes	Yes	Yes	Yes
Mr. Rupa Vora	Yes	Yes	Yes	Yes
Mr. Vivekanand P S	Yes	Yes	Yes	Yes
Mr. Deepak Narang##	Yes	Yes	Yes	Yes
Mr. Parvinder Pasricha*	Yes	Yes	NA	NA
Mr. Antonius Bruijninx	Yes	Yes	Yes	Yes

**Mr. Debashish Dutta gupta is appointed w.e.f December 01, 2020

* Dr. Parvinder Pasricha resigned as Additional Independent Director w.e.f September 3, 2020

#Mr. Girish Nadkarni resigned as Director w.e.f. June 13, 2021

##Mr. Deepak Narang resigned as Independent Director w.e.f. June 11, 2021

Attendance for the meetings of Audit Committee held during the financial year 2020-21

Name of Director	11.06.2020	31.08.2020	06.11.2020	17.02.2021
Mr. Bhupinder Singh#	Yes	Yes	Yes	Yes
Mrs. Rupa Vora (Chairperson)	Yes	Yes	Yes	Yes
Mr. Deepak Narang*	Yes	Yes	Yes	Yes
Mr. Parvinder Pasricha*	Yes	Yes	NA	NA
Mr. Antonius Bruijninx	Yes	Yes	Yes	Yes
Mr. Debashish Dutta Gupta **	NA	NA	NA	Yes

**Mr. Debashish Dutta Gupta is appointed w.e.f. December 1, 2020

* Dr. Parvinder Pasricha resigned as Additional Independent Director w.e.f. September 3, 2020 and Mr. Deepak Narang resigned as Director w.e.f June 11, 2021

Mr. Bhupinder Singh discontinued to be the member of the Audit Committee, since the same was reconstituted on June 13, 2021 to be in accordance with the provisions of Section 177 of the Companies Act, 2013

Attendance for the meetings of Nomination and Remuneration Committee held during the financial year 2020-21

Name of Director	11.06.2020	31.08.2020	06.11.2020
Mrs. Rupa Vora	Yes	Yes	Yes
Mr. Deepak Narang*	Yes	Yes	Yes
Mr. Girish Nadkarni*	Yes	Yes	Yes
Mr. Vivek Anand PS	Yes	Yes	Yes

*Mr. Deepak Narang and Mr. Girish Nadkarni resigned as Directors w.e.f. June 11, 2021, and June 13, 2021 respectively.

Attendance for the meetings of Corporate Social Responsibility Committee held during the financial year 2020-21

Name of Director	31.08.2020	24.03.2021
Mr. Bhupinder Singh (Chairperson)	No	No
Mrs. Rupa Vora	Yes	Yes
Mr. Vivek Bansal	Yes	Yes

For InCred Financial Services Limited

Sd/-

Bhupinder Singh

Whole time Director and CEO

DIN: 07342318

Sd/-

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: July 23, 2021

ANNEXURE D

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

The CSR Policy adopted by your Company is available on the website of the Company at <https://www.incred.com>.

2. The CSR committee of the Board of Directors as on the date of this Board Report comprises of the following:

SI No.	Name of Director	Designation	Number of CSR meeting held during the year	Number of CSR meeting attended during the year
1.	Mr. Bhupinder Singh	Whole Time Director and CEO	2	0
2.	Mr. Vivek Bansal	Whole Time Director and CFO	2	2
3.	Mrs. Rupa Vora	Independent Director	2	2

3. The Composition of CSR Committee, CSR Policy and CSR projects approved by the Board of our Company is available on the website of the Company at <https://www.incred.com>.

4. Impact assessments of CSR Projects carried out in pursuance of sub-rule(3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: **Not applicable**

5. Amount available for set off in pursuance of sub -rule(3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the amount required for set off for the financial year:

Sr. No.	Financial Year	Amount available for set off from preceding financial years (in INR)	Amount required to be set-off for the financial year, if any (in INR)
1.	2020-21	Nil	Nil
2.	2019-20	Nil	Nil
3.	2018-19	Nil	Nil
	Total		

6. Average net profit of the company as per section 135(5): **INR 999.62 Lakhs**

7. CSR obligation

Sr. No.	Particulars	Amount (in Lakhs.)
a.	Two percent of average net profits of the company as per section 135(5)	19.99
b.	Surplus arising out of the CSR Projects or programmes or activity of the previous financial years	Nil
c.	Amount required to be set off for the financial year	Nil
d.	Total CSR obligation for the financial year (7a + 7b- 7c)	19.99

8 (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year: (In Rs.)	Amount spent (In Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 136		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the fund	Amount	Date of Transfer
20,05,000/-	NIL	NIL	NIL	NIL	NIL

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

1	2	3	4	5	6	7	8	9	10	11	
Sr. No.	Name of the project	Items from the list of activities in Schedule VII of the act.	Local Area (Yes/No)	Location of the Project	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial year (in Rs.)	Amount transferred to unspent CSR account for the project as per section 135(6) (in Rs.)	Mode of Implementation Direct (Yes/No)	Mode of Implementation-Through Implementing Agency	
				State	District					Name	CSR Regis

					r i c t							tra tio n No.
1	N an hi Ka li	Promoting girls Child education	Plagh ar and Mumbai	Maharashtra and UP		One year	19.99	17,10,000	NIL	Yes	No	
2	K EC T	Promoting girls Child education	Mumbai	Maharashtra				2,20,000	NIL	Yes	No	
3	M an av Se va Sa ng h	Promoting girls Child education	Rajot	Gurajat				75,000	NIL	Yes	NO	
	To tal							20,05,000				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year: NA

1	2	3	4	5		6	7	8	
Sr . No.	Name of the Project	Items from the list of activities in schedule VII of the act	Local Area (Yes/No)	Location of the project		Amount spent for the project (In Rs.)	Mode of Implementation on Direct- (Yes/No)	Mode of Implementation through Implementing Agency	
				Sta te	Dis tric t			Nam e	CSR Registration number
1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(d) Amount spent in Administrative overheads : **None**

(e) Amount spent on Impact Assessment, if applicable.: **N.A**

(f) Total amount spent for the financial year (8b + 8c + 8d + 8e): **INR 20,05,000/-**

(g) Excess amount for set off, if any: **Nil**

9 (a) Details of Unspent CSR amount for the proceeding three financial years:

S I. N o.	Preced ing Financi al year	Amount transferred to unspent CSR account under section 135(6) (in Rs.	Amount spent in the reporting financial year (in Rs.)	Amount transferred to any fund specified under schedule VII as per section 135 (6), if any.			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the fund	Amount in Rs.	Date of transfer	
1.	2020- 21	Nil	Nil	-	Nil	-	Nil
2.	2019- 20	Nil	1,12,000/-	-	Nil	-	Nil
3.	2018- 19	Nil	Nil	-	Nil	-	Nil

**The unspent amount of INR 1.12 Lakhs for the Financial year 2019-20 was spent by the Company by August 2020*

(b) Details of CSR amount spent in the financial year for **ongoing projects** of preceding financial year(s): NA

10. In case of creation or acquisition of capital asset, furnish the details relating to asset so created or acquired through CSR spent in the financial year. **(asset - wise details).**

(a) Date of creation or acquisition of the capital asset (s): **NA**

(b) Amount of CSR spent for creation or acquisition of capital asset: **NA**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **NA**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **NA**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profits as per section 135(5):

The Company has been able to spend the entire amount prescribed for FY 2020-21

For Incred Financial Services Limited

Sd/-

Bhupinder Singh

Whole time Director & CEO

DIN: 07342318

Sd/-

Rupa Vora

Independent Director

DIN: 01831916

Place: Mumbai

Date: July 23, 2021

ANNEXURE E

DISCLOSURES ON MANAGERIAL REMUNERATION

Details of remuneration as required under Rule 5.1 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided below:

a) Ratio of remuneration of each director to the median employees' remuneration for FY 2021 and percentage increase in remuneration

Name	Designation	Ratio of remuneration to the median employees' remuneration	Percentage change in remuneration
Mr. Bhupinder Singh	Whole Time Director and CEO	80:1	(7.50%)*
Mr. Vivek Bansal	Whole Time Director and CFO	29:1	(5%)*
Mr. Girish Nadkarni	Director	N.A.	-N.A.
Mrs. Rupa Vora	Independent Director	NIL	NIL
Mr. Vivek Anand	Director	N.A.	-N.A.
Mr. Antonius Bruijninx	Director	NIL	NIL
Mr. Parvinder Singh Pasricha	Independent Director	NIL	NIL
Mr. Deepak Narang	Independent Director	NIL	NIL
Mr. Debashish Dutta Gupta	Independent Director	NIL	NIL

* Effective from May 01, 2020

Sitting fees is not forming part of remuneration in aforesaid calculation

b) Percentage increase in the remuneration of key managerial personnel in FY 2021

Name	Designation	percentage increase in remuneration
Ms. Nikita Hule	Company Secretary (from April 1, 2020 to August 31, 2020)	7.5%
Mr. Gajendra Thakur	Company Secretary (from September 1, 2020 till date)	NA

c) Percentage increase in the median remuneration of employees in FY 2021

The percentage increase in the median remuneration of employees in FY 2021 stood at **9%**.

d) 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; There was no increase in managerial remuneration

- e) There were 572 permanent employees on the roll of Company as on March 31, 2021)
- f) It is hereby affirmed that the remuneration paid to the Directors, Key Managerial Personnel and employees is as per the Remuneration policy of the Company.

For InCred Financial Services Limited

Sd/-

Bhupinder Singh

Whole time Director and CEO

DIN: 07342318

Sd/-

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: July 23, 2021

ANNEXURE F

Disclosure under the Employee Incentive Scheme - 2018 pursuant to the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on financial year ended March 31, 2021

Particulars	Disclosures
Number of options granted (in FY 20-21)	97,72,875
Number of options vested (in FY 20-21)	29,70,323
Number of options exercised (in FY 20-21)	91,209
Total number of shares arising as a result of exercise of options	91,209
Number of options lapsed / cancelled (in FY 20-21) – includes both vested and unvested	18,93,398
Exercise Price	INR 40/- per share
Variation of terms of options	N.A.
Money realised by the exercise of options	INR 36,48,360 (exercise amt)
Total number of options in force	2,00,88,392

Details of options granted to Key Managerial Personnel (“KMP”)

Sr. No	Name	Designation	Options Granted
1.	Vivek Bansal	Chief Financial Officer	10,00,000
2.	Bhupinder Singh	CEO	NIL
3.	Nikita Hule	Chief Manager-Compliance & Secretarial	6,500
4.	Gajendra Thakur	Head – Legal, Compliance & CS	55,000

Details of employees who received a grant of options in any one year of options amounting to five per cent or more of options granted during that year

Sr. No	Name	Designation	Options Granted
1	Saurabh Jhalaria	CEO - SME	15,00,000
2	Vivek Bansal	Chief Financial Officer	10,00,000
3	Saumya Mittal	MD - Special Situations and Structured Credit	10,00,000
4	Prithvi Chandrasekhar	Head of Risk and Analytics	6,00,000
5	Kamlesh Dangi	Group Head - Human Resources	6,00,000
6	Rahul Bhargava	Chief Product and Technology Officer	5,00,000

Details of identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: None

For InCred Financial Services Limited

Sd/-

Bhupinder Singh

Whole time Director and CEO

DIN: 07342318

Sd/-

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: July 23, 2021

Incred Financial Services Limited

CIN : U74899MH1991PLC340312

Secretarial Audit Report

For the financial year ended on 31st March 2021

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

Ashish Karodia
M.Com., LL.B, F.C.S.

Company Secretary

208, Trade House,
14/3, South Tukoganj,
Indore (M.P.)
Cell: +91 98261 - 14533
E-mail: ashishkarodia@gmail.com

Form No. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED
31st March, 2021**

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

To,
The Members,
Incred Financial Services Limited
CIN- U74899MH1991PLC340312
Unit No. 1203, 12th Floor, B Wing,
The Capital Plot No. C - 70, G Block,
BKC Mumbai - 400051

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** (hereinafter called the Company) having **CIN- U74899MH1991PLC340312**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's 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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021, 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:

Due to Covid-19 pandemic we were unable to physically visit the Company office and Branch office and therefore, we have examined the books, papers, minute books, forms and returns filed and other records received via Emails and other electronic means maintained by **Incred Financial Services Limited** for the financial year ended on 31st March, 2021 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 thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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INCRD FINANCIAL SERVICES LIMITED SECRETARIAL AUDIT REPORT 2020-2021

- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- 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, 2015.
 - *The Company has closed the trading window for the year ended 31st March 2020 and half year ended 30th September 2020 as per its Code of Conduct for Prevention of Insider Trading and fair disclosure of Unpublished Price Sensitive information adopted by the Company.*
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period);
 - *Not applicable to the Company during the period under scrutiny.*
 - 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 debt listed entity.*
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - *During the year under review, the Company has issued secured debentures amounting to INR 622 crores and the same have been listed.*
 - f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - *Not applicable to the Company during the period under scrutiny.*
 - g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - *Not applicable to the Company during the period under scrutiny.*

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:



INCRD FINANCIAL SERVICES LIMITED SECRETARIAL AUDIT REPORT 2020-2021

- 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:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements/ regulations entered into by the Company with BSE 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. *The retirement of rotation of Directors has been done in accordance with the Articles of the Association of the Company.*

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 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 during the audit period, following approvals has been sought from members having major impact:

The Members have accorded their consent to the Board of Directors at the Extra Ordinary General Meeting held on May 20, 2020 to carry on the following businesses:

1. Borrowings by way of issuance of Secured Non-Convertible Debentures.
2. Alteration of the restated Articles Of Association of the Company.



INCRD FINANCIAL SERVICES LIMITED SECRETARIAL AUDIT REPORT 2020-2021

The Members have accorded their consent to the Board of Directors at the Extra Ordinary General Meeting held on August 10, 2020 to carry on the following businesses:

1. Approval of Grant of Stock Options under the Employee Incentive Scheme of the Company

The Members have accorded their consent to the Board of Directors at the Annual General Meeting held on September 30, 2020 to carry on the following businesses:

1. Appointment of Mr. Deepak Narang (DIN: 03272814) as an Independent Director of the Company for the period of 2 years.
2. Appointment of Mr. Antonius Bruijninx (DIN: 08589813) as a Non-Executive Director of the Company.

Further the Board has approved the scheme of Amalgamation of Incred Housing Finance Private Limited (a wholly-owned subsidiary of the Company) with the Company in year 2020 and filed the same with National Company Law Tribunal (NCLT), Mumbai Bench on October 6, 2020. The NCLT, Mumbai Bench has approved the scheme vide order no. CP(CAA)/1094/MB/2020 in CA(CAA)/1105/MB/2020 dated March 11, 2021 from the appointed date of April 1, 2020. In lieu of Government guidelines due to pandemic situation in the Country, the certified copies were obtained from said NCLT and filed with the Registrar of Companies, Mumbai after the closure of the said financial year but before signing this report.

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 23.07.2021
At Indore
UDIN: F006549C000666516

Annexure –A to the Secretarial Audit Report

To,
The Members,
Incred Financial Services Limited
(CIN: U74899MH1991PLC340312)
Unit No. 1203, 12th floor, B Wing,
The Capital Plot No. C - 70, G Block,
BKC Mumbai - 400051

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 23.07.2021
At Indore
UDIN: F006549C000666516

ANNEXURE H

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. Name(s) of the related party and nature of relationship	2. Nature of contracts/arrangements/transactions	3. Duration of contracts/arrangements/transactions	4. Salient terms of contracts/arrangements/transactions including the value, if any	5. Justification for entering into such contracts/arrangements/transactions	6. Date of approval by the board of directors	7. 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. Name(s) of the related party and nature of relationship	2. Nature of contracts/arrangements/transactions	3. Duration of contracts/arrangements/transactions	4. Salient terms of contracts/arrangements/transactions including the value, if any	5. Justification for entering into such contracts/arrangements/transactions	6. Date of approval by the board of directors	7. 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

Sd/-

Bhupinder Singh

Whole time Director and CEO

DIN: 07342318

Sd/-

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: July 23, 2021

ANNEXURE I

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

Disclosures of amounts as on March 31, 2021 and the maximum amount of loans/ advances/ Investments outstanding during the year.

Particulars	Nature of Loan	Loans and advances in the nature of loans to subsidiaries		
		Amount (Rs. In Lakhs)		
		Opening Balance as on April 1, 2020	During the year 2020-21	As on March 31, 2021
InCred Management & Technology Services Private Limited	NA	-	-	-
Booth Fintech Private Limited	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
	N.A.		

For InCred Financial Services Limited

Sd/-

Bhupinder Singh

Whole time Director and CEO

DIN: 07342318

Sd/-

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Place: Mumbai

Date: July 23, 2021

B S R & Co. LLP

Chartered Accountants

14th Floor, Central Wing B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway, Goregaon (East),
Mumbai - 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Independent Auditor's Report

To the Members of InCred Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of InCred Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of matter

We draw attention to Note 42 of the standalone financial statements which describes the accounting for the Scheme of Amalgamation of between the Company and InCred Housing Finance Limited, (wholly owned subsidiary). The Scheme has been approved by the National Company Law Tribunal ("NCLT") vide its order dated 11 March 2021, however due to the ongoing pandemic situation, the Company has not received the certified true copy of the Order from the NCLT and hence the same has not been filed by the Company with the Registrar of Companies, Mumbai. Pending the certified copy of the order being filed with Registrar of Companies, the Company has given effect of the merger in its standalone financial statements for the year ended 31 March 2021. Though the appointed date as per the NCLT approved Scheme is 1 April 2020, as per the requirements of Appendix C to Ind AS 103 "Business Combination", the merger has been accounted for as if it had occurred from the beginning of the preceding period in the standalone financial statements. Accordingly, the amounts relating to the year 2020 include the impact of the business combination and the corresponding amounts for the previous year ended 31 March 2020, have been restated by the Company after recognising the effect of the amalgamation as above. The aforesaid note (Note 42) also describes the impact of the business combination on the standalone financial statements.

Registered Office:

B S R & Co. is partnership firm with Registration No. BA612231 converted into B S R & Co. LLP
a Limited Liability Partnership with LLP Registration No. AAB-81811 with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco
Center, Western Express Highway, Goregaon (East), Mumbai - 400063

Independent Auditor’s Report (Continued)

InCred Financial Services Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
<p>Impairment of loans and advances to customers</p>	
<p>Charge (including write off): INR 8,868.53 lakhs for the year ended 31 March 2021</p>	
<p>Provision: INR 9,104.89 lakhs as at 31 March 2021</p>	
<p><i>Refer to the accounting policies in “Note 1 (D)(7) to the Standalone Financial Statements: Impairment of financial assets”, “Note 1(B) (iv) to the Standalone Financial Statements: use of estimates and judgements” and “Note 4 : Loans to Standalone financial statements and Note 28 A : Financial Risk Management - Credit Risk to the Standalone Financial Statements”</i></p>	
<p>Subjective estimate</p>	<p>Our key audit procedures included:</p>
<p>Recognition and measurement of impairment of loans and advances involve significant management judgement.</p>	<ul style="list-style-type: none"> • Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process. • Assessed the design and implementation of controls in respect of the Company’s impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Evaluating management’s controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Testing of review controls over measurement of impairment allowances and disclosures in standalone financial statements. • Testing management’s controls over authorisation and calculation of post model adjustments • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.
<p>Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Company’s impairment allowance is derived from estimates including the historical default and loss ratios. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company’s estimation of ECLs are:</p>	
<ul style="list-style-type: none"> - Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate - Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default (“PD”), Loss Given Default (“LGD”), and Exposures at Default (“EAD”). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company’s modelling approach. - Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. 	

Independent Auditor's Report (Continued)

InCred Financial Services Limited

Key Audit Matters (Continued)

Description of Key Audit Matter (Continued)

Key audit matter	How the matter was addressed in our audit
<p>- Qualitative adjustments – In the absence of time tested historical data for certain loan products, management has used surrogate industry estimates or derived inputs using regulatory guidance. Management believes that these estimates address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19.</p> <p>- Restructuring – the Company has restructured loans in the current year on account of COVID-19 related regulatory measures. The Company has undertaken restructuring under RBI circulars/ guidelines for retail as well as SME portfolio. In addition, Company has given relief to its eligible borrowers using the ECLGS scheme. This has resulted in increased management estimation over determination of losses for such restructured loans</p> <p><i>Impact of COVID -19</i></p> <p>On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.</p> <p>We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, the severity and duration of the pandemic, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the standalone financial statements, we have considered this as a key audit matter.</p> <p><i>Disclosures</i></p> <p>The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.</p>	<ul style="list-style-type: none"> • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied. • Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the standalone financial statements are appropriate and sufficient. <p>Involvement of specialists - we involved financial risk modelling specialists for the following:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used. • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the impairment loss allowance determination.

Independent Auditor's Report (Continued)

InCred Financial Services Limited

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
Information technology	
IT systems and controls	Our audit procedures to assess the IT system access management included the following:
<p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting.</p>	General IT controls / user access management
<p>We have identified 'Information Technology systems' as a key audit matter because of the high level of automation, large transaction volume, the increasing challenge to protect the Company's systems, controls over data integrity and the risks associated with remote access of key applications by a large population of employees at the year end.</p>	<ul style="list-style-type: none"> • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.
<p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<ul style="list-style-type: none"> • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, completeness and accuracy of the report generated from the system and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. • Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end. • Performed inquiry of enhanced cyber security measures put in place in the context of a cyber security incident taken place at the Company

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.



Independent Auditor's Report (Continued)

InCred Financial Services Limited

Information Other than the Standalone Financial Statements and Auditor's Report Thereon (Continued)

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

Independent Auditor's Report (Continued)

InCred Financial Services Limited

Auditor's Responsibilities for the Audit of the Standalone Financial Statements (Continued)

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditor's Report (Continued)

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position – Refer Note 33 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 33 to the standalone financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.



B S R & Co. LLP

Independent Auditor's Report (Continued)

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements (Continued)

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its extra ordinary general meetings held on 26 March 2019 and 31 May 2019 the managerial remuneration paid/provided for by the Company during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022



Pranav Gune
Partner

Membership No. 121058
UDIN: 21121058AAAAAS4898

Mumbai
07 May 2021

InCred Financial Services Limited

‘Annexure A’ to the Independent Auditor’s Report of even date on the standalone financial statements of InCred Financial Services Limited

The Annexure referred to in the Independent Auditor’s Report to the members of InCred Financial Services Limited (the “Company”) on the standalone financial statements for the year ended 31 March 2021, we report that:

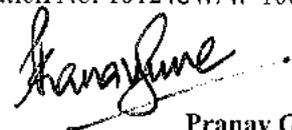
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details fixed assets and situation of fixed assets.
- (b) The Company has a regular program of physical verification of fixed assets in a phased manner, over three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company is a Non-Banking Finance Company (NBFC), engaged in the business of lending. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 of the Act and has complied with the provisions of section 186(1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply. Thus, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Thus, paragraph 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of excise duty, wealth tax, sales tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, goods and services tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

InCred Financial Services Limited

'Annexure A' to the Independent Auditor's Report of even date on the standalone financial statements of InCred Financial Services Limited (Continued)

- (b) According to the information and explanations given to us, there have been no dues of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (ix) According to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which those are raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its extra ordinary general meetings held on 26 March 2019 and 31 May 2019, the managerial remuneration paid/provided for by the company during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company has obtained registration under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained its Certificate of Registration dated 8 January 1991.

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Pranav Gune
Partner

Membership No: 121058
UDIN: 21121058AAAAAS4898

Mumbai
07 May 2021

InCred Financial Services Limited

Annexure B to the Independent Auditor's report on the standalone financial statements of InCred Financial Services Limited for the year ended 31 March 2021.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph (2(A)(f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of InCred Financial Services Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.



InCred Financial Services Limited

Annexure B to the Independent Auditor's report on the standalone financial statements of InCred Financial Services Limited for the year ended 31 March 2021. (Continued)

Auditor's Responsibility (Continued)

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

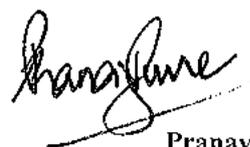
Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Pranav Gune
Partner

Membership No: 121058
UDIN: 21121058AAAAAS4898

Mumbai
07 May 2021

InCred Financial Services Limited

Standalone Financial Statements
Balance Sheet as at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020 (Restated)*
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	1,323.38	3,772.83
(b) Bank balance other than cash and cash equivalents	3	588.46	735.88
(c) Loans	4	2,55,359.84	2,04,849.17
(d) Investments	5	12,670.66	3,113.50
(e) Other financial assets	6	1,821.28	1,690.39
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		720.61	862.36
(b) Deferred tax assets (Net of deferred tax liabilities)	7	1,857.39	963.22
(c) Property, plant and equipment	8	3,276.35	2,975.07
(d) Capital work-in-progress		14.49	125.06
(e) Other intangible assets	9	222.49	299.97
(f) Other non-financial assets	10	1,285.55	1,046.22
Total assets		2,79,140.50	2,20,433.67
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Debt securities	11	73,827.02	42,105.62
(b) Borrowings (other than debt securities)	12	93,422.08	70,321.28
(c) Other financial liabilities	13	4,231.88	3,342.57
(2) Non-financial liabilities			
(a) Provisions	14	169.48	158.41
(b) Other non-financial liabilities	15	2,905.26	2,078.21
EQUITY			
(a) Equity share capital	16 (A)	38,624.42	38,615.30
(b) Other equity	16 (B)	65,960.36	63,812.28
Total liabilities and equity		2,79,140.50	2,20,433.67

*Refer Note No 42 "Scheme of Amalgamation and arrangement"

Significant accounting policies and key accounting estimates and judgments

The accompanying notes form an integral part of the standalone financial statements

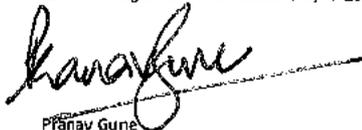
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As per our report of even date

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022



Pranav Gune

Partner

Membership No: 121058

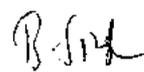
Place: Mumbai

Date: 7 May 2021

For and on behalf of the Board of Directors of

InCred Financial Services Limited

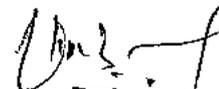
CIN: U74899MH1991PLC340312



Bhupinder Singh

Whole Time Director and CEO

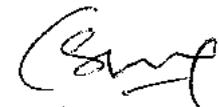
DIN: 07342318



Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

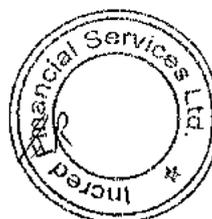


Gajendra Thakur

Company Secretary

Place: Mumbai

Date: 7 May 2021



InCred Financial Services Limited

Standalone Financial Statements
Statement of Profit and Loss for the year ended March 31, 2021

(Rs. In lakhs)

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)*
Revenue From operations			
(i) Interest Income	17	37,711.75	31,103.32
(ii) Fees and commission income	18	557.16	805.95
(iii) Net gain/(loss) on fair value changes	19	258.91	465.01
(I) Total revenue from operations		38,537.82	32,374.28
(II) Other income	20	647.09	782.37
(II) Total Income (I + II)		39,184.91	33,156.65
Expenses			
(i) Finance costs	21	15,271.40	11,605.69
(ii) Impairment on financial instruments	22	8,865.37	5,634.74
(iii) Employee benefits expenses	23	9,159.37	9,240.58
(iv) Depreciation, amortization and impairment	8 & 9	841.79	1,099.89
(v) Others expenses	24	3,805.92	4,271.24
(IV) Total expenses		37,943.86	31,852.14
(V) Profit before tax and exceptional items (III - IV)		1,241.06	1,304.51
(VI) Exceptional items	41	-	545.76
(VII) Profit before tax and after exceptional item (V - VI)		1,241.06	658.75
(VIII) Tax Expense:	25		
(1) Current Tax		1,135.14	527.43
(2) Deferred Tax		(917.52)	(144.09)
(IX) Profit for the year (VII-VIII)		1,023.44	275.41
(X) Other comprehensive income			
(A) (i) items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(26.29)	29.03
(b) Equity instruments through other comprehensive income		-	0.02
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.62	(0.22)
Subtotal (A)		(19.67)	28.73
(B) (i) items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		118.97	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		(29.95)	-
Subtotal (B)		89.03	-
Other comprehensive income / [loss] (A + B)		69.35	28.73
(XI) Total comprehensive income for the year (IX + X)		1,092.79	304.14
(XII) Earnings per equity share	26		
Basic (Rs.)		0.27	0.07
Diluted (Rs.)		0.26	0.07

*Refer Note No 42 "Scheme of Amalgamation and arrangement"
Significant accounting policies and key accounting estimates and judgments
The accompanying notes form an integral part of the standalone financial statements

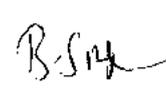
As per our report of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101748W/W-100022



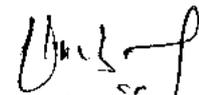
Pranav Ghite
Partner
Membership No: 121058

Place: Mumbai
Date: 7 May 2021

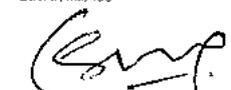
For and on behalf of the Board or Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312



Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

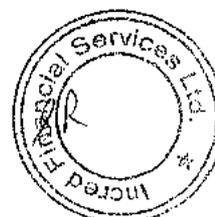


Vivek Bansal
Whole Time Director and CFO
DIN: 07835456



Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021



Standalone Financial Statements

Cash Flow Statement for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)*
Cash flow from operating activities		
Profit before tax	1,241.06	658.75
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	841.79	1,099.89
Net (gain)/loss on fair value changes	(268.91)	(465.01)
Interest income	(37,711.75)	(31,103.32)
Finance cost	15,119.25	11,453.91
Impairment loss	8,865.37	5,634.73
Provision for diminution in the value of investments	-	645.76
Share based expense	1,027.93	583.88
Advertisement expense	28.02	30.61
Retirement benefit expenses	(21.39)	32.28
Interest expense on lease liability	152.16	151.78
Reversal of rent expense	(292.95)	(401.71)
Operating profit before working capital changes	(11,019.42)	(11,678.45)
Working capital adjustments		
(Increase) in Loans	(59,179.73)	(35,416.46)
(Increase) / decrease in other financial assets	(130.88)	(453.33)
(Increase) in other non financial assets	(267.35)	(330.79)
Increase in other financial liabilities	1,030.10	2,340.72
Increase / (decrease) in provisions	12.79	(27.84)
Increase in other non financial liabilities	827.04	195.92
Cash generated from operations	(68,727.45)	(45,370.23)
Interest received on loans	37,515.45	30,229.32
Interest paid on borrowings	(17,429.34)	(10,668.87)
Income taxes paid (net)	(970.03)	(470.41)
Net cash (used in) operating activities	(49,611.37)	(26,280.19)
Cash flow from investing activities		
Purchase of property, plant and equipment	(876.19)	(2,755.54)
Purchase of intangibles assets	(189.42)	(107.54)
Capital work-in-progress	110.57	(125.06)
Purchase of investments	(1,56,146.89)	(1,08,350.45)
Proceeds from sale of investments	1,46,947.67	1,07,268.75
Investment in term deposits earmarked with banks	(96,580.25)	(5,814.26)
Proceeds from maturity of term deposits earmarked with banks	96,724.72	5,348.80
Net cash (used in) / generated from investing activities	(10,009.79)	(4,535.30)
Cash flow from financing activities		
Issue of equity shares (including securities premium)	36.48	42,361.30
Security issue expenses	-	(595.77)
Proceeds from borrowings (other than debt securities)	72,665.00	55,339.32
Proceeds from issue of debt securities	62,173.39	12,511.62
Repayment of borrowings (other than debt securities)	(48,668.11)	(58,279.10)
Redemption of debt securities	(28,044.83)	(18,807.33)
Net cash generated from financing activities	58,161.93	32,530.05
Net increase / (decrease) in cash and cash equivalents	(1,459.23)	1,714.56
Cash and cash equivalents at the beginning of the year	813.54	(901.02)
Cash and cash equivalents at the end of the year	(645.69)	813.54

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow



(b) Cash and cash equivalents comprises of

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)*
Cash on hand	2.84	7.92
Balances with banks		
- Current Accounts	1,320.54	3,764.91
Deposit with bank with maturity less than 3 months	-	-
Cash and cash equivalents (Refer note 2)	1,323.38	3,772.83
Less: Bank overdraft and cash credit (Refer note 12)	(1,969.07)	(2,962.25)
Add: Impairment loss allowance on deposits with bank	-	2.96
Cash and cash equivalents in cash flow statement	(645.69)	813.54

*Refer Note No 42 "Scheme of Amalgamation and arrangement"

Significant accounting policies and key accounting estimates and judgments

The accompanying notes form an integral part of the standalone financial statements

1

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022



Pranav Gune

Partner

Membership No: 121058

Place: Mumbai

Date: 7 May 2021

For and on behalf of the Board of Directors of

InCred Financial Services Limited

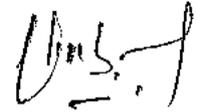
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Bhupinder Singh

Whole Time Director and CEO

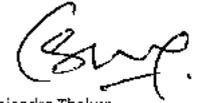
DIN: 07342318



Vivek Bansal

Whole Time Director and CFO

DIN: 07835456



Gajendra Thakur

Company Secretary

Place: Mumbai

Date: 7 May 2021



InCred Financial Services Limited

Standalone Financial Statements
Statement of Changes in Equity for the year ended March 31, 2021

A. Equity share capital

Particulars	(Rs. in lakhs)	
	As at March 31, 2021 (Restated)**	As at March 31, 2020 (Restated)**
Balance as at the beginning of the year	30,763.67	30,762.83
Changes in equity share capital during the year	9.12	0.74
Balance as at the end of the year	30,772.79	30,763.67

B. Preference share capital

Particulars	(Rs. in lakhs)	
	As at March 31, 2021 (Restated)**	As at March 31, 2020 (Restated)**
Balance as at the beginning of the year	7,851.63	-
Changes in preference share capital during the year	-	7,851.63
Balance as at the end of the year	7,851.63	7,851.63

B. Other equity

Particulars	Reserves and Surplus					Debt instruments through OCI	Equity Instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve			
Balance at March 31, 2019 (Restated)**	362.89	27,435.03	27.74	65.70	136.09	613.58	15.34	28,656.48
Profit for the year	-	-	-	-	-	275.41	-	275.41
Reassessment benefit of defined benefit plans	-	-	-	-	-	28.73	-	28.73
Other comprehensive income for the year	-	-	-	-	-	28.73	-	28.73
Total comprehensive income for the year (net of tax)	-	-	-	-	-	28.73	-	28.73
Transfer / utilisations	-	-	-	-	-	304.13	-	304.13
Additions during the period	-	34,863.53	-	-	-	-	-	34,863.53
Utilized during the year	-	(595.77)	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	89.04	-	-	-	-	(89.04)	-	-
Employee stock option expense	-	-	-	(14.81)	598.59	-	-	583.78
Balance at March 31, 2020 (Restated)**	452.04	61,702.79	27.74	50.90	734.78	823.68	15.36	69,812.28
Profit for the year	-	-	-	-	-	1,023.44	-	1,023.44
Reassessment benefit of defined benefit plans	-	-	-	-	-	(19.67)	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	(19.67)	-	(19.67)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	(19.67)	-	(19.67)
Transfer / utilisations	-	-	-	-	-	1,003.75	-	1,003.75
Additions during the period	-	27.36	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	-	(204.69)	-	-
Employee stock option expense	-	-	-	11.88	1,016.56	-	-	1,028.44
Balance at March 31, 2021	656.72	61,730.15	27.74	62.77	1,751.34	1,627.75	89.03	65,960.36

*Refer Note NO 42 "Scheme of Amalgamation and arrangement"
Significant accounting policies and key accounting estimates and judgments
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 101249W/W-100022

Kamleshwar Singh
Pranav Gure
Partner
Membership No: 121038

B. S. R.
Shubhender Singh
Whole Time Director and CEO
DIN: 07942338

Vivek Bansal
Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Gajendra Thakur
Company Secretary



Place: Mumbai
Date: 7 May 2021

(1) Significant Accounting Policies

A. Corporate Information

Incred Financial Services Limited (the 'Company') was incorporated in India on 8 January 1991, under the provisions of the Companies Act, 1956.

The Company has received a Certificate of Registration from the Reserve Bank of India ('RBI'), on 30th August 2000 to commence/carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. The company qualifies to be a NBFC - Systematically Important Non-Deposit taking Company as per "Master - Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016".

The registered office of the Company is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400051 (erstwhile - 1502-A, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra, India, 400051)

B. Basis of preparation

i. Statement of compliance

The Standalone financial statement of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as applicable to NBFCs subject to RBI norms and regulations.

The Company's financial statements were authorized for issue by the Company's Board of Directors on May 07, 2021.

ii. Functional and presentation currency

The Standalone financial statement are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All the amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

iii. Basis of measurement

The Standalone financial statement have been prepared under the historical cost convention except for the following items:

- a. Certain financial assets and liabilities that are measured at fair value
- b. Net defined benefit asset / liability - plan assets are measured at fair value less present value of defined benefit obligation; and
- c. Share-based payments - measured at fair value

iv. Use of estimates and judgements

The preparation of Standalone financial statement in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the

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date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

Significant judgements

i. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. Further details are disclosed in Note 30.

ii. Recognition of deferred tax assets / liabilities

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forward and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry forward and unused tax credits could be utilised. Further details are disclosed in Note 7.

iii. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

iv. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial assets / liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

v. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes option pricing model used for valuation of options. Key assumptions and inputs for fair value made with respect to expected volatility includes share price, expected dividends and discount rate, under the Black-Scholes option pricing model. These assumptions / inputs and models are disclosed in Note 31.

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vi. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

vii. Leases

The Company has recognized the lease liability at the present value of the future lease payments over the lease term discounted at the incremental borrowing rate.

C. Presentation of financial statements

The Standalone financial statement of the Company are presented as per Schedule III ('Division III') of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Standalone Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and RBI regulations to the extent applicable.

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair values of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition.

ii Classification and subsequent measurement of financial assets:

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. The Company classifies its financial assets in the following measurement categories:

Financial assets measured at amortised cost

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment), unless the asset is designated at FVTPL:

- i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. the Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

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Financial assets measured at Fair value through other comprehensive Income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b. the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Financial assets measured at Fair Value through Profit and Loss (FVTPL)

A financial asset which is not classified in above category is subsequently measured at FVTPL. Where assets are measured at fair value, gains and losses are recognized entirely in the Standalone Statement of Profit and Loss.

The assets classified in the aforementioned categories are subsequently measured as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Standalone Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the EIR method, foreign gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Standalone Statement of Profit and Loss.

Equity investments designated at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in Standalone Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Standalone Statement of Profit and Loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Standalone Statement of Profit and Loss.

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iii. **Classification and subsequent measurement of financial liabilities**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as on initial recognition.

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit and loss.

The Company's financial liabilities include trade payables and other financial liabilities.

iv. **Derecognition**

Financial assets

The Company derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when the contractual rights to receive cash flows from the financial asset expires or it transfers the rights to receive to receive the contractual cash flows in a transaction in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

v. **Offsetting of financial instruments**

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

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3. Compound financial instruments

Compound financial instruments issued by the company comprise convertible debentures in INR that can be converted to equity shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with the changes in the fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

Interest related to financial liability is recognised in Standalone Statement of Profit and Loss. In case of conversion at maturity, financial liability is reclassified to equity and no gain or loss is recognised.

4. Share capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

5. Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment if any in the standalone financial statement.

6. Business Combination

Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous periods are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

7. Impairment of financial assets

Overview of the Expected Credit Losses ('ECL') principles

- The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.
- The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase

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in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss)

- Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances and advances upto 30 days default under this category.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

Credit-impaired financial assets:

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

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

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- e) The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

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

Probability of Default - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 28.

Exposure at Default - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 28.

Loss Given Default - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 28.

Forward looking information

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

Write-offs

The Company writes off Retail secured and unsecured loans outstanding for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis subject to 540 days and 450 days respectively, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

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8. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

9. Share-based payment arrangements

- a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.
- b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.
- c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Standalone Standalone Statement of Profit and Loss.
- d. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

10. Lease Accounting

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease

At the date of commencement of the lease, the Company recognizes right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.



The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

11. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income ('OCI').

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends to realise the asset or settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and
- iii Temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has

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become probable that future taxable profits will be available against which they can be used.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

12. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

- (i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,
- (ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Standalone Statement of Profit and Loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Standalone Statement of Profit and Loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is provided on written down value basis as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Standalone Statement of Profit and Loss.

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Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date which the asset is ready for use (disposed of).

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years

Assets costing less than INR 5,000 are fully depreciated in the year in which they are purchased.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimated useful life as given above best represent the period over which management expects to use the these assets.

13. Intangible assets

i. Recognition and measurement

Intangible assets (computer software) are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the Statement Profit and Loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life using the straight-line method, and is included in depreciation, amortisation and impairment in the Standalone Statement of Profit and Loss.

The intangible assets are amortised over the estimated useful life of 3 years.

Amortisation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

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14. Impairment of non-financial assets

The carrying values of assets at each balance sheet date are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised in the Standalone Statement of Profit and Loss for such excess amount.

In respect of assets (except goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such reversal of impairment loss is recognised in the Standalone Statement of Profit and Loss, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Revenue from operations

Recognition of interest and fee income or expense

Dividend income is recognised on the date on which the Company's right to receive the payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Fee and commission income:

Under Ind AS, corporate guarantee issued on behalf of subsidiaries without any commission has been measured at fair value with corresponding impact adjusted with investment in the respective subsidiary. Consequently, guarantee commission for the respective period has been recognised through income statement. Other loan related

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charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

16. Finance Cost

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

17. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Contribution to provident fund and ESIC

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

iii. Gratuity

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

iv. Compensated absence

The Company does not have a policy of encashment of unavailed leaves for its employees and are not permitted to carry forward the leaves. Hence there is no liability towards compensated absence.

18. Foreign currency

Transaction and balances

Transactions in foreign currencies are translated in to the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each closing date, foreign currency monetary items are reported using the closing exchange rate.

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Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income and expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the Standalone Statement of Profit and Loss.

19. Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

20. Statement of Cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

21. Segment Reporting

The Company is considered to have two operating segments 'Consumer Retail' and 'SME.' As per Ind AS-108 'Operating segments', if a financial report contains both the consolidated financial statements of a parent as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 'Operating segments' will be given in the Consolidated Financial Information.

22. Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expenses relating to a provision is presented in the Standalone Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

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b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

c. Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

d. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

23. Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as exceptional items.

24. Standards issued but not yet effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 01 April 2021.

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Cash on hand	2.84	7.92
Balances with banks (of the nature of cash and cash equivalent)	1,320.54	3,764.91
Total	1,323.38	3,772.83

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Earmarked balances with banks *	588.46	738.84
Expected credit Loss	-	(2.96)
Total	588.46	735.88

* Earmarked for borrowings, bank guarantee and securitised transaction.

4. Loans

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
	Amortised cost	Amortised cost
(A) (i) Term loans	2,46,338.20	1,98,335.79
(ii) Loans repayable on demand	18,126.53	11,852.47
Total - Gross (A)	2,64,464.73	2,10,188.26
Less: Impairment loss allowance	(9,104.89)	(5,339.09)
Total - Net of impairment loss allowance (A)	2,55,359.84	2,04,849.17
(B) (i) Secured by tangible assets	93,266.30	84,293.71
(ii) Secured by intangible assets	37,712.37	16,269.02
(ii) Covered by Bank / Government guarantees	5,786.74	-
(iii) Unsecured	1,27,699.32	1,09,625.53
Total - Gross (B)	2,64,464.73	2,10,188.26
Less: Impairment loss allowance	(9,104.89)	(5,339.09)
Total - Net of impairment loss allowance (B)	2,55,359.84	2,04,849.17
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	2,64,464.73	2,10,188.26
Total - Gross (C)	2,64,464.73	2,10,188.26
Less: Impairment loss allowance	(9,104.89)	(5,339.09)
Total - Net of impairment loss allowance (C)	2,55,359.84	2,04,849.17



InCred Financial Services Limited

Notes to the Standalone Financial Statements

5. Investments

Particulars	As at March 31, 2021			As at March 31, 2020 (Restated)			Total
	Amortised cost	Through other comprehensive income	Through profit or loss	Amortised cost	Through other comprehensive income	Through profit or loss	
Mutual funds	2,120.55	6,652.06	-	-	-	1,003.81	1,003.81
Debt securities	-	-	-	-	-	-	-
Equity instruments	-	-	-	3,911.22	-	-	2,109.69
-Subsidiaries**	2,120.55	6,652.06	-	3,911.22	-	1,003.81	2,109.69
Total - Gross (A)	2,120.55	6,652.06	-	3,911.22	-	1,003.81	3,113.50
Investments in India (B)	2,120.55	6,652.06	-	3,911.22	-	1,003.81	2,109.69
Total - Gross (B)	2,120.55	6,652.06	-	3,911.22	-	1,003.81	3,113.50
Less: Allowance for impairment loss (C)	(0.05)	(13.12)	-	-	-	-	-
Total - Net (B - C)	2,120.50	6,638.94	-	3,911.22	-	1,003.81	2,109.69
Total							
				8,772.61			1,003.81
				3,911.22			2,109.69
				12,683.83			3,113.50
				12,683.83			3,113.50
				12,683.83			3,113.50
				(13.17)			-
				12,670.66			3,113.50

* Others are measured at cost

** For details of investment in subsidiaries, refer Note no 20

6. Other financial assets

Particulars	As at	As at
	March 31, 2021	March 31, 2020 (Restated)
Other receivables	72.71	277.01
Loan to employees	8.62	43.51
Security Deposits (Unsecured, considered good)	230.06	273.74
Advances to related parties	15.46	1,046.10
Advances recoverable in cash	1,499.61	55.47
Less: Allowance for impairment loss	(5.18)	(5.44)
Total	1,821.28	1,690.39



InCred Financial Services Limited

Notes to the Standalone Financial Statements

7. Deferred tax

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

Particulars	Net balance April 01, 2020 (Restated)	Recognised in profit or loss	Recognised in OCI	(Rs. in lakhs)	
				Net balance as at March 31, 2021	
Deferred tax assets					
Impairment loss on financial assets	1,201.23	883.35	-	2,084.58	
Impairment on investments	17.87	4.91	-	22.78	
Remeasurement of retirement benefit plans	37.68	(4.41)	6.62	39.89	
Disallowance of expenses	-	119.56	-	119.56	
Lease expense	29.82	24.36	-	54.18	
Difference between written down value of fixed assets as per the books of accounts and income tax	30.49	40.96	-	71.45	
(A)	1,317.09	1,068.73	6.62	2,392.44	
Deferred tax liabilities					
Net fair value gain on investment designated through FVOCI	-	-	(29.96)	(29.96)	
EIR impact on financial instruments	(352.63)	(152.18)	-	(504.81)	
Others	(1.24)	0.96	-	(0.28)	
(B)	(353.87)	(151.22)	(29.96)	(535.05)	
Deferred tax asset (net) (A+B)	963.22	917.51	(23.34)	1,857.39	



InCred Financial Services Limited

Notes to the Standalone Financial Statements

8. Property, plant and equipment

(Rs. in Lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold improvements	Office equipment	Computer & printer	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2020 (Restated)								
At carrying cost at the beginning of the year	22.71	38.03	708.55	21.43	402.03	51.91	-	1,244.66
Additions	-	44.78	263.30	86.64	180.71	52.84	-	2,757.15
Disposals	-	(1.46)	(250.30)	(0.44)	-	-	-	(252.20)
Gross carrying value as March 31, 2020 (Restated)	22.71	81.35	721.55	107.63	582.74	104.75	2,128.88	3,749.61
Accumulated depreciation as at the beginning of the year	0.40	1.12	0.40	2.06	126.57	8.70	-	139.25
Depreciation for the year	0.38	5.80	323.41	15.74	160.45	11.71	-	885.88
Disposals	-	(0.18)	(250.30)	(0.11)	-	-	-	(250.59)
Accumulated depreciation as at March 31, 2020 (Restated)	0.78	6.74	73.51	17.69	287.02	20.41	368.39	774.54
Net carrying value as at March 31, 2020 (Restated)	21.93	74.61	648.04	89.94	295.72	84.34	1,760.49	2,975.07
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	81.35	721.55	107.63	582.74	104.75	-	3,749.61
Additions during the year	-	94.14	359.63	83.34	151.00	19.53	-	4,028.48
Disposals	-	(17.89)	-	(3.99)	(3.06)	-	-	(156.93)
Gross carrying value as March 31, 2021	22.71	157.60	1,081.18	186.78	730.68	124.28	2,316.53	4,621.76
Accumulated depreciation as at the beginning of the year	0.78	6.74	73.51	17.69	287.02	20.41	-	774.54
Depreciation for the year	0.38	9.58	91.71	25.50	192.55	17.61	-	710.92
Disposals	-	(2.80)	-	(0.87)	(0.37)	-	-	(139.67)
Accumulated depreciation as at March 31, 2021	1.16	13.52	165.22	42.32	479.20	38.02	605.96	1,345.40
Net carrying value as at March 31, 2021	21.55	144.08	915.96	144.46	251.48	86.26	1,712.57	3,276.36

* Immovable properties have been pledged against debt securities issued. Refer Note 11

** Refer Note 32 for recognition of right-of-use assets



InCred Financial Services Limited

Notes to the Standalone Financial Statements

9. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2020 (Restated)	
At cost at the beginning of the year	465.16
Additions during the year	107.54
Gross carrying value as March 31, 2020 (Restated)	572.70
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	58.72
Amortisation for the year	214.01
Accumulated amortisation as at March 31, 2020 (Restated)	272.73
Net carrying value as at March 31, 2020 (Restated)	299.97
Year ended March 31, 2021	
At cost at the beginning of the year	572.70
Additions during the year	189.42
Gross carrying value as March 31, 2021	762.12
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	272.73
Amortisation for the year	266.89
Accumulated amortisation as at March 31, 2021	539.62
Net carrying value as at March 31, 2021	222.50

10. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Prepaid expenses	360.27	254.71
Advances recoverable in kind (Unsecured, considered good)	201.49	77.67
GST receivable	723.79	713.84
Total	1,285.55	1,046.22

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

11. Debt Securities

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020 (Restated)
	Amortised cost	Amortised cost
Debentures	73,827.02	42,105.62
Total	73,827.02	42,105.62
Debt securities in India	73,827.02	42,105.62
Debt securities outside India	-	-
Total	73,827.02	42,105.62

Terms and conditions

(Rs. In lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2021	As at March 31, 2020 (Restated)
1	500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	20-Sep-19	-	6,068.98
2	1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each	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.	Redeemable at par at the end of 825 days from the date of allotment. Coupon to be paid annually.	22-Jun-20	-	15,047.83
3	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each	2. Additionally secured by way of a pari-passu charge with other debenture holders over the identified immovable property owned by the Company.	Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Apr-21	6,213.51	8,208.66
4	1000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 545 days from the date of allotment Coupon to be paid annually and on maturity	20-Dec-21	10,687.30	-
5	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,265.56	-
6	1000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,649.39	-
7	500, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	5,050.83	-
8	500, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	10-Feb-22	5,277.22	-
9	750, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	14-Mar-22	7,491.67	-
10	250, 9.10% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	04-Jun-22	2,502.24	-
11	156, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 451 days from the date of allotment.	18-Jan-21	-	1,621.98
12	192, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 428 days from the date of allotment.	03-Feb-21	-	1,967.73
13	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	30-Sep-21	1,849.04	1,653.72
13	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 752 days from the date of allotment.	14-Dec-21	3,977.66	3,553.81
14	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment.	18-Feb-22	5,630.14	3,982.71
15	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	5,744.54	-
16	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	28-Jul-23	1,487.92	-
	Total				73,827.02	42,105.62

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

12. Borrowings (other than debt securities)

(Rs. In lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020 (Restated)
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	62,464.65	50,699.91
(ii) from other parties	16,338.37	15,145.11
(b) Inter corporate borrowings from related parties	6,202.16	-
(c) Inter corporate borrowings from other parties	1,000.25	-
(d) Loans repayable on demand		
(i) from banks	5,456.93	4,476.26
(ii) from other parties	-	-
(e) Commercial Papers	1,959.72	-
Total	93,422.08	70,321.28
Borrowings in India	93,422.08	70,321.28
Borrowings outside India	-	-
Total	93,422.08	70,321.28

Terms and conditions

(Rs. In lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2021	As at March 31, 2020 (Restated)
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly instalments with original tenure ranging from 3 to 60 months. Rate of Interest ("ROI") ranging from 6.32% p.a. to 11.00% p.a.	62,464.65	50,699.91
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly instalments with original tenure ranging from 33 to 39 months. ROI ranging from 10.35% p.a. to 12.45% p.a.	16,338.37	15,014.28
	Pass Through Certificate Borrowings are secured by way of charge on fixed deposits and receivable from the pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings. ROI ranging from 10.35% p.a. to 12.45% p.a.	-	130.93
Loans repayable on demand (WCDC and CC)	Working Capital Demand Loans ("WCDC") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	WCDC and CC facilities are repayable on demand, interest is payable on a monthly basis. ROI ranging from 8.10% p.a. to 11.60% p.a.	5,456.93	4,476.26
Inter corporate borrowings from related parties (Refer Note 29)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis ROI - 9.90% p.a.	6,202.16	-
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month. Interest is payable on maturity. ROI - 10.00% p.a.	1,000.25	-
Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 364 days with coupon of 9.00% p.a.	1,959.72	-
Total			93,422.08	70,321.28

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

13. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Lease liability (Refer Note 32)	1,927.82	1,878.95
Advances from customers	2,273.22	1,432.21
Sundry Creditors	18.59	16.19
Security deposits	10.57	10.57
Employee expenses payable	0.01	0.69
Others	1.67	3.96
Total	4,231.88	3,342.57

14. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Provision for employee benefits (Refer Note 30)	158.48	153.59
Expected credit loss provision on undrawn commitments	11.00	4.82
Total	169.48	158.41

15. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Statutory dues payable	516.18	658.23
Provision for expenses	2,389.08	1,419.98
Total	2,905.26	2,078.21

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

16 (A). Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00
Preference Shares of Rs. 10/- each	8,00,00,000	8,000.00	8,00,00,000	8,000.00
Total	2,08,00,00,000	2,08,000.00	2,08,00,00,000	2,08,000.00
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	30,77,27,936	30,772.79	30,76,36,727	30,763.67
Preference Shares of Rs. 10/- each fully paid	7,85,16,289	7,851.63	7,85,16,289	7,851.63
Total	38,62,44,225	38,624.42	38,61,53,016	38,615.30

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Terms/rights attached to preference shares

Each Cumulative Compulsory Convertible Preference Share ("CCCPS") shall be a 0.001% coupon preference share denominated in Indian Rupees and shall be fully and cumulatively compulsorily convertible within a period of 19 years from the date of their issue.

Each holder of CCCPS shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other applicable laws from time to time and as specified under the Articles of Association. Further to the aforesaid, for the purpose of voting, the holder of the CCCPS shall be deemed to have converted all its CCCPS into Equity Shares and shall have voting rights on every resolution placed before the Company on the basis of its shareholding in the Company on as "as converted" basis or Fully Diluted Basis, i.e., assuming the conversion of all the CCCPS held by it into Equity Shares.

Equity shares held by holding company

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

(Rs. in lakhs)

Name of shareholder	As at March 31, 2021		As at March 31, 2020 (Restated)	
	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	23,03,73,125	23,037.31	23,03,73,125	23,037.31

Details of shareholder(s) holding more than 5% of shares in the company :

Name of shareholder	As at March 31, 2021		As at March 31, 2020 (Restated)	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	59.64%	23,03,73,125	59.66%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	4,50,36,765	11.66%	4,50,36,765	11.66%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,61,31,606	6.77%	2,63,04,302	6.81%
Investcorp Private Equity Fund II (formerly known as IDFC Private Equity IV)	1,42,41,228	3.69%	2,87,82,735	7.45%
Total	31,57,82,724	81.76%	33,04,96,927	85.59%



InCred Financial Services Limited

Notes to the Standalone Financial Statements

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding
During the current financial year the Company has issued Nil equity shares for consideration other than cash (Previous year: Nil).

Equity shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
	Number	Amount	Number	Amount
At the beginning of the year	30,76,36,727	30,763.67	30,76,29,303	30,762.93
<u>Add: Issued during the year</u>				
Shares issued during the year	-	-	-	-
ESOP exercised during the year	91,209	9.12	7,424	0.74
Bought during the year	-	-	-	-
At the end of the year	30,77,27,936	30,772.79	30,76,36,727	30,763.67

Preference shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	-	-
<u>Add: Issued during the year</u>				
Shares issued during the period	-	-	7,85,16,289	7,851.63
Bought during the period	-	-	-	-
At the end of the year	7,85,16,289	7,851.63	7,85,16,289	7,851.63



InCred Financial Services Limited

16 (B). Other Equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings			
Balance at March 31, 2019 (Restated)	362.99	27,435.03	27.74	65.70	136.09	613.61	-	15.34	28,656.50
Profit for the year	-	-	-	-	-	275.41	-	-	275.41
Remeasurement benefit of defined benefit plans	-	-	-	-	-	28.71	-	-	28.71
Other comprehensive income for the year	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	304.13	-	0.02	304.14
Transfer / utilisations	-	-	-	-	-	-	-	-	-
Additions during the period	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	(595.77)	-	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	89.04	-	-	-	-	(89.04)	-	-	-
Employee stock option expense	-	-	-	(14.81)	598.69	-	-	-	583.88
Balance at March 31, 2020 (Restated)	452.03	61,702.79	27.74	50.89	734.76	828.69	-	15.36	63,812.28
Profit for the year	-	-	-	-	-	1,023.44	-	-	1,023.44
Remeasurement benefit of defined benefit plans	-	-	-	-	-	(19.67)	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	-	89.03	-	89.03
Total comprehensive income for the year (net of tax)	-	-	-	-	-	1,003.76	89.03	-	1,092.79
Transfer / utilisations	-	-	-	-	-	-	-	-	-
Additions during the period	-	27.36	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	-	(204.69)	-	-	-
Employee stock option expense	-	-	-	11.38	1,016.55	-	-	-	1,027.93
Balance at March 31, 2021	656.72	61,730.15	27.74	62.27	1,751.33	1,627.76	89.03	15.36	65,960.36

Nature and purpose of each reserves

Special reserve - Reserves created under Section 451C of Reserve Bank of India Act, 1934.

Capital reserve - This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

Securities premium - The securities premium account is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Deemed equity - This reserves is outcome of security deposits placed by InCred Management and Technology Services Private Limited (wholly owned subsidiary) on behalf of the Company.

Capital contribution from parent - The capital contribution from parent is the outcome of share based arrangement where Bee Finance Limited (Mauritius), Holding Co. has granted equity settled options to the employees of the Company.

Share based payment reserve - The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the company and its subsidiaries under stock option schemes of the Company.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.

Debt instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income.

Equity Instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.



InCred Financial Services Limited

Notes to the Standalone Financial Statements

17. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
On financial assets measured at amortised cost:		
-Interest on loans	35,496.52	31,024.84
-Interest income from investments	523.59	40.22
-Interest on deposits with banks	154.14	38.26
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	1,537.50	-
Total	37,711.75	31,103.32

Note - No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2021 and 31 March 2020.

18. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Other fees and charges	501.16	749.95
Service fees (Refer Note 29 for related party transaction)	56.00	56.00
Total	557.16	805.95

19. Net gain/ (loss) on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Net gain/ (loss) on financial instruments at fair value through profit or loss		
-Investments	268.91	465.01
Total	268.91	465.01
Fair value changes:		
-Realised	268.91	461.20
-Unrealised	-	3.81

20. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Marketing income	195.00	135.00
Service fee income (Refer Note 29 for related party transaction)	401.46	628.56
Other income	50.63	18.81
Total	647.09	782.37

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

21. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
On financial liabilities measured at amortised cost:		
(i) Interest on borrowings	8,258.41	7,463.00
(ii) Discount on Commercial Paper	124.74	93.85
(iii) Interest on Debentures	6,499.73	3,801.05
(iv) Interest on Inter Corporate Debts ("ICD") (Refer Note 29)	195.74	66.18
(v) Liability towards operating lease (Refer Note 32)	152.16	151.78
(vi) Other finance cost	40.62	29.83
Total	15,271.40	11,605.69

22. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
On Financial instruments measured at amortised cost:		
(i) Loans (including amount written off, net of recovery)	8,868.53	5,631.53
(ii) Investments	0.05	(1.82)
(iii) Others	(3.21)	5.03
Total	8,865.37	5,634.74

23. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Salaries and wages	7,799.95	8,154.92
Contribution to provident and other funds	216.00	260.68
Share based payment to employees (Refer Note 31)	1,026.38	583.88
Staff welfare expenses	138.43	199.55
Retirement Benefit expenses (Refer Note 30)	(21.39)	32.28
Others	-	9.27
Total	9,159.37	9,240.58

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

24. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Rent (Refer Note 32)	275.89	198.41
Communication cost	76.38	96.11
Travelling and conveyance	129.22	344.41
Legal, professional and consultancy charges	441.41	316.89
Membership and Subscription	5.50	4.27
IT expenses	593.96	657.31
Repairs and maintenance	15.28	25.01
Rating fees	104.25	47.84
Printing and stationary	4.56	29.67
Bank charges	31.94	28.55
Bureau charges	168.68	290.44
Directors' sitting fees (Refer Note 29)	13.19	14.55
Payment to auditors	84.93	73.54
Advertisement, publicity and sales promotion expenses	389.18	385.90
Operation Cost	164.00	458.25
Office Expense	286.25	316.03
Postage & courier charges	11.63	62.45
Interest on statutory dues	10.03	0.18
Recruitment fees	32.51	126.88
Stamp Duty & Filing fees	8.10	62.22
Legal & Technical charges	25.64	88.74
Corporate Social responsibility (Refer Note 37)	20.05	16.93
Cost of Collection	851.93	553.48
Miscellaneous expenses	61.41	73.18
Total	3,805.92	4,271.24

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Auditor's remuneration		
- Audit fees	74.12	65.95
In other capacity		
- Certification services	10.81	7.59
- Taxation	-	-
Total	84.93	73.54

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Notes to the Standalone Financial Statements

25. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020 (Restated)
Current tax expense		
Current year	1,135.14	527.43
	1,135.14	527.43
Deferred tax expense		
Origination and reversal of temporary differences	(917.52)	(144.09)
Deferred tax expense	(917.52)	(144.09)
Tax expense for the year	217.61	383.34

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Year ended March 31, 2020 (Restated)		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(26.29)	6.62	(19.67)	29.03	(0.32)	28.71
(b) Equity instruments through other comprehensive income	-	-	-	0.02	-	0.02
Items that will be reclassified to profit or loss						
(a) Debt Instruments through other comprehensive income	118.97	(29.95)	89.03	-	-	-
	92.68	(23.33)	69.35	29.05	(0.32)	28.74

(c) Amounts recognised directly in equity

There are no temporary difference recognised directly in equity for the year ended March 31, 2021 (Previous Year: Nil)

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020 (Restated)
Profit before tax as per Statement of profit and loss (A)	1,241.06	658.75
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate (B)	312.37	165.81
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	8.42	18.45
Effect of income exempt from Income tax	(42.11)	(97.74)
Tax pertaining to prior year	(47.84)	(4.85)
Other adjustments	(13.23)	11.54
Reversal of Deferred tax on account of merger (Refer Note No 42)	-	182.70
Impact for change in tax rate	-	107.43
Effective tax amount	217.61	383.34
Effective tax rate	17.53%	58.19%

(e) During the previous year, the Company had elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section. The full impact of the above mentioned change of Rs. 107.43 lakhs has been recognised in the standalone statement of profit and loss for the year ended March 31, 2020.

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

26. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

i. Profit attributable to Equity shareholders:

Particulars	(Rs. in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Profit attributable to equity holders of the Company used in calculating basic earnings per share	1,023.44	275.41
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	1,023.44	275.41

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
	Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,51,19,843
Adjustments for calculation of diluted earnings per share:	14,19,853	-*
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	38,65,39,696	38,03,66,142
Basic earnings per share	0.27	0.07
Diluted earnings per share	0.26	0.07

* The ESOPs outstanding are anti-dilutive in nature

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Notes to the Standalone Financial Statements

27. Fair Value Measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

Particulars	As at March 31, 2021			As at March 31, 2020 (Restated)			Others	FVTPL	FVOCI	Amortised Cost	Others	FVTPL	FVOCI	Amortised Cost	Others	
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost										
Financial assets																
Cash and cash equivalents	-	-	1,323.38	-	-	1,323.38	-	-	-	-	-	-	-	3,772.83	-	-
Bank balance other than cash and cash equivalents	-	-	588.46	-	-	588.46	-	-	-	-	-	-	-	735.88	-	-
Loans	-	-	2,55,359.84	-	-	2,55,359.84	-	-	-	-	-	-	-	2,04,849.17	-	-
Investments																
-Mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Debt securities	-	6,638.94	2,120.55	-	-	2,120.55	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	1,821.28	-	-	1,821.28	-	-	-	-	-	-	-	1,690.39	-	-
Total financial assets	-	6,638.94	2,61,213.51	-	-	2,61,213.51	-	-	-	-	-	-	-	2,11,048.27	-	-
Financial liabilities																
Debt securities	-	-	73,827.02	-	-	73,827.02	-	-	-	-	-	-	-	42,105.62	-	-
Borrowings (other than debt securities)	-	-	93,422.08	-	-	93,422.08	-	-	-	-	-	-	-	70,321.28	-	-
Other financial liabilities	-	-	4,231.88	-	-	4,231.88	-	-	-	-	-	-	-	3,342.57	-	-
Total financial liabilities	-	-	1,71,480.98	-	-	1,71,480.98	-	-	-	-	-	-	-	1,15,769.47	-	-

Note: Investment in subsidiaries amounting to Rs. 3,911.22 lakhs (Previous year: Rs. 2,109.69 lakhs) is carried at cost in accordance with Ind AS 27 and does not form part of the above.

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below.

Particulars	As at March 31, 2021			As at March 31, 2020 (Restated)			Total	Level 1	Level 2	Level 3	Total	
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3						
Financial assets												
Investment in mutual funds	-	-	-	-	-	-	-	1,003.81	-	-	-	1,003.81
Investment in debt securities	-	-	6,638.94	-	-	6,638.94	6,638.94	-	-	-	-	-
Total	-	-	6,638.94	-	-	6,638.94	6,638.94	1,003.81	-	-	-	1,003.81



Notes to the Standalone Financial Statements

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

Particulars	Fair value							
	As at March 31, 2021			As at March 31, 2020 (Restated)				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	1,323.38	-	-	1,323.38	3,772.83	-	-	3,772.83
Bank balance other than cash and cash equivalents	588.46	-	-	588.46	735.88	-	-	735.88
Investments	-	-	-	-	-	-	-	-
- Debt securities	-	2,120.55	-	2,120.55	-	-	-	-
Loans	-	2,70,436.30	-	2,70,436.30	-	-	-	-
Other financial assets	-	1,821.28	-	1,821.28	-	-	2,06,237.47	2,06,237.47
Total	1,911.84	-	2,74,378.13	2,76,289.97	4,508.71	-	1,690.39	2,12,436.57
Financial Liabilities								
Debt securities	-	-	74,320.09	74,320.09	-	-	-	42,112.57
Borrowings (other than debt securities)	-	-	93,438.98	93,438.98	-	-	-	70,306.94
Other financial liabilities	-	-	4,231.88	4,231.88	-	-	-	3,342.57
Total	-	-	1,71,990.95	1,71,990.95	-	-	-	1,15,762.08

(Rs. in lakhs)

Particulars	As at March 31, 2021				As at March 31, 2020 (Restated)			
	Carrying Value		Fair Value		Carrying Value		Fair Value	
Financial assets								
Cash and cash equivalents	1,323.38	-	1,323.38	3,772.83	3,772.83	-	-	3,772.83
Bank balance other than cash and cash equivalents	588.46	-	588.46	735.88	735.88	-	-	735.88
Loans	2,55,359.84	-	2,70,436.30	2,04,849.17	2,06,237.47	-	-	2,06,237.47
Investments	-	-	-	1,003.81	1,003.81	-	-	1,003.81
- Mutual funds	-	-	-	-	-	-	-	-
- Debt securities	8,759.49	-	8,759.49	-	-	-	-	-
Other financial assets	1,821.28	-	1,821.28	1,690.39	1,690.39	-	-	1,690.39
Total	2,67,852.45	-	2,82,928.91	2,12,052.08	2,13,440.38	-	-	2,13,440.38
Financial liabilities								
Debt securities	73,827.02	-	74,320.09	42,105.62	42,105.62	-	-	42,105.62
Borrowings (other than debt securities)	93,422.08	-	93,438.98	70,321.28	70,321.28	-	-	70,321.28
Other financial liabilities	4,231.88	-	4,231.88	3,342.57	3,342.57	-	-	3,342.57
Total	1,71,480.98	-	1,71,990.95	1,15,769.47	1,15,769.47	-	-	1,15,769.47



Notes to the Standalone Financial Statements

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Company considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Company's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

Financial instruments held at amortised cost

i. Cash and bank balance:

The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:

For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:

Other financial assets comprise primarily of advances to related parties and other advances. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:

The Company has investments in debt securities with fixed rates. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

v. Debt securities and borrowings:

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2021 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:

Other financial liabilities comprise primarily of advances received from customers and other payables. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.



**Notes to the Standalone Financial Statements
Financial Instruments held at fair value**

i. Investment in mutual fund:

The investment in mutual funds are valued using the closing NAV in the market.

ii. Investment in debt securities:

Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using market yield on the balance period to maturity on similar instruments using G-Sec rates adjusted for credit risk of the instruments.

Gains or losses on transfers amongst categories

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2021 and March 31, 2020.

D. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the year ended March 31, 2021.

Particulars	(Rs. in lakhs)	
	Equity	Debt Instruments
As at March 31, 2019 (Restated)	121.63	-
Net Acquisitions/(Disposals)	(121.61)	-
Gains recognised in other comprehensive income	(0.02)	-
As at March 31, 2020 (Restated)	-	-
Net Acquisitions/(Disposals)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	-	6,652.06



InCred Financial Services Limited

Notes to the Standalone Financial Statements

28. Financial risk management

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.



InCred Financial Services Limited

Notes to the Standalone Financial Statements

28. Financial risk management (continued)

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations (i.e. receivables from customers, investments in debt securities etc). Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

i) Credit risk management

The Company key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks. The Company considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:

- **Income and cash flow analysis:** The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- **Credit history analysis:** The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- **Borrower's profile and intended use of the funds:** The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- **Security cover provided:** The Company has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- **Collectability and geo-location:** The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or concerns about any of these factors, an adverse adjustment to the risk-profile is made.

The Company has separate data science/analytic team which monitors the vintage curve, bounce rates, collection efficiency, portfolio metrics and delinquencies further periodic re-audit of existing cases to unearth delinquency trends and credit learnings.

Measurement of Expected Credit Losses ('ECL')

The Company has segmented its outstanding portfolio based on the risk profiles (i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Company has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis /collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3. Considering the current macro economic scenario, due to Covid, the probability of defaults have been increased over and above the historical trends across product verticals.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90+ days	Stage 3	Life Time ECL	Life Time ECL

Write-offs

As per Company's policy, the Company writes off Retail secured and unsecured loans outstanding for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis subject to 540 days and 450 days respectively, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

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InCred Financial Services Limited

Notes to the Standalone Financial Statements
As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	2,120.55	0.05	2,120.50
	Investments at FVOCI			
	- Debt securities	6,652.06	13.12	6,638.94
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	2,29,929.27	1,866.31	2,28,062.96
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Bank balance other than cash and cash equivalents	588.46	-	588.46
	Loan commitments	8,975.03	11.00	8,964.03
	Other financial assets	1,826.46	5.18	1,821.28
	Loans			
	- Term Loans and Loans repayable on demand	24,329.43	2,008.79	22,320.64
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
- Term Loans and Loans repayable on demand	10,206.03	5,229.79	4,976.24	

As at March 31, 2020 (Restated)

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	-	-	-
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,99,017.36	1,345.71	1,97,671.65
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,880.07	4.82	9,875.25
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Other assets	1,695.83	5.44	1,690.39
	Loans			
- Term Loans and Loans repayable on demand	4,355.24	317.58	4,037.66	
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
- Term Loans and Loans repayable on demand	6,815.66	3,675.81	3,139.85	

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised financial instruments. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table. For financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount.

(Rs. in lakhs)

Particulars	Gross Exposure as at March 31, 2021	Gross Exposure as at March 31, 2020 (Restated)
Cash and cash equivalent	1,324.38	3,772.83
Balances with Banks	588.46	738.84
Loans	2,64,464.73	2,10,188.26
Investment securities	8,772.61	
Other financial assets	1,826.46	1,695.82
Total credit risk exposure	2,76,975.64	2,16,395.75

Collateral held

The Company periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Company varies on case to case basis and includes:

- i) First/Subservient charge on the Land and/or Building of the project or other projects
- ii) First/Subservient charge on the fixed and current assets of the borrower
- iii) Hypothecation over receivables from funded project or other projects of the borrower
- iv) First loss guarantee default (FLOG) in the form of cash collateral, lien on fixed deposits etc.

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

The below table stratifies credit exposure for secured loans by ranges of Loan-to-value (LTV) ratio. LTV is calculated as the ratio of the Principal outstanding of the loan to the value of the collateral. The valuation of collateral is as of date of grant of loan and excludes any adjustments for obtaining and selling the collateral.

Secured Loans

LTV Ratio	(Rs. in lakhs)			
	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020 (Restated)	As at March 31, 2020 (Restated)
Less than 50%	53,647.27	39.96%	47,097.54	47.09%
51-70%	18,554.37	13.82%	22,742.80	22.74%
71-90%	11,474.72	8.55%	8,264.25	8.26%
91-100%	46,912.45	34.94%	18,791.63	18.79%
More than 100%	3,663.67	2.73%	3,117.75	3.12%
Total	1,34,252.48	100.00%	1,00,033.97	100.00%

Value of security of secured credit impaired assets

The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

Particulars	(Rs. in lakhs)			
	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020 (Restated)	As at March 31, 2020 (Restated)
Value of Security	3,629.95	6,498.64	1,541.33	3,050.38

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as services, GDP, recorded unemployment, growth rate, current account balance etc. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

The below table signifies movement of loan exposure i.e outstanding principal and accrued interest thereon

Reconciliation of Loan exposure*	(Rs. in lakhs)			
	Loss allowance measured at 12-month expected losses (Stage 1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at lifetime expected losses (Stage 3)	
Loan exposure as on March 31, 2019 (Restated)	1,66,754.11	3,902.16	3,178.89	
Remeasurement of net exposure	(76,016.03)	(2,301.48)	725.22	
Assets originated or purchased	1,15,443.82	1,338.54	753.69	
Transferred to 12-month ECL	858.10	(826.50)	(31.60)	
Transferred to Lifetime ECL not credit impaired	(2,748.25)	2,750.49	(2.24)	
Transferred to Lifetime ECL credit impaired	(4,204.36)	(694.28)	4,898.64	
Write - offs	-	-	(3,579.84)	
Loan exposure on March 31, 2020 (Restated)	2,00,086.79	4,228.93	5,943.06	
Remeasurement of net exposure	(1,11,619.89)	(7,901.73)	(5,262.71)	
Assets originated or purchased	1,60,934.35	1,437.99	6,845.50	
Transferred to 12-month ECL	720.84	(732.69)	(10.15)	
Transferred to Lifetime ECL not credit impaired	(12,243.37)	12,245.97	(2.60)	
Transferred to Lifetime ECL credit impaired	(4,879.72)	(1,243.84)	6,113.56	
Write - offs	-	-	(4,474.73)	
Loan exposure on March 31, 2021	2,32,999.00	24,066.63	9,052.53	

For Loan loss allowance:

Reconciliation of loss allowance	(Rs. in lakhs)			
	Loss allowance measured at 12-month expected losses (Stage 1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at lifetime expected losses (Stage 3)	
Loss allowance on March 31, 2019 (Restated)	595.53	202.21	2,148.45	
Remeasurement of loss allowance	47.94	(67.90)	2,055.25	
Assets originated or purchased	739.48	116.72	407.06	
Transferred to 12-month ECL	9.28	(30.97)	(21.89)	
Transferred to Lifetime ECL not credit impaired	(17.97)	176.45	(2.21)	
Transferred to Lifetime ECL credit impaired	(28.60)	(69.93)	2,627.76	
Write - offs	-	-	(3,539.21)	
Loss allowance on March 31, 2020 (Restated)	1,345.71	317.58	3,675.81	
Remeasurement of loss allowance	(629.25)	(571.12)	(698.54)	
Assets originated or purchased	1,384.79	1,561.99	3,431.52	
Transferred to 12-month ECL	5.20	(25.23)	(8.09)	
Transferred to Lifetime ECL not credit impaired	(121.88)	88.42	(3.86)	
Transferred to Lifetime ECL credit impaired	(118.89)	(150.23)	3,307.70	
Write - offs	-	-	(4,474.73)	
Loss allowance on March 31, 2021	1,865.68	2,609.41	5,229.81	



InCred Financial Services Limited

Notes to the Standalone Financial Statements

For investments

(Rs. in lakhs)	
Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2019 (Restated)	1.82
Changes in loss allowances due to Assets used or released	(1.82)
Loss allowance on March 31, 2020 (Restated)	-
Changes in loss allowances due to Assets used or released	13.17
Loss allowance on March 31, 2021	13.17

For loan commitments

(Rs. in lakhs)	
Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on 31 March 2019 (Restated)	3.63
Changes in loss allowances due to Assets used or released	1.19
Loss allowance on 31 March 2020 (Restated)	4.82
Changes in loss allowances due to Assets used or released	6.18
Loss allowance on 31 March 2021	11.00

Concentration of credit risk

The Company monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below.

Particulars	(Rs. in lakhs)			
	Loans and advances to customers		Loan commitments	
	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2021	As at March 31, 2020 (Restated)
Concentration by region				
North	45,263.88	30,112.17	985.91	1,215.42
South	1,27,616.29	1,00,098.22	4,251.67	4,456.38
East	9,525.25	9,254.50	491.33	574.79
West	82,059.31	70,722.97	1,246.12	3,633.64
Total	2,64,464.73	2,10,188.26	6,975.03	9,880.07

Offsetting financial assets and financial liabilities

There are no financial assets and financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of Covid-19 pandemic, RBI announced resolution plan framework via circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress for personal loan customers and extended RBI notification RBI/2019-20/160 DOR.No.BP.BC/21.04.048/2019-20 dated February 11, 2020 via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances for SME loans. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower specific. We continue to monitor the recoverability of loans granted in accordance with these circulars. The on-going and future performance of such loans remains an area of uncertainty as March 31, 2021. The relevant details in respect of these loans have been presented under note no. 43 and 44.

Impact of COVID-19

(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID-19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(B) The Honorable Supreme Court of India through an interim order had directed that the accounts which were not declared non-performing asset till August 31, 2020 shall not be declared non-performing after August 31, 2020, till further notice. Basis the Interim order, the Company had not classified any standard account as of August 31, 2020 as per Indian Accounting Standards, as impaired (Stage 3) after August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the ECL model under Ind AS financial statements for the year ended March 31, 2021.

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

28. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Company has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Company has the following undrawn credit lines available as at the end of the reporting period:

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (restated)
- Expiring within one year	10,090.93	11,038.25
- Expiring beyond one year	-	-
Total	10,090.93	11,038.25

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

Particulars	Note No	Carrying amount	Gross nominal inflow/outflow	Contractual cash flows			
				Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings (other than debt securities)	12	93,422.08	(1,06,739.63)	(54,488.09)	(41,538.58)	(10,712.96)	-
Other financial liabilities	13	4,231.88	(4,231.88)	(4,231.88)	-	-	-
Loan commitments	33	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		1,80,456.01	(2,02,407.02)	(1,17,795.24)	(73,898.81)	(10,712.96)	-



In Cred Financial Services Limited

Notes to the Standalone Financial Statements
As at March 31, 2020 (Restated)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings (other than debt securities)	12	70,321.28	(99,576.75)	(41,614.51)	(34,684.90)	(23,277.34)	-
Other financial liabilities	13	3,342.57	(3,342.57)	(24.00)	(3,318.57)	-	-
Loan commitments	33	9,880.07	(9,880.07)	(5,430.48)	(4,420.62)	(14.49)	(14.48)
Total		1,25,649.54	(1,58,597.84)	(73,502.71)	(61,788.82)	(23,291.83)	(14.48)

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,323.38	1,323.38	1,323.38	-	-	-
Bank deposits	3	588.46	613.99	613.99	-	-	-
Loans	4	2,55,359.84	3,55,624.04	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments (other than subsidiaries)	5	8,759.44	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	6	1,821.28	1,821.28	1,821.28	-	-	-
Total		2,67,852.40	3,68,679.46	1,63,470.31	99,022.60	39,082.15	67,104.40

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,772.83	3,419.63	3,419.63	-	-	-
Bank deposits	3	735.88	766.12	766.12	-	-	-
Loans	4	2,04,849.17	2,32,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments (other than subsidiaries)	5	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	6	1,690.39	1,690.39	1,410.43	279.96	-	-
Total		2,12,052.08	2,99,361.14	1,14,360.14	80,172.44	36,729.10	68,099.46



InCred Financial Services Limited

Notes to the Standalone Financial Statements

28. Financial risk management (continued)

C. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely. The Company has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Company's interest rate risk arises majorly from borrowings, loans and investments. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	(Rs. in lakhs)	
	Nominal amount	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Loans		
Fixed rate loans	1,30,872.89	1,08,509.09
Variable rate loans	1,32,493.60	99,181.42
Bank balance other than cash and cash equivalents	586.06	723.06
Fixed rate investments in debt securities	8,533.21	-
Total	2,72,485.76	2,08,413.57
Debt and Borrowings		
Fixed rate Debt and Borrowings	(94,522.40)	(47,449.67)
Variable rate Debt and Borrowings	(69,420.64)	(75,026.89)
Total	(1,64,043.04)	(1,22,476.56)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Company's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2021 and March 31, 2020 would increase/ (decrease) by the following amounts:

Particulars	(Rs. in lakhs)			
	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2021				
Variable-rate instruments	630.73	(630.73)	630.73	(630.73)
Cash flow sensitivity (net)	630.73	(630.73)	630.73	(630.73)
March 31, 2020 (Restated)				
Variable-rate instruments	241.55	(241.55)	241.55	(241.55)
Cash flow sensitivity (net)	241.55	(241.55)	241.55	(241.55)

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Price risk

The Company is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/ lower by 1% from market price existing as at March 31, 2021, profit or loss (pre-tax) for the year ended March 31, 2021 would increase/ decrease by NIL (Previous Year: Rs. 10.03 lakhs) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2021.

The Company is currently not exposed to any equity price risks arising from equity investments classified in the Balance Sheet at fair value through Other Comprehensive Income since the amount outstanding as at March 31, 2021 is Nil (Previous year: Nil).

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

29. Related party disclosures

Key managerial personnel ("KMP")

Name of the KMP	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and Chief Executive Officer (w.e.f. May 16, 2019)
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f. March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninx	Nominee Director
Mr. Girish Dinanath Nadkarni	Nominee Director
Mr. Vivek Anand PS	Nominee Director

Enterprises where key management personnel exercises control

1. InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
2. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited) (w.e.f. May 20, 2019)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)

A. Names of related parties and nature of relationship

Holding Company	Country of incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2021	As at March 31, 2020 (Restated)
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.64%	59.66%

Direct subsidiaries:

Name of subsidiaries	Country of incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2021	As at March 31, 2020 (Restated)
InCred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%
Booth Fintech Private Limited	India	Mumbai	100.00%	100.00%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2021	As at March 31, 2020 (Restated)
mValu Technology Services Private Limited	India	Mumbai	40.96%	40.96%

Transactions with key management personnel

i. Key management personnel compensation

Particulars	(Rs. in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Employee benefit expenses	575.33	570.22
Directors' sitting fees	13.19	14.55

As the liabilities for gratuity, leave encashment and share based payments are provided on actuarial basis for the Company as a whole and hence the amounts pertaining to the key management personnel are not included in the above.

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InCred Financial Services Limited

Notes to the Standalone Financial Statements
29. Related party disclosures (continued)

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

Nature of transactions	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Associates of subsidiary	
	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)
Balance Sheet Transactions										
Purchase of equity shares of subsidiary company	-	1,050.25	-	-	-	-	-	-	-	-
Investment in equity shares	-	-	1,800.00	200.20	-	-	-	-	-	-
Security Deposit received	-	-	-	-	-	-	-	-	-	-
ICD taken	-	-	400.00	-	-	3.20	4,500.00	-	3,275.00	-
Repayment of ICD given (including interest)	-	-	-	395.75	-	-	-	-	-	-
Repayment of ICD taken (including interest)	-	-	-	-	-	-	-	-	2,053.29	-
Advances given	-	-	-	437.00	-	-	-	-	-	-
Refund of Security Deposit	-	-	75.63	-	-	-	-	-	-	-
Payment against expenses	-	-	30.99	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	1,110.60	20.25	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	17,738.68	-	-	-
Proceeds from sale of Fixed Assets	-	-	0.47	-	-	-	1.88	-	-	-
Issue of MLD	-	-	-	-	-	-	830.00	-	-	-
Proceeds from redemption of MLDs	-	-	-	-	-	-	285.27	-	-	-
Reimbursement of credit loss	-	-	-	-	-	-	-	-	57.31	-
Proceeds from sale of Debtentures	-	-	-	-	-	-	6,505.59	-	-	-
Income Transactions										
License fees	-	-	-	11.95	-	-	-	-	56.00	56.00
Interest on ICD	-	-	-	-	-	-	-	404.03	-	404.03
Service fee	-	-	-	-	-	-	-	20.70	-	20.70
Profit on sale of Debtentures	-	-	-	-	-	-	-	-	-	-
Expenses Transactions										
License fees	-	-	5.45	5.45	-	-	-	-	-	-
Interest on ICD	-	-	0.22	-	-	-	-	-	-	-
Expenses on account of reimbursement fee and commission	-	-	43.56	244.83	-	-	1.76	-	84.99	84.99
	-	-	-	-	-	-	187.63	-	14.99	14.99
	-	-	-	-	-	-	-	19.01	-	19.01

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (Refer Note 31 for further details).



InCred Financial Services Limited

Notes to the Standalone Financial Statements
29. Related party disclosures (continued)

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

(Rs. in Lakhs)

Sr. No.	Balance outstanding	Holding Company		Subsidiaries		Key/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel		Associate of subsidiary	
		For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)
1	Advances/Receivables	-	1,041.24	-	-	-	-	31.74	-	15.47	17.11
2	Investments (at cost)	-	2,109.69	3,909.69	-	-	-	4,501.63	-	1,300.33	-
3	ICD Payable	-	400.20	-	-	-	-	-	-	-	-
4	Other Payables	-	-29.35	-	-	-	-	-	13.01	0.44	-
5	Security deposit payable	-	-	-	-	3.70	3.20	-	-	-	-
6	Number of options outstanding	243	248	24,000	-	-	-	-	-	-	-

For terms and conditions of transactions on payables to related parties, refer Note No.12



InCred Financial Services Limited

Notes to the Standalone Financial Statements

30. Employee benefits

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

Particulars	(Rs. in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Provident fund	215.57	235.48

2. Gratuity

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	88.90	65.06
Interest cost	4.49	4.41
Current Service cost	38.82	48.46
Liability Transferred In/Acquisition	-	-
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	-	(38.03)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	4.98	2.11
Actuarial Losses on Obligations - Due to Experience	21.32	6.89
Liability at the end of the year	158.50	88.90

Amount recognized in the Balance Sheet

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Present value of benefit obligation at the end of the year	(158.50)	(88.89)
Fair value of plan assets at the end of the year	-	-
Funded Status (Deficit)	(158.50)	(88.89)
Net (Liability)/Asset Recognized in the Balance Sheet	(158.50)	(88.90)

Expenses recognized in the Statement of Profit and Loss

Particulars	(Rs. in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Current service cost	38.82	48.45
Net Interest cost	4.49	4.41
Expenses recognised	43.31	52.86

Expenses recognized in the Other comprehensive income (OCI)

Particulars	(Rs. in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Actuarial (Gains) on obligation for the year	26.29	(29.03)
Net (Income) for the year recognized in OCI	26.29	(29.03)

The actuarial assumptions used to determine benefit obligations as at March 31, 2021 and March 31, 2020 are as follows:

Particulars	(Rs. in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Discount Rate	4.25%	5.21%
Salary escalation rate	5% for next 1 year and 7% thereafter	7.00%
Expected Rate of return on Plan Assets	N.A.	N.A.
Rate of Employee Turnover	35%	35%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

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

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Opening net liability	88.89	65.06
Expenses recognized In Statement of Profit and Loss	40.54	52.86
Expenses recognized In OCI	26.29	(29.03)
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	155.72	88.89

Cash Flow Projection

Maturity analysis of the benefit payments: from the employer

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Projected benefits payable In future years from the date of reporting		
1st following year	0.72	0.55
2nd following year	32.14	0.41
3rd following year	38.21	20.52
4th following year	33.63	24.07
5th following year	25.02	20.49
Sum of years 6 to 10	46.94	38.84
Sum of years 11 and above	7.76	6.86

Sensitivity analysis

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Projected benefit obligation on current assumptions	155.72	88.89
Delta effect of +1% change in rate of discounting	(5.18)	(3.56)
Delta effect of -1% change in rate of discounting	5.50	3.79
Delta effect of +1% change in rate of salary increase	4.94	3.62
Delta effect of -1% change in rate of salary increase	(4.81)	(3.50)
Delta effect of +1% change in rate of employee turnover	(4.12)	(3.44)
Delta effect of -1% change in rate of employee turnover	4.21	3.55

Qualitative disclosures

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

3. Compensated absences

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Company is given below:

Particulars	As at March 31, 2021*	As at March 31, 2020 (Restated)
Assumptions:		
Discount rate	NA	5.21%
Salary escalation rate	NA	7.00%
Rate of Employee Turnover	NA	35.00%

*Note - As per the revised leave policy of the Company, the accumulated unavailed leave lapses as at March 31, 2021. Thus no liability has been determined for the current year.

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

31. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Company has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

The Company has established share option plans that entitle the employees of the Company and its subsidiary companies to purchase the shares of the Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the vesting of grants under these plans are continued employment with the company from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)
Fair value as on grant date (weighted average)	27.15 to 28.64	27.81 to 28.99
Share price as on grant date	55.25	54.40
Exercise price	40.00	40.00
Expected volatility (weighted average volatility)	35% to 40%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years
Risk-free interest rate (based on government bonds)	5.04% to 5.97%	6.49% to 7.08%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

B. Reconciliation of outstanding share options

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

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2021	As at March 31, 2020
Opening balance	40.00	1,25,05,584	50,80,781
Add: Options granted during the year	40.00	97,92,875	85,86,300
Less: Options exercised during the year	40.00	(91,209)	(6,924)
Less: Options lapsed during the year	40.00	(41,62,312)	(11,54,573)
Options outstanding as at the year end	40.00	1,80,44,938	1,25,05,584

Weighted average remaining contractual life of options outstanding at end of period

8.1 years

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

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

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Company of the Company has established share option plans that entitle the employees of the Company purchase the shares of the Holding Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the grants under these plans are continued employment with the company from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

a) Share options issued by Bee Finance Limited (Mauritius)

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2021:

No fresh grants have been given during the year ended March 31, 2021 and year ended March 31, 2020

B. Reconciliation of outstanding share options

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

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	48,033.52	248.00	53,031.00	549.00
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	55,650.73	(7.00)	55,363.75	(301.00)
Options outstanding as at the year end	47,728.27	241.00	48,033.52	248.00

Weighted average remaining contractual life of options outstanding at end of period

11.2 years

C. Expenses arising from share-based payment transactions

Refer Note 23 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.



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InCred Financial Services Limited

Notes to the Standalone Financial Statements

32. Lease accounting

The Company has entered into leasing arrangements for premises. Right of Use Assets ("ROU") has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2021:

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Balance at the beginning of the year	1,760.49	930.97
Addition during the year	321.04	1,197.91
Disposals during the year	(131.39)	-
Depreciation for the year	(237.57)	(368.39)
Balance as at the end of the year	1,712.57	1,760.49

ii. The following is the movement in lease liabilities during the year ended March 31, 2021:

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Balance at the beginning of the year	1,878.95	930.97
Addition during the year	176.05	1,197.91
Finance cost accrued during the year	152.16	151.78
Payment of Lease liabilities made during the year	(279.34)	(401.71)
Balance as at the end of the year	1,927.82	1,878.95

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an

iii. undiscounted basis:

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Less than one year	231.60	424.93
Between one and five years	1,302.84	1,456.00
More than five years	221.24	713.46
Total	1,755.68	2,594.39

iv. Expenses recognised in the statement of Profit and Loss

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Depreciation expense on right-of-use assets (Refer Note 8)	237.57	368.39
Interest expense on lease liabilities (Refer Note 21)	152.16	151.78
Expense relating to short-term leases (Refer Note 24)	275.89	198.41
Expense relating to leases of low value assets	-	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

v. Amount recognised in the statement of Cash flow

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Total cash outflow for leases	279.34	401.71



Notes to the Standalone Financial Statements

33. Contingent liabilities and commitments

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Commitments		
Undrawn committed credit lines	8,975.03	9,880.07
Total	8,975.03	9,880.07

The Company does not have any pending litigations and proceedings and hence does not require any provision or mention under contingent liability.

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

34. Securitisation

Transfer of financial assets that do not result in derecognition

The Company was party to securitisation transaction involving transfer of pool of unsecured loan receivables (monthly instalment loans with original maturity upto 3 years)

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.

The Company agreed to provide servicing assistance pursuant to the terms of servicing agreement.

In this securitisation where the Company transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Company does not transfer substantially all of the risks and rewards of these assets.

Hence, the company continues to recognise the securitised loan portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities :

As at March 31, 2021	(Rs. in lakhs)	
	Loan receivables	Credit enhancements
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

As at March 31, 2020 (Restated)	(Rs. in lakhs)	
	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

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Notes to the Standalone Financial Statements

35. Current and Non-current maturity

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)		Total
	Within 12 months	After 12 months	Within 12 months	After 12 months	
ASSETS					
Financial assets					
Cash and cash equivalents	1,323.38	-	3,772.83	-	3,772.83
Bank Balance other than cash and cash equivalents	588.46	-	735.88	-	735.88
Loans	1,23,300.54	1,32,059.30	84,546.08	1,20,303.09	2,04,849.17
Investments	7,664.75	5,005.91	1,003.81	2,109.69	3,113.50
Other Financial assets	1,590.60	230.68	1,410.43	279.96	1,690.39
Sub total	1,34,467.73	1,37,295.89	91,469.03	1,22,692.74	2,14,161.77
Non-financial assets					
Current Tax assets (Net of provision for tax)	-	720.61	-	862.36	862.36
Deferred Tax assets (Net of deferred tax liabilities)	-	1,857.39	-	963.22	963.22
Property, plant and equipment	-	3,276.35	-	2,975.07	2,975.07
Capital Work-in-progress	-	14.49	-	125.06	125.06
Other intangible assets	-	222.49	-	299.97	299.97
Other non-financial assets	480.00	805.55	420.00	626.22	1,046.22
Sub total	480.00	6,896.88	420.00	5,851.90	6,271.90
Total assets	1,34,947.73	1,44,192.77	91,889.03	1,28,544.64	2,20,433.67
LIABILITIES AND EQUITY					
LIABILITIES					
Financial liabilities					
Debt securities	51,024.47	22,802.55	24,700.66	17,404.96	42,105.62
Borrowings (Other than Debt Securities)	47,610.34	45,811.74	35,358.69	34,962.59	70,321.28
Other Financial liabilities	251.87	3,980.01	445.76	2,896.81	3,342.57
Sub total	98,886.68	72,594.30	60,505.11	55,264.36	1,15,769.47
Non-Financial liabilities					
Provisions	-	169.48	25.72	132.69	158.41
Other non-financial liabilities	2,905.26	-	2,078.21	-	2,078.21
Sub total	2,905.26	169.48	2,103.93	132.69	2,236.62
Total liabilities	1,01,791.94	72,763.78	62,609.04	55,397.05	1,18,006.09



Notes to the Standalone Financial Statements

36. Foreign currency transactions

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)
Expenditure in foreign currency		
Directors' sitting fees	2.07	-
Legal, professional and consultancy charges	27.64	-
Recruitment fees	6.63	3.63
Legal & Technical charges	2.01	2.26
Total	38.35	5.89

37. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)
Amount required to be spent as per section 135 of the Companies Act, 2013:		
Amount spent during the year	19.99	16.05
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash	20.05	14.93
Yet to be paid in cash*	-	2.00
Total	20.05	16.93

* Paid in the month of April, 2020

38. Micro, Small and Medium Enterprises Development

In accordance with the Micro, Small and Medium Enterprises Development Act 2006 ('MSMED Act') the Company is required to identify the micro, small and medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based on the information available with the management, there are no dues outstanding to micro and small enterprises covered under the MSMED Act. The Auditors have placed reliance on such information.

39. Share issue expenses

In accordance with the provision of section 52 of the Companies Act, 2013 the following share issue expenses have been debited against securities premium account:

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)
Stamp duty	-	52.67
Legal and professional charges	-	543.10
Total	-	595.77

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Notes to the Standalone Financial Statements

40. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of the Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

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

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020 (Restated)
Common Equity Tier1 (CET1) capital	1,02,012.53	1,00,841.20
Other Tier 2 capital	1,843.20	1,261.64
Total capital	1,03,855.73	1,02,102.84

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS-based results and reserves.

Refer Note 46 (2) for further details.

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Notes to the Standalone Financial Statements

41. Impairment of goodwill

The Board of Directors of InCred Housing Finance Private Limited ('HFC'), subsidiary of the Company, had approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. Considering the aforementioned strategic decision, the Company had tested the investment for impairment and recognised an impairment loss of Rs. 645.76 lakhs as an exceptional item for the year ended March 31, 2020.

42. Scheme of Amalgamation and arrangement

The Board of Directors of the Company on February 18, 2020 had approved a Scheme of Amalgamation ("Scheme") of Incred Housing Finance Private Limited (a wholly-owned subsidiary of the Company) with the Company. The Company had filed the scheme with National Company Law Tribunal ("NCLT") on October 6, 2020. During the half year ended March 31, 2021, the NCLT, Mumbai bench has approved the Scheme of Amalgamation ("Scheme") vide order no 'CP(CAA)/1094/MB/2020 Connected with CA(CAA)/1105/MB /2020' on March 11, 2021 from the Appointed Date of April 1, 2020. The Scheme will be made effective upon filling of the certified true copy of the order with the Registrar of Companies, from the Appointed Date of April 1, 2020.

On account of NCLT Mumbai Bench being shut (except for urgent hearing matters through video conference w.e.f. April 20, 2021 as notified by circular dated April 19, 2021) in accordance with the government guidelines in view of unprecedented pandemic situation in the country, the certified true copies could not be obtained. In view of the same, though the certified copy of the order is yet to be filed with Registrar of Companies, the Company has given effect of the merger in its standalone audited financial statements for the year ended March 31, 2021.

In accordance with the requirements of Para 9(iii) of Appendix C of Ind AS 103, the standalone financial statements of the Company in respect of the previous year have been restated from the Appointed Date. Summary of effect of restatement of previous published numbers are as below:

(A) Summary of Restated Balance Sheet:

Particulars	(Rs. in lakhs)		
	As at March 31, 2020 (as previously reported)	Effect of restatement	As at March 31, 2020 (Restated)
ASSETS			
Financial assets			
(a) Cash and cash equivalents	3,419.63	353.20	3,772.83
(b) Bank balance other than cash and cash equivalents	735.88	-	735.88
(c) Loans	2,04,172.53	676.64	2,04,849.17
(d) Investments	8,695.58	(5,582.07)	3,113.50
(e) Other financial assets	1,712.77	(22.38)	1,690.39
Non-financial assets			
(a) Current tax assets (Net of provision for tax)	787.48	74.88	862.36
(b) Deferred tax assets (Net of deferred tax liabilities)	1,118.43	(155.20)	963.22
(c) Property, plant and equipment	2,928.71	46.37	2,975.07
(d) Capital work-in-progress	125.06	-	125.06
(e) Other intangible assets	295.49	4.48	299.97
(f) Other non-financial assets	1,006.35	39.87	1,046.22
Total assets	2,24,997.90	(4,564.21)	2,20,433.67
LIABILITIES AND EQUITY			
Financial liabilities			
(a) Debt securities	42,105.62	-	42,105.62
(b) Borrowings (other than debt securities)	74,615.66	(4,294.38)	70,321.28
(c) Other financial liabilities	3,339.41	3.16	3,342.57
Non-financial liabilities			
(a) Provisions	153.90	4.51	158.41
(b) Other non-financial liabilities	2,052.09	26.13	2,078.21
Total Equity			
(a) Equity share capital	38,615.30	-	38,615.30
(b) Other equity	64,115.93	(303.63)	63,812.28
Total liabilities and equity	2,24,997.90	(4,564.21)	2,20,433.67



42. Scheme of Amalgamation and arrangement (continued)

(A) Summary of Restated Statement of Profit and Loss:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Effect of restatement	Year ended March 31, 2020
	(as previously reported)		(Restated)
(i) Interest income	30,997.60	105.72	31,103.32
(ii) Fees and commission income	805.82	0.13	805.95
(iii) Net gain/(loss) on fair value changes	365.98	99.03	465.01
(i) Total revenue from operations	32,169.39	204.88	32,374.28
(ii) Other income	752.25	30.11	782.37
Total Income	32,921.65	234.99	33,156.65
Expenses			
(i) Finance costs	11,861.40	(255.71)	11,605.69
(ii) Impairment on financial instruments	5,530.23	104.51	5,634.74
(iii) Employee benefits expenses	9,068.92	171.66	9,240.58
(iv) Depreciation, amortization and impairment	1,077.41	22.48	1,099.89
(v) Others expenses	4,151.14	120.10	4,271.24
(IV) Total expenses	31,689.11	163.03	31,852.14
Profit before tax and exceptional items	1,232.54	71.96	1,304.52
Exceptional items	616.74	29.02	645.76
Profit before tax and after exceptional item	615.80	42.94	658.75
Tax Expense:			
(1) Current Tax	508.89	18.53	527.43
(2) Deferred Tax	(326.79)	182.70	(144.09)
Profit after tax for the period	483.70	(158.29)	275.41
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans	26.31	2.73	29.03
(b) Equity instruments through other comprehensive income	0.02	-	0.02
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.32)	0.00	(0.32)
Subtotal (A)	26.01	2.73	28.74
(B) (i) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
Subtotal (B)	-	-	-
Other comprehensive income / (loss)	26.01	2.73	28.74
Total comprehensive income for the period	459.71	(155.57)	304.14

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Notes to the Standalone Financial Statements

43. Disclosure as required in paragraph 52 of RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E)
					(Rs. in lakhs) increase in provisions on account of the implementation of the resolution plan
Personal Loans	7,351	6,789.43	-	-	NA*
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	7,351	6,789.43	-	-	-

*The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. The Company has made adequate provision on impairment loss allowance as per ECL model for the year ended March 31, 2021

44. Disclosure as per RBI Notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

No. of accounts restructured	(Rs. in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)
	Amount	Amount
124	9,370.49	126.08
	No. of accounts restructured	
	12	

45. Reversal of Compound Interest

As per guidelines issued by RBI on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 7, 2021 and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021, the Company has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020. The Company has provided for reversal of interest on interest amounting to Rs. 106.64 lakhs on such loans in the financial statements for the year ended March 31, 2021.



InCred Financial Services Limited

Notes to the Standalone Financial Statements

46. Additional disclosures required by Reserve Bank of India ('RBI')

RBI disclosures have been prepared based on IndAS financials.

1 Fraud reported during the year

The Company has reported frauds aggregating Rs. 739 lakhs (previous year: Rs. 72.28 lakhs) based on management reporting to risk committee and to the RBI through prescribed returns FMR-1.

(Rs. In lakhs)

No of cases	Amount involved	Amount recovered	Amount written off
1	739.00	-	731.33

2 Capital to Risk Assets Ratio (CRAR)

The ratios calculated in accordance with the guidelines of Reserve Bank of India, are as under:

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
i) CRAR (%)	37.20%	46.89%
ii) CRAR - Tier I Capital (%)	36.54%	46.31%
iii) CRAR - Tier II Capital (%)	0.66%	0.58%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-
vi) Risk weighted asset	2,79,168.54	2,17,752.82

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

3 Investments

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
(1) Value of investments		
(i) Gross value of investments		
(a) In India	12,683.83	3,113.50
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	13.17	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	12,670.65	3,113.50
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	1.82
(ii) Add : Provisions made during the year	13.17	-
(iii) Less : Write-off/(write-back)of excess provisions during the year	-	(1.82)
(iv) Closing balance	13.17	-

4 Derivatives

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
(i) Transactions/exposure in derivative during the year	Nil	Nil
(ii) Unhedged foreign currency exposure as at the year end	Nil	Nil

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

5 Disclosures relating to securitisation

- (a) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

Sr. No.	Particulars	(Rs. in lakhs)	
		As at March 31, 2021	As at March 31, 2020 (Restated)
1	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	-	1
2	Total amount of securitised assets as per books of the SPVs sponsored	-	421.00
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	(a) Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss	-	137.00
	Others	-	331.99
4	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

- (b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction - NIL

- (c) The Company has not purchased/sold non-performing assets for the year ended March 31, 2021 and March 31, 2020.

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6 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2021 (Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	27,879.93	-	58,296.59	-	-	-
Advances	20,636.94	17,076.51	16,817.08	-	40,890.07	-	23,993.82	39,768.89	2,55,359.84
Investments	1,098.44	542.19	166.57	4,129.53	1,728.01	1,094.70	-	3,911.22	12,670.66
Borrowings	14,369.27	2,235.84	7,569.00	16,541.89	57,918.88	58,756.50	9,857.72	-	1,67,249.10
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2020 (Restated) (Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	17,426.19	9,257.39	8,001.27	19,306.14	30,555.09	53,954.26	21,285.94	45,062.89	2,04,849.17
Investments	1,003.81	-	-	-	-	-	-	2,109.69	3,113.50
Borrowings	2,295.98	2,729.53	23,387.59	8,961.54	22,684.70	47,970.99	4,396.56	-	1,12,426.90
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-



InCred Financial Services Limited

Notes to the Standalone Financial Statements

7 Exposure to real estate sector

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
Direct Exposure		
Residential Mortgages -		
a)(i) Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	3,179.03	1,051.10
Commercial Real Estate -		
a)(ii) Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	57,821.14	45,596.50
a)(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -	-	-
a. Residential	-	-
b. Commercial Real Estate	-	-
Indirect Exposure		
Fund based and non based exposures on National housing Bank and Housing Finance Companies	-	-

8 Exposure to capital market

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020 (Restated)
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	3,911.22	2,109.69
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/EOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	3,911.22	2,109.69



InCred Financial Services Limited

9 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC
 The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL).

10 Unsecured advances
 The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses, authority.

11 Miscellaneous
 (a) Registration obtained from other financial sector regulators

Particulars	Reg. Number
RBI Registration Number (COR)*	B-13.02395
Corporate Identification number (CIN)*	U74899MH1991PLC340312
Central Registry of Securitization Asset	J8867

* The Company has received requisite approval for change of registered office from Delhi to Maharashtra with effect from June 5, 2020. Consequently, the Corporate Identification Number and RBI Registration Number of the Company has also changed. The erstwhile CIN is U74899DL1991PLC042659 and CoR is B-14.01801

(b) Disclosure of Penalties imposed by RBI and other regulators: None
 (c) Related Party Transactions
 Refer Note 29 to the Financial statements for the transaction with the related parties.

(d) Credit rating

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Long term bank facilities	CRISIL A (Stable) / CARE A (Negative)	CARE A (Stable)
Non-Convertible Debenture	CRISIL A(Stable) / CARE A (Negative)	CARE A (Stable)
Market Linked Debentures	CRISIL PP-MLD A1 (Stable) / CARE PP-MLD A (Negative)	CARE PP-MLD A (Stable)
Short term bank facilities	CRISIL A1 / ICRA A1	NA
Commercial Paper	CARE A1 / CRISIL A1	NA



InCred Financial Services Limited

Notes to the Standalone Financial Statements

12 Additional disclosures

(a) Provisions and contingencies

(Rs. in lakhs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Provisions for depreciation on investment	13.17	-
Provision towards NPA/ Write off*	6,028.74	5,066.57
Provision made towards income tax	217.61	383.34
Provision for Standard Assets**	2,211.80	865.49

* Provision on stage 3 assets and write off

** Stage 1 and 2 assets

(b) Draw down from reserves

During the year, the Company has not drawn down any amount from Reserves.

(c) Concentration of Advances, Exposures and NPAs

(c) (i) Concentration of advances

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Total advances to twenty largest borrowers	23,622.22	14,882.01
Percentage of advances to twenty largest borrowers to total advances of the NBFC	8.97%	7.17%

(c) (ii) Concentration of exposures

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Total exposure to twenty largest borrowers/customers	23,622.22	14,882.01
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	8.67%	6.84%

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

(c) (iii) Concentration of NPAs*

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Total exposure to top four NPA accounts	1,514.17	1,288.45

* NPA accounts refer to stage 3 assets

(c) (iv) Sector-wise NPAs*

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2021	As at March 31, 2020 (Restated)
1	Agriculture & allied activities	-	-
2	MSME	4.23%	6.28%
3	Corporate borrowers	-	-
4	Services	2.45%	1.54%
5	Unsecured personal loans	3.50%	2.11%
6	Auto loans	7.02%	2.30%
7	Other personal loans	20.47%	2.08%

* NPA accounts refer to stage 3 assets

13 Movement of NPAs*

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
(i) Net NPAs to net advances (%)	1.71%	1.36%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	5,943.06	3,178.63
(b) Additions during the year	10,792.43	6,533.25
(c) Reductions during the year	7,698.82	3,768.82
(d) Closing balance	9,036.67	5,943.06
(iii) Movement of Net NPAs		
(a) Opening balance	2,783.21	1,227.35
(b) Additions during the year	5,283.97	3,467.75
(c) Reductions during the year	3,642.64	1,911.89
(d) Closing balance	4,424.54	2,783.21
(iv) Movement of provisions for NPAs (excluding provisions on standard assets**)		
(a) Opening balance	3,159.85	1,951.28
(b) Provisions made during the year	5,508.45	3,065.50
(c) Write-off of excess provisions	4,056.18	1,856.93
(d) Closing balance	4,612.12	3,159.85

* NPA accounts refer to stage 3 assets

** Standard assets refer to stage 1 and Stage 2 assets as defined under IND-AS

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InCred Financial Services Limited

14 Disclosure of Complaints

Customer Complaints

Sr. No	Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
(a)	No. of complaints pending at the beginning of the year	1	4
(b)	No. of complaints received during the year	858	514
(c)	No. of complaints redressed during the year	855	517
(d)	No. of complaints pending at the end of the year	4	1

15 Overseas Assets (For those with Joint Ventures and Subsidiaries Abroad)

The Company does not have any joint ventures or subsidiaries abroad, hence not applicable

- 16 In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2021 (31 March 2020:NIL)

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InCred Financial Services Limited

Notes to the Standalone Financial Statements

Schedule to the Balance Sheet of a Non-Deposit taking Non-Banking Financial Company (as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

Schedule to the Balance Sheet

17 Loans & Advances availed by the Non-Banking Financial company inclusive of interest accrued thereon but not paid: (Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1)	Liabilities side:				
	Loans and advances availed by the NBFs inclusive of interest accrued thereon but not paid:				
	(a) Debentures*				
	- Secured	73,927.02	-	42,105.62	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	78,803.02	-	65,845.02	-
	(d) Inter-corporate loans and borrowing	7,202.41	-	-	-
	(e) Commercial Paper	1,959.72	-	-	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	5,456.93	-	4,476.26	-
	*other than falling within the meaning of public deposits				
(2)	Assets side:				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	1,36,765.41	1,743.78	1,66,562.73	741.92
	(b) Unsecured	1,27,699.32	5,707.84	1,09,625.53	2,946.11

18 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities (Rs. in lakhs)

Sr. No.	Particulars	As at	As at
		March 31, 2021	March 31, 2020 (Restated)
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
(ii)	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

19 Break-up of investments: (Rs. in lakhs)

Sr. No.	Particulars	As at	As at
		March 31, 2021	March 31, 2020 (Restated)
	Current Investments:		
1	Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debenture and bonds	-	-
	(iii) Units of mutual funds	-	2,009.81
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	6,652.06	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	2,120.55	-
	Non-current Investments:		
1	Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	3,911.22	2,109.69
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-



Notes to the Standalone Financial Statements

20 Borrower group-wise classification of assets, financed as in (3) and (4) above:

(Rs. in lakhs)

Sr. No.	Category	As at		
		March 31, 2021		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
1. Related Parties				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		-	-	-
(c) Other related parties		-	-	-
2. Other than related parties		1,33,514.07	1,21,845.76	2,55,359.84
Total		1,33,514.07	1,21,845.76	2,55,359.84

(Rs. in lakhs)

Sr. No.	Category	As at		
		March 31, 2020 (Restated)		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
1. Related Parties				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		-	-	-
(c) Other related parties		-	-	-
2. Other than related parties		99,208.70	1,05,640.47	2,04,849.17
Total		99,208.70	1,05,640.47	2,04,849.17

21 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. in lakhs)

Sr. No.	Category	As at		As at	
		March 31, 2021		March 31, 2020 (Restated)	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties					
(a) Subsidiaries		3,911.22	3,911.22	2,109.69	2,109.69
(b) Companies in the same group		-	-	-	-
(c) Other related parties		-	-	-	-
2. Other than related parties		8,772.61	8,758.44	1,003.81	1,003.81
Total		12,683.83	12,670.66	3,113.50	3,113.50

22 Other Information

(Rs. in lakhs)

Sr. No.	Particulars	As at	As at
		March 31, 2021	March 31, 2020 (Restated)
(i) Gross non-performing assets*			
(a) Related parties		-	-
(b) Other than related parties		9,036.67	5,943.06
(ii) Net non-performing assets*			
(a) Related parties		-	-
(b) Other than related parties		4,424.54	2,783.21
(iii) Assets acquired in satisfaction of debt		-	-

*NPA accounts refer to Stage 3 assets



InCred Financial Services Limited

Notes to the Standalone Financial Statements

Disclosure as per

As required in RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4th November, 2019 - Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

23 Funding Concentration based on significant counterparty

(Rs. in lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	20	1,43,447.99	NA	82.18%

24 Top 20 large deposits : NA

25 Top 10 Borrowings

(Rs. in lakhs)

Sr. No.	Amount	% of Total borrowings
1	19,947.87	11.93%
2	14,655.49	8.76%
3	14,536.03	8.69%
4	14,393.36	8.61%
5	9,905.24	5.92%
6	9,450.24	5.65%
7	8,941.82	5.35%
8	8,213.51	4.91%
9	6,199.78	3.71%
10	5,033.80	3.01%

26 Funding Concentration based on significant instrument/product

(Rs. in lakhs)

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	78,803.02	45.14%
2	Non Convertible Debentures	55,137.72	31.59%
3	Market Linked Debentures	18,689.37	10.71%
4	Inter Corporate borrowings	7,202.41	4.13%
5	Cash Credit / WCDL	5,456.92	3.13%
6	Commercial paper	1,959.72	1.12%

27 Stock Ratios

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper	1.17%	1.12%	0.70%
b	Non-convertible debentures (Original maturity of less than 1 year)	0.00%	0.00%	0.00%
c	Other short term liabilities	60.72%	58.18%	36.38%



Notes to the Standalone Financial Statements

28. Disclosure as required in paragraph 10 of RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 -COVID19 Regulatory Package - Asset Classification and Provisioning

Particulars	(Rs. in lakhs)	
	Amount (Total POS as on 31st March 2021)	Amount (Total POS as on 31st March 2020) (Restated)
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3:*	69,052.68	57,839.55
Respective amount where asset classification benefits is extended	NIL**	1,061.91
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5***	NA	NA
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	NIL	NIL

*Outstanding as on 31 March 2021 and 31 March 2020 respectively on account of all cases in SMA/ overdue categories where moratorium benefit was extended by the Company up to 31 August 2020

**There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.

***The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. The Company has made adequate provision on impairment loss allowance as per ECL model for the year ended March 31, 2021

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Notes to the Standalone Financial Statements

29. Restructuring of Loans

(Rs. in lakhs)

Sr. No.	Type of Restructuring Asset Classification Details	Others				Total	
		Standard	Sub-standard	Doubtful	Loss		
1	Restructured Accounts as on April 1, 2020 (Restated)	No. of borrowers	14	2	-	-	16
	Amount outstanding	127.95	11.74	-	-	-	139.69
	Provision thereon	12.16	7.63	-	-	-	19.79
2	Fresh Restructuring during the year	No. of borrowers	129	3,817	-	-	3,946
	Amount outstanding	9,449.92	1,050.21	-	-	-	10,500.13
	Provision thereon	601.46	483.08	-	-	-	1,084.54
3	Upgradations to restructured standard category during the FY*	No. of borrowers	2	6	-	-	8
	Amount outstanding	74.21	20.79	-	-	-	95.00
	Provision thereon	10.00	13.88	-	-	-	23.88
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-3	3	-	-	-
	Amount outstanding	(29.64)	29.64	-	-	-	-
	Provision thereon	(0.10)	0.10	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-
7	Restructured Accounts as on March 31, 2021	No. of borrowers	138	3,816	-	-	3,954
	Amount outstanding	9,474.01	1,070.79	-	-	-	10,544.80
	Provision thereon	603.52	476.93	-	-	-	1,080.45



Notes to the Standalone Financial Statements

29. Restructuring of Loans (Continued)

(Rs. in lakhs)

Sr. No.	Type of Restructuring		Others				
	Asset Classification	Details	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2019 (Restated)	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh Restructuring during the year	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	153.56	12.05	-	-	165.61
		Provision thereon	14.33	7.83	-	-	22.16
3	Upgradations to restructured standard category during the FY*	No. of borrowers	-	-	-	-	-
		Amount outstanding	25.61	0.32	-	-	25.94
		Provision thereon	2.17	0.21	-	-	2.38
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on March 31, 2020 (Restated)	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	127.95	11.74	-	-	139.68
		Provision thereon	12.16	7.63	-	-	19.79

*Includes accounts closed/settled or repayments received from restructured accounts during the current year and previous year

There are no cases restructured on account of CoR 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 DOR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances during FY 2020-21 and FY 2019-20.

The above disclosure does not include assets where resolution plan is implemented under RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress.



Notes to the Standalone Financial Statements

30. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - Implementation of Indian Accounting Standards

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2021	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	2,29,929.27	1,866.31	2,28,062.96	922.15	944.16
Standard	Stage 2	24,329.43	2,008.79	22,320.64	1,260.74	748.05
Subtotal		2,54,258.70	3,875.10	2,50,383.60	2,182.89	1,692.21
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,206.03	5,229.79	4,976.24	829.56	4,400.23
Doubtful - up to 1 year	Stage 3	-	-	-	328.05	(328.05)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	328.05	(328.05)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		10,206.03	5,229.79	4,976.24	1,157.61	4,072.18
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	8,975.03	11.00	8,964.03	-	11.00
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		8,975.03	11.00	8,964.03	-	11.00
Total	Stage 1	2,38,904.30	1,877.31	2,37,026.99	922.15	955.16
	Stage 2	24,329.43	2,008.79	22,320.64	1,260.74	748.05
	Stage 3	10,206.03	5,229.79	4,976.24	1,157.61	4,072.18
	Total	2,73,439.76	9,115.89	2,64,323.87	3,340.50	5,775.39

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Notes to the Standalone Financial Statements

30. Disclosure pursuant to RBI notification 'RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20' dated March 13, 2020 - implementation of Indian Accounting Standards (Continued)

(Rs. in lakhs)

Asset Classification as per RBI Norms for year ended 31st March 2020 (Restated)	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(5)
Performing Assets						
	Stage 1	1,99,017.36	1,345.71	1,97,671.65	790.46	555.25
Standard	Stage 2	4,355.24	317.58	4,037.68	67.78	249.80
Subtotal		2,03,372.60	1,663.29	2,01,709.33	858.24	805.05
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,815.66	3,675.81	3,139.85	1,202.20	2,473.61
Doubtful - up to 1 year	Stage 3	-	-	-	45.35	(45.35)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	45.35	(45.35)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		6,815.66	3,675.81	3,139.85	1,247.55	2,428.26
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	9,880.07	4.82	9,875.25	-	4.82
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		9,880.07	4.82	9,875.25	-	4.82
Total	Stage 1	2,08,897.43	1,350.53	2,07,546.90	790.46	560.07
	Stage 2	4,355.24	317.58	4,037.68	67.78	249.80
	Stage 3	6,815.66	3,675.81	3,139.85	1,247.55	2,428.26
	Total	2,20,068.33	5,343.92	2,14,724.43	2,105.79	3,238.13



47. Previous year's figures are regrouped/reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

48. There have been no significant events after the reporting date that require disclosure in these financial statements.

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Pranav Ghe

Partner

Membership No: 121058

Place: Mumbai

Date: 7 May 2021

For and on behalf of the Board of Directors of

InCred Financial Services Limited

CIN: U74899MH1991PLC340312

Bhupinder Singh

Whole Time Director and CEO

DIN: 07342318

Vivek Bansal

Whole Time Director and CFO

DIN: 07835456

Gajendra Thakur

Company Secretary

Place: Mumbai

Date: 7 May 2021



B S R & Co. LLP

Chartered Accountants

14th Floor, Central Wing B Wing and North C Wing,
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Independent Auditors' Report

To the Members of InCred Financial Services Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Incred Financial Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

As more fully described in Note 31 to the consolidated financial statements, the extent to which the COVID-19 pandemic will have impact on the Group's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

Independent Auditors' Report (Continued)

InCred Financial Services Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
<p>Impairment of loans and advances to customers Charge: INR 8,868.63 Lakhs for year ended 31 March 2021 Provision: INR 9,104.89 Lakhs at 31 March 2021</p> <p><i>Refer to the accounting policies in "Note 1 (C)(b) to the Consolidated Financial Statements: Impairment of Financial Assets", "Note 1(B) (e) to the Consolidated Financial Statements: Significant Accounting Policies- use of estimates and judgements" and "Note 6 to the Consolidated Financial Statements: Loans"</i></p>	
<p>Subjective estimate</p> <p>Recognition and measurement of impairment of loans and advances involve significant management judgement.</p> <p>Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are:</p> <ul style="list-style-type: none"> Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Group's modelling approach. 	<ul style="list-style-type: none"> Our key audit procedures included: Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process. Assessed the design and implementation of controls in respect of the Group's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. Testing of review controls over measurement of impairment allowances and disclosures in financial statements. Testing management's controls over authorisation and calculation of post model adjustments and management overlays. Evaluated whether the methodology applied by the Group is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.

Independent Auditors' Report (Continued)

InCred Financial Services Limited

Key Audit Matters (Continued)

Description of Key Audit Matter (Continued)

Key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> • Economic scenarios – Ind AS 109 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments – In the absence of time tested historical data for certain loan products, management has used surrogate industry estimates or derived inputs using regulatory guidance. Management believes that these estimates though address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. • Restructuring – the Holding Company has restructured loans in the current year on account of COVID-19 related regulatory measures. The Holding Company has undertaken restructuring under the RBI circular for restructuring dated 6 August 2020 for retail as well as SME portfolio. In addition, Holding Company has given relief to its eligible borrowers using the ECLGS scheme. This has resulted in increased management estimation over determination of losses for such restructured loans <p><i>Impact of COVID -19</i></p> <p>On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.</p> <p>We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Group. The extent to which the COVID-19 pandemic will impact the Group's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.</p> <p><i>Disclosures</i></p> <p>The disclosures regarding the Group's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.</p>	<ul style="list-style-type: none"> • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied. • Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient. <p>Involvement of specialists - we involved financial risk modelling specialists for the following:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the Group's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • The reasonableness of the Group's considerations of the impact of the current economic environment due to COVID-19 on the impairment loss allowance determination. 

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters *(Continued)*

Description of Key Audit Matter *(Continued)*

Key audit matter	How the matter was addressed in our audit
<p>Information technology IT systems and controls</p> <p>The Group's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting.</p> <p>We have identified 'Information Technology systems' as a key audit matter because of the high level of automation, large transaction volume, the increasing challenge to protect the Group's systems, controls over data integrity and the risks associated with remote access of key applications by a large population of employees at the year end.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<p>Our audit procedures to assess the IT system access management included the following:</p> <p>General IT controls / user access management</p> <ul style="list-style-type: none"> • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, completeness and accuracy of the report generated from the system and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. • Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end. • Performed inquiry of enhanced cyber security controls put in place in the context of a cyber security incident taken place at the Group

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent Auditors' Report (Continued)

InCred Financial Services Limited

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

Independent Auditors' Report (Continued)

InCred Financial Services Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

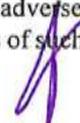
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint ventures and joint operations to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditors' Report (Continued)

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and written representations received from the directors of the Subsidiary Companies and associate company as on 31 March 2021, none of the directors of the Group companies and its associate incorporated in India are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group does not have any pending litigations which would impact its consolidated financial statements Refer Note 36 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021 Refer note 36 to the consolidated financial statements.
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate company incorporated in India during the year ended 31 March 2021.
 - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.

Independent Auditors' Report (Continued)

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements (Continued)

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Holding Company at its extra ordinary general meetings held on 26 March 2019 and 31 May 2019 the managerial remuneration paid/provided for by the Holding Company during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) of the Act which are required to be commented upon by us. The provisions of section 197(16) are not applicable to the subsidiary companies and associate of the Holding company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022



Pranav Gune
Partner

Membership No. 121058
UDIN: 21121058AAAABZ1066

Mumbai
23 July 2021

InCred Financial Services Limited

Annexure A to the Independent Auditors' report on the consolidated financial statements of InCred Financial Services Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of InCred Financial Services Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

InCred Financial Services Limited

Annexure A to the Independent Auditors' report on the consolidated financial statements of InCred Financial Services Limited for the year ended 31 March 2021 (Continued)

Auditors' Responsibility (Continued)

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022



Pranav Gune

Partner

Membership No. 121058

UDIN: 21121058AAAABZ1066

Mumbai
23 July 2021

Consolidated Financial Statements
Consolidated Balance Sheet as at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	1,457.92	3,843.63
(b) Bank balance other than cash and cash equivalents	3	588.46	735.88
(c) Receivables			
(i) Trade receivables	4	3.76	141.01
(ii) Other receivables	5	-	4.75
(d) Loans	6	2,55,359.84	2,04,849.17
(e) Investments	7	12,457.43	5,051.35
(f) Other financial assets	8	1,852.48	773.70
(2) Non-financial assets			
(a) Current tax assets (net)		737.72	1,282.51
(b) Deferred tax assets (net)	9	1,857.39	1,118.43
(c) Property, plant and equipment	10	3,440.94	3,145.49
(d) Capital work-in-progress		14.49	125.06
(e) Goodwill		652.65	652.65
(f) Other intangible assets	11	547.43	308.00
(g) Other non-financial assets	12	1,482.78	1,178.31
Total assets		2,80,453.29	2,23,209.94
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables			
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(ii) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	73.13	58.11
(b) Debt securities	14	73,827.02	42,105.62
(c) Borrowings (other than debt securities)	15	93,021.85	70,321.28
(d) Other financial liabilities	16	4,272.27	3,345.35
(2) Non-financial liabilities			
(a) Provisions	17	169.90	158.41
(b) Deferred tax liabilities (net)	9	832.27	1,069.68
(c) Other non-financial liabilities	18	2,905.65	2,101.09
EQUITY			
(a) Equity share capital	19 (A)	38,624.42	38,615.30
(b) Other equity	19 (B)	66,776.78	65,435.10
Total liabilities and equity		2,80,453.29	2,23,209.94

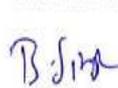
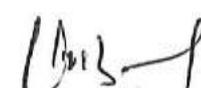
Significant accounting policies and key accounting estimates and judgements
The accompanying notes form an integral part of the consolidated financial statements

1

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022


Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 23 July 2021For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312



Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456



Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 23 July 2021


InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
Revenue From operations			
(i) Interest income	20	37,723.45	31,091.36
(ii) Fees and commission income	21	557.16	805.95
(iii) Net (loss)/gain on fair value changes	22	268.91	465.01
(I) Total revenue from operations		38,549.52	32,362.32
(II) Other income	23	698.13	904.34
(III) Total Income (I + II)		39,247.65	33,266.66
Expenses			
(i) Finance costs	24	15,275.74	11,605.70
(ii) Impairment on financial instruments	25	8,868.63	5,634.50
(iii) Employee benefits expenses	26	9,448.81	9,174.99
(iv) Depreciation and amortisation	10 & 11	1,015.98	1,160.68
(v) Others expenses	27	3,936.45	4,485.49
(IV) Total expenses		38,545.61	32,061.36
(V) Profit before share of loss of Associates (III - IV)		702.04	1,205.30
(VI) Share of loss of associates		349.57	491.55
(VII) Profit before tax (V - VI)		352.47	713.75
(VIII) Tax Expense:	28		
(1) Current Tax		1,135.14	527.43
(2) Deferred Tax		(999.71)	(329.99)
(IX) Profit for the year (VII - VIII)		217.04	516.31
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(26.29)	29.03
(b) Equity instruments through other comprehensive income		-	0.02
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.62	(0.32)
Subtotal (A)		(19.67)	28.73
(B) Items that will be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		118.97	-
(i) Income tax relating to items that will not be reclassified to profit or loss		(29.95)	-
Subtotal (B)		89.02	-
Other comprehensive income (A + B)		69.35	28.73
(XI) Total comprehensive income for the year (IX + X)		286.39	545.04
Profit is attributable to:			
Shareholders of the Group		217.04	516.31
Non controlling interests		-	-
Other Comprehensive Income is attributable to:			
Shareholders of the Group		69.35	28.73
Non controlling interests		-	-
Total Comprehensive Income is attributable to:			
Shareholders of the Group		286.39	545.04
Non controlling interests		-	-
(XIV) Earnings per equity share	29		
Basic (Rs.)		0.06	0.14
Diluted (Rs.)		0.06	0.14

Significant accounting policies and key accounting estimates and judgements
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

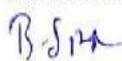
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022



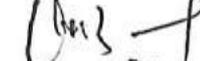
Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 23 July 2021

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312



Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318



Vivek Bansal
Whole Time Director and CFO
DIN: 07835456



Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 23 July 2021





Consolidated Financial Statements

Consolidated Cash Flow Statement for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from operating activities		
Profit / (Loss) before tax	352.47	713.75
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	1,015.98	1,160.68
Net (gain) on fair value changes	(268.91)	(465.01)
Interest Income	(37,723.45)	(31,078.05)
Finance Cost	15,275.74	11,453.91
Impairment loss	8,868.63	5,634.50
Provision for employment benefits	(20.98)	32.28
Share based expense	1,027.90	583.88
Advertisement expense	28.02	30.61
Share in loss of associate	349.57	491.55
Interest expense on lease liability	156.73	151.78
Reversal of rent expense	(339.20)	(401.71)
Operating cash flow before working capital changes	(11,277.50)	(11,691.83)
Working capital adjustments		
(Increase) / decrease in other trade receivables	137.25	(127.83)
Decrease in other receivables	4.75	50.75
(Increase) in Loans	(59,183.00)	(36,677.02)
(Increase) in other financial assets	(1,078.78)	(205.92)
(Increase) in other non financial assets	(332.49)	(388.51)
(Decrease) in trade payables	-	(12.33)
(Decrease) / increase in other payables	(34.98)	(284.99)
Increase in other financial liabilities	1,109.40	2,677.13
Increase in provisions	12.79	0.86
Increase in other non financial liabilities	804.56	88.71
Cash generated from operations	(69,838.00)	(46,570.98)
Interest received on loans	35,299.79	31,012.88
Interest paid on borrowings and debt	(17,585.83)	(13,157.80)
Income taxes paid	(567.01)	(912.13)
Net cash (used in) operating activities	(52,691.05)	(29,628.03)
Cash flow from investing activities		
Purchase of property, plant and equipment	(959.91)	(2,254.37)
Purchase of intangibles assets	(590.93)	(107.53)
Capital work in progress	110.57	(125.06)
(Payment made) / Amount received for acquisition of subsidiary	-	(1,050.25)
Purchase of investments	(1,56,146.89)	(1,11,881.19)
Proceeds from sale of investments	1,48,749.18	1,12,051.78
Investment in term deposits	1,05,146.56	(16,814.26)
Proceeds from maturity of term deposits	(1,05,002.11)	16,332.53
Interest on investments	2,061.09	40.22
Interest on term deposits	166.27	38.26
Net cash (used in) investing activities	(6,466.17)	(4,269.87)
Cash flow from financing activities		
Issue of equity shares (including securities premium)	36.48	42,715.90
Security issue expenses	-	(595.97)
Proceeds from issue of debt securities	62,173.39	12,511.61
Proceeds from borrowings (other than debt securities)	72,265.00	55,339.32
Redemption of debt securities	(28,044.83)	(17,500.00)
Redemption of borrowings (other than debt securities)	(48,668.31)	(57,065.32)
Net cash generated from financing activities	57,761.73	35,405.54
Net Increase / (decrease) in cash and cash equivalents	(1,395.49)	1,507.64
Cash and cash equivalents at the beginning of the year	884.34	(623.30)
Cash and cash equivalents at the end of the year	(511.15)	884.34

Notes:

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow

(b) Cash and cash equivalents comprises of

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	2.84	8.11
Balances with banks		
- Current Accounts	1,455.08	3,835.52
Cash and cash equivalents (Refer note 2)	1,457.92	3,843.63
Less: Bank overdraft and cash credit (Refer note 15)	(1,969.07)	(2,962.25)
Add: Impairment loss allowance on deposits with bank	-	2.96
Cash and cash equivalents in cash flow statement	(511.15)	884.34

As per our report of even date

For BSR & Co. LLP
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Pranav Gune
Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 23 July 2021

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312

B. Singh *Vivek Bansal*
Bhupinder Singh *Vivek Bansal*
Whole Time Director and CEO *Whole Time Director and CFO*
DIN: 07342318 *DIN: 07835456*

Gajendra Thakur
Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 23 July 2021



X

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Cash on hand	2.84	8.11
Balances with banks	1,455.08	3,835.52
Total	1,457.92	3,843.63

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Fixed deposit with bank*	588.46	738.84
Allowance for impairment loss	-	(2.96)
Total	588.46	735.88

* Earmarked for borrowings, bank guarantee and securitised transaction.

4. Trade Receivables

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Unsecured, considered good	-	141.67
Unsecured, considered doubtful	8.87	5.09
Allowance for impairment loss	(5.11)	(5.75)
Total	3.76	141.01

5. Other Receivables

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Unsecured, considered good	-	4.75
Allowance for impairment loss	-	-
Total	-	4.75

6. Loans

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	Amortised cost	Amortised cost
(A) (i) Term loans	2,46,338.20	1,98,335.79
(ii) Loans repayable on demand	18,126.53	11,852.47
Total - Gross	2,64,464.73	2,10,188.26
Less: Impairment loss allowance	(9,104.89)	(5,339.09)
Total - Net of impairment loss allowance (A)	2,55,359.84	2,04,849.17
(B) (i) Secured by tangible assets	93,266.30	84,293.71
(ii) Secured by intangible assets	37,712.37	16,269.02
(ii) Covered by Bank / Government guarantees	5,786.74	-
(iii) Unsecured	1,27,699.32	1,09,625.53
Total - Gross	2,64,464.73	2,10,188.26
Less: Impairment loss allowance	(9,104.89)	(5,339.09)
Total - Net of impairment loss allowance (B)	2,55,359.84	2,04,849.17
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	2,64,464.73	2,10,188.26
Total - Gross	2,64,464.73	2,10,188.26
Less: Impairment loss allowance	(9,104.89)	(5,339.09)
Total - Net of impairment loss allowance (C)	2,55,359.84	2,04,849.17



Notes to the Consolidated Financial Statements

7. Investments

Particulars	As at March 31, 2021				As at March 31, 2020				Total	Others	Total
	Amortised cost	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others	Amortised cost	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others			
	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)			
Mutual funds	-	-	-	-	-	1,003.81	-	-	-	-	1,003.81
Debit securities	2,120.56	-	6,652.06	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-
-Associates*	-	-	-	3,697.97	-	-	-	-	-	-	-
Total - Gross (A)	2,120.56	-	6,652.06	3,697.97	-	1,003.81	-	-	-	4,047.55	4,047.55
Investments in India	2,120.56	-	6,652.06	3,697.97	-	1,003.81	-	-	-	4,047.55	5,051.35
Total - Gross (B)	2,120.56	-	6,652.06	3,697.97	-	1,003.81	-	-	-	4,047.55	5,051.35
Less: Allowance for impairment loss (C)	(0.05)	-	(13.12)	-	-	-	-	-	-	-	-
Less: Write off of investment (D)	-	-	-	-	-	-	-	-	-	-	-
Total - Net (A + C + D)	2,120.51	-	6,638.94	3,697.97	-	1,003.81	-	-	-	4,047.55	5,051.35

* For details of investment in associates, refer note 32 and note 50

8. Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Other receivables	72.71	277.02
Loan to employees	8.62	43.51
Security Deposits	261.42	387.24
Advances to related parties (Refer Note 32)	15.45	16.96
Advances recoverable in cash	1,499.61	50.72
Less: Allowance for impairment loss	(5.33)	(1.75)
Total	1,852.48	773.70



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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

9. Deferred tax

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at April 1, 2020	Recognised in profit and loss	Recognised in OCI	As at March 31, 2021
Deferred tax assets				
Impairment on financial assets	1,193.91	890.67	-	2,084.58
Impairment on investments	25.17	(2.39)	-	22.78
Retirement benefit plans	37.68	(4.41)	6.62	39.89
Lease expense	29.82	24.36	-	54.18
Disallowance of expenses	-	119.56	-	119.56
Difference between book value of fixed assets as per the books of accounts and income tax	30.49	40.96	-	71.45
Total (A)	1,317.07	1,068.75	6.62	2,392.44
Deferred tax liabilities				
Net fair value gain on investment designated through FVOCI	-	-	(29.96)	(29.96)
EIR impact on financial instruments	(352.63)	(152.18)	-	(504.81)
Fair value of investments in associate	(920.25)	87.99	-	(832.26)
Others	4.56	(4.84)	-	(0.28)
Total (B)	(1,268.32)	(69.03)	(29.96)	(1,367.31)
Deferred tax assets (net) (A+B) *	48.75	999.72	(23.34)	1,025.12

* Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 1,857.39 lakhs - Rs.860.21 lakhs)



InCred Financial Services Limited

Notes to the Consolidated Financial Statements

10. Property, plant and equipment

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2020								
At carrying cost at the beginning of the year	22.71	46.67	708.55	35.21	428.79	278.83	-	1,520.76
Additions during the year	-	44.78	263.30	86.64	180.73	52.84	2,128.88	2,757.17
Disposals	-	(1.46)	-	(0.44)	(1.19)	-	-	(3.09)
Gross carrying value as March 31, 2020	22.71	89.99	971.85	121.41	608.33	331.67	2,128.88	4,274.84
Accumulated depreciation as at the beginning of the year	0.40	2.51	0.40	6.88	151.65	49.26	-	211.10
Depreciation for the year	0.38	6.67	323.41	18.59	160.95	40.15	368.39	918.54
Disposals	-	(0.18)	-	(0.11)	-	-	-	(0.29)
Accumulated depreciation as at March 31, 2020	0.78	9.00	323.81	25.36	312.60	89.41	368.39	1,129.35
Net carrying value as at March 31, 2020	21.93	80.99	648.04	96.05	295.73	242.26	1,760.49	3,145.49
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	89.99	971.85	121.41	608.33	331.67	2,128.88	4,274.84
Additions during the year	-	94.14	359.63	91.59	154.82	19.53	392.55	1,112.26
Disposals	-	(22.97)	-	(19.11)	(3.06)	-	(131.39)	(176.52)
Gross carrying value as March 31, 2021	22.71	161.16	1,331.48	193.89	760.09	351.20	2,390.04	5,210.57
Accumulated depreciation as at the beginning of the year	0.78	9.00	323.81	25.36	312.60	89.41	368.39	1,129.35
Depreciation for the year	0.38	13.62	91.71	37.78	193.13	45.99	417.54	800.14
Disposals	-	(7.88)	-	(15.99)	(0.37)	-	(135.63)	(159.86)
Accumulated depreciation as at March 31, 2021	1.16	14.74	415.52	47.15	505.36	135.40	650.30	1,769.63
Net carrying value as at March 31, 2021	21.55	146.42	915.96	146.74	254.74	215.79	1,739.75	3,440.94

* Immovable properties have been pledged against debt securities issued. Refer Note 14

** Refer Note 35 for recognition of right-of-use assets



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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

11. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2020	
At cost at the beginning of the year	580.57
Additions during the year	107.54
Gross carrying value as March 31, 2020 (A)	688.11
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	137.97
Amortisation for the year	242.14
Accumulated amortisation as at March 31, 2020 (B)	380.11
Net carrying value as at March 31, 2020 (A-B)	308.00
Year ended March 31, 2021	
At cost at the beginning of the year	688.11
Additions during the year	590.92
Gross carrying value as March 31, 2021 (A)	1,279.03
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	380.11
Amortisation for the year	351.49
Accumulated amortisation as at March 31, 2021 (B)	731.60
Net carrying value as at March 31, 2021 (A-B)	547.43

12. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	366.01	254.71
Advances recoverable in kind	201.49	77.67
Advance to employee	0.10	-
Goods and Service Tax ('GST') receivable	915.18	837.64
TDS receivable	-	8.29
Total	1,482.78	1,178.31

13. Other Payables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues other than micro enterprises and small enterprises		
- Principal	23.13	58.11
- Interest due	-	-
Total	23.13	58.11

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Notes to the Consolidated Financial Statements

14. Debt Securities

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	Amortised cost	Amortised cost
Debentures	73,827.02	42,105.62
Total	73,827.02	42,105.62
Debt securities in India	73,827.02	42,105.62
Debt securities outside India	-	-
Total	73,827.02	42,105.62

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2021	As at March 31, 2020
1	500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)	1. Non-Convertible Debentures issued by the group are secured by way of a first pari-passu charge over the receivables of the group to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the group 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 group.	Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	20-Sep-19	-	6,068.98
2	1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 825 days from the date of allotment. Coupon to be paid annually.	22-Jun-20	-	15,047.83
3	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Apr-21	8,213.51	8,208.86
4	1000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 545 days from the date of allotment. Coupon to be paid annually and on maturity.	20-Dec-21	10,687.30	-
5	500, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,265.56	-
6	1000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,649.39	-
7	500, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	5,050.83	-
8	500, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	10-Feb-22	5,277.22	-
9	750, 9.40% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	14-Mar-22	7,491.67	-
10	250, 9.10% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	04-Jun-22	2,502.24	-
11	156, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non-Convertible Market-Linked Debentures issued by the group are secured by way of a first pari-passu charge over the receivables of the group to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the group in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 451 days from the date of allotment.	18-Jan-21	-	1,621.98
12	192, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 428 days from the date of allotment.	03-Feb-21	-	1,967.73
13	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	30-Sep-21	1,649.04	1,653.72
13	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 732 days from the date of allotment.	14-Dec-21	3,977.66	3,553.81
14	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment.	18-Feb-22	5,630.14	3,982.71
15	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	5,744.54	-
16	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	28-Jul-23	1,487.92	-
	Total					73,827.02

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

15. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	Amortised cost	Amortised cost
(a) Term loans		
(i) from banks	62,464.65	50,699.91
(ii) from other parties	16,338.37	15,145.11
(b) Inter corporate borrowings from related parties	5,801.94	-
(c) Inter corporate borrowings from other parties	1,000.25	-
(d) Loans repayable on demand		
(i) from banks	5,456.92	4,476.26
(ii) from other parties	-	-
(e) Commercial Papers	1,959.72	-
Total	93,021.85	70,321.28
Borrowings in India	93,021.85	70,321.28
Borrowings outside India	-	-
Total	93,021.85	70,321.28

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at	As at
			March 31, 2021	March 31, 2020
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables, both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 3 to 60 months. Rate of Interest ("ROI") ranging from 6.32% p.a. to 11.00% p.a.	62,464.65	50,699.91
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding	Loans are repayable in monthly or quarterly installments with original tenure ranging from 33 to 39 months. ROI ranging from 10.35% p.a. to 12.45% p.a.	16,338.37	15,014.28
	Pass Through Certificate Borrowings are secured by way of charge on fixed deposits and receivable from the pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings.	-	130.83
Loans repayable on demand (WC DL and CC)	Working Capital Demand Loans ("WC DL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding	WC DL and CC facilities are repayable on demand. Interest is payable on a monthly basis. ROI ranging from 8.10% p.a. to 11.00% p.a.	5,456.92	4,476.26
Inter corporate borrowings from related parties (Refer Note 32)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis.	5,801.94	-
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month. Interest is payable on maturity. ROI - 10.00% p.a.	1,000.25	-
Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 364 days with coupon of 9.00% p.a.	1,959.72	-
Total			93,021.85	70,321.28



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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

16. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability (Refer Note 35)	1,957.64	1,878.95
Advances from customers	2,273.22	1,432.21
Expense payable	23.43	18.97
Security deposits	10.57	10.57
Employee expenses payable	5.74	0.69
Others	1.67	3.96
Total	4,272.27	3,345.35

17. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (Refer Note 33)	158.90	153.59
Expected credit loss provision on undrawn commitments	11.00	4.82
Total	169.90	158.41

18. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for expenses	2,389.07	1,402.69
Statutory dues payable	516.58	698.40
Total	2,905.65	2,101.09



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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

19 (A). Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00
Preference Shares of Rs. 10/- each	8,00,00,000	8,000.00	8,00,00,000	8,000.00
Total	2,08,00,00,000	2,08,000.00	2,08,00,00,000	2,08,000.00
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	30,77,27,936	30,772.79	30,76,36,727	30,763.67
Preference Shares of Rs. 10/- each fully paid	7,85,16,289	7,851.63	7,85,16,289	7,851.63
Total	38,62,44,225	38,624.42	38,61,53,016	38,615.30

Terms/rights attached to equity shares

The group has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The group declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the group, the holders of the equity shares will be entitled to receive remaining assets of the group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Terms/rights attached to preference shares

Each Cumulative Compulsory Convertible Preference Share ("CCCPS") shall be a 0.001% coupon preference share denominated in Indian Rupees and shall be fully and cumulatively compulsorily convertible within a period of 19 years from the date of their issue.

Each holder of CCCPS shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other applicable laws from time to time and as specified under the Articles of Association. Further to the aforesaid, for the purpose of voting, the holder of the CCCPS shall be deemed to have converted all its CCCPS into Equity Shares and shall have voting rights on every resolution placed before the group on the basis of its shareholding in the group on as "as converted" basis or Fully Diluted Basis, i.e., assuming the conversion of all the CCCPS held by it into Equity Shares.

Equity shares held by holding company

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

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	23,03,73,125	23,037.31	23,03,73,125	23,037.31



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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

Details of shareholder(s) holding more than 5% of shares in the group :

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	59.64%	23,03,73,125	59.66%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	4,50,36,765	11.66%	4,50,36,765	11.66%
Oaks Asset Management Private Limited (formerly known as "Alpha Capital Advisors Private Limited A/C PMS")	2,61,31,606	6.77%	2,63,04,302	6.81%
Investcorp Private Equity Fund II (formerly known as IDFC Private Equity IV)	1,42,41,228	3.69%	2,87,82,735	7.45%
Total	31,57,82,724	81.76%	33,04,96,927	85.59%

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
At the beginning of the year	30,76,36,727	30,763.67	30,76,29,303	30,762.93
<u>Add: Issued during the year</u>				
Shares issued during the year	-	-	-	-
ESOP exercised during the year	91,209	9.12	7,424	0.74
Bought during the year	-	-	-	-
At the end of the year	30,77,27,936	30,772.79	30,76,36,727	30,763.67

* includes shares issued on conversion of optionally convertible debentures.

Preference shares reconciliation

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	-	-
<u>Add: Issued during the year</u>				
Shares issued during the period	-	-	7,85,16,289	7,851.63
Bought during the period	-	-	-	-
At the end of the year	7,85,16,289	7,851.63	7,85,16,289	7,851.63

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19 (B). Other equity

Particulars	Reserves and Surplus							Equity Instruments through OCI	Debt Instruments through OCI	Equity Instruments through OCI	Loss on change in proportion held by NCI	Non Controlling Interest	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings	Equity Instruments through OCI	Debt Instruments through OCI						
Balance at March 31, 2019	352.99	27,435.03	65.70	136.09	2,640.28	-	-	15.34	-	-	-	433.37	31,088.60
Profit for the year	-	-	-	-	516.31	-	-	-	-	-	-	-	516.31
Remeasurement benefit of defined benefit plans	-	-	-	-	28.70	-	-	-	-	-	-	-	28.70
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	545.02	-	-	0.02	-	-	-	-	545.03
Transfer / utilizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the period	-	34,863.53	-	-	-	-	-	-	-	-	-	-	34,863.53
Utilized during the year	-	(595.97)	-	-	-	-	-	-	-	-	-	-	(595.97)
Transferred to special reserve from retained earnings	89.04	-	-	598.69	(89.04)	-	-	-	-	-	-	-	588.69
Employee stock option expense	-	-	(14.80)	-	-	-	-	-	-	-	-	-	-
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2020	452.03	61,702.59	50.90	734.78	3,096.25	-	-	15.36	-	(616.81)	(433.37)	-	65,435.10
Profit for the year	-	-	-	-	217.03	-	-	-	-	-	-	-	217.03
Remeasurement benefit of defined benefit plans	-	-	-	-	(19.67)	-	-	-	-	-	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (net of tax)	-	-	-	-	197.36	-	-	-	89.03	-	-	-	89.03
Transfer / utilizations	-	-	-	-	-	-	-	-	89.03	-	-	-	89.03
Additions during the period	-	27.36	-	-	-	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	-	-	-	-	-	-	-	-	-
Employee stock option expense	-	-	11.38	1,016.55	(204.69)	-	-	-	-	-	-	-	-
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2021	656.72	61,729.95	62.28	1,731.33	3,088.92	-	-	15.36	89.03	(616.81)	-	-	64,776.78

Detail 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.

Capital contribution from parent - The capital contribution from parent is the outcome of share based arrangement where Bee Finance Limited (Mauritius), Holding Co. has granted equity settled options to the employees of the Group.

Share based payment reserve - The employee stock option outstanding reserve is used to recognize the grant date fair value of options issued to employees of the Group under stock option schemes of the Group.

Retained earnings - Retained earnings represents surplus / accumulated earnings of the Group and are available for distribution to shareholders.

Debt Instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income.

Equity Instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

Loss on change in proportion held by NCI - This represents the difference between the non-controlling interest and the fair value of the consideration paid for additional acquisition in subsidiary.

assets are disposed off.



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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

20. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at amortised cost:		
-Interest on loans	35,496.09	31,012.88
-Interest income from investments	523.59	40.22
-Interest on deposits with banks	166.27	38.26
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	1,537.50	-
Total	37,723.45	31,091.36

Note - No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the year ended 31 March 2021 and 31 March 2020.

21. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other fees and charges	501.16	749.95
Service fees (Refer Note 32 for related party transaction)	56.00	56.00
Total	557.16	805.95

22. Net (loss)/ gain on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	268.91	465.01
Total	268.91	465.01
Fair value changes:		
- Realised	268.91	461.20
- Unrealised	-	3.81

23. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Service fee income	401.46	628.56
Marketing fees	195.00	255.00
Other income	101.67	20.78
Total	698.13	904.34

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

24. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
(i) Interest on borrowings	8,258.40	7,463.01
(ii) Discount on Commercial Paper	124.74	93.85
(iii) Interest on Debentures	6,499.73	3,801.05
(iv) Interest on Inter Corporate Debts ("ICD")	195.52	66.18
(v) Liability towards operating lease (Refer Note 35)	156.73	151.78
(vi) Other finance cost	40.62	29.83
Total	15,275.74	11,605.70

25. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On Financial instruments measured at amortised cost	
- Loans	8,872.69	5,628.25
- Investments	0.05	(1.82)
- Other financial assets	(4.11)	8.07
Total	8,868.63	5,634.50

26. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Salaries and wages	8,072.43
Contribution to provident and other funds	227.81	260.68
Share based payment to employees	1,027.90	583.88
Staff welfare expenses	141.65	203.86
Retirement Benefit expenses	(20.98)	32.28
Others	(0.00)	9.27
Total	9,448.81	9,174.99

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

27. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent (Refer Note 35)	275.89	275.89
Communication cost	78.64	94.04
Travelling and conveyance	129.70	344.41
Legal, professional and consultancy charges	434.57	350.68
IT expenses	672.66	657.32
Repairs and maintenance	20.62	25.01
Rating fees	104.25	47.84
Printing and stationary	5.76	30.08
Bank charges	32.23	28.57
Bureau charges	168.68	290.44
Directors' sitting fees	13.19	14.55
Payment to auditors	94.93	80.12
Advertisement, publicity and sales promotion expenses	389.18	477.95
Operation Cost	164.05	458.25
Office Expense	320.31	315.23
Postage & courier charges	12.07	62.45
Interest on statutory dues	14.41	5.53
Recruitment fees	32.51	126.88
Stamp Duty & Filing fees	10.64	86.65
Legal & Technical charges	25.64	88.74
Corporate Social responsibility (Refer Note 40)	20.05	16.93
Provision for diminution in the value of investment	-	-
Cost of collection	851.93	553.48
Miscellaneous expenses	64.54	54.45
Total	3,936.45	4,485.49

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Auditor's remuneration		
- Audit fees	84.12	71.95
In other capacity		
- Certification services	10.81	8.17
- Taxation	-	-
Out of pocket expenses	-	-
Total	94.93	80.12

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

28. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
Current tax expense		
Current year	1,135.14	527.43
Deferred tax expense		
Origination and reversal of temporary differences	(999.71)	(329.99)
Tax expense for the year	135.43	197.44

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Year ended March 31, 2020		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(26.29)	6.62	(19.67)	29.03	(6.62)	22.41
(b) Equity instruments through other comprehensive income				0.02	6.30	6.32
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	118.97	(29.95)	89.03	-	-	-
Total	92.68	(23.33)	69.35	29.05	(0.32)	28.73

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
Profit before tax as per Statement of profit and loss	352.47	713.75
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	88.72	179.65
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	198.43	36.66
Effect of income exempt from income tax	(42.11)	(104.73)
Impact of change in tax rate	-	(56.41)
Tax pertaining to prior year	(96.38)	2.15
Other adjustments	(13.23)	7.47
Impact of MAT reversal	-	132.65
Tax impact of lower tax rate for subsidiaries	-	-
Total income tax expense	135.43	197.44
Effective tax rate	38.42%	27.66%

(e) During the previous year, the Group had elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision for income tax for the year ended March 31, 2020 and has reversed the MAT credit recognised earlier and re-measured its deferred tax assets and liabilities basis the rate prescribed in the said section. The full impact of the above mentioned change is a charge of Rs. 76.24 lakhs and has been recognised in the consolidated statement of profit and loss for the year ended March 31, 2020.



InCred Financial Services Limited

Notes to the Consolidated Financial Statements

29. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit attributable to equity holders of the Company used in calculating basic earnings per share	217.04	516.31
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	217.04	516.31

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2021	As at March 31, 2020
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,51,19,843	38,03,66,142
Add: Adjustments for calculation of diluted earnings per share	14,19,853	-*
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	38,65,39,696	38,03,66,142
Basic earnings per share	0.06	0.14
Diluted earnings per share	0.06	0.14

* The ESOPs outstanding are anti-dilutive in nature



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Notes to the Consolidated Financial Statements

30. Fair value measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	1,457.92	-	-	3,843.63
Bank balance other than cash and cash equivalents	-	-	588.46	-	-	735.88
Receivables						
(i) Trade receivables	-	-	3.76	-	-	141.01
(ii) Other receivables	-	-	-	-	-	4.75
Loans	-	-	2,55,359.84	-	-	2,04,849.17
Investments						
- Mutual funds	-	-	-	1,003.81	-	-
- Debt securities	-	6,638.94	2,120.51	-	-	-
- Strategic investment	-	-	-	-	-	-
Other financial assets	-	-	1,852.48	-	-	773.70
Total financial assets	-	6,638.94	2,61,382.97	1,003.81	-	2,10,348.14
Financial liabilities						
Payables						
- Other payables	-	-	23.13	-	-	58.11
Debt securities	-	-	73,827.02	-	-	42,105.62
Borrowings (other than debt securities)	-	-	93,021.85	-	-	70,321.28
Other financial liabilities	-	-	4,272.27	-	-	3,345.35
Total financial liabilities	-	-	1,71,144.27	-	-	1,15,830.36

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below:

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Equity instruments (strategic investments)	-	-	-	-	-	-	-	-
Investment in mutual funds	-	-	-	-	1,003.81	-	-	1,003.81
Investment in debt securities	-	-	6,638.94	6,638.94	-	-	-	-
Total	-	-	6,638.94	6,638.94	1,003.81	-	-	1,003.81

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	1,457.92	-	-	1,457.92	3,843.63	-	-	3,843.63
Bank balance other than cash and cash equivalents	588.46	-	-	588.46	735.88	-	-	735.88
Receivables								
(i) Trade receivables	-	-	3.76	3.76	-	-	141.01	141.01
(ii) Other receivables	-	-	-	-	-	-	4.75	4.75
Investments								
- Debt securities	-	-	2,120.51	2,120.51	-	-	-	-
Loans	-	-	2,70,436.30	2,70,436.30	-	-	2,06,237.47	2,06,237.47
Other financial assets	-	-	1,852.48	1,852.48	-	-	773.70	773.70
Total	2,046.38	-	2,74,413.05	2,76,459.43	4,579.51	-	2,07,156.93	2,11,736.44
Financial Liabilities								
Payables								
- Other payables	-	-	23.13	23.13	-	-	58.11	58.11
Debt securities	-	-	74,320.09	74,320.09	-	-	42,112.57	42,112.57
Borrowings (other than debt securities)	-	-	93,038.76	93,038.76	-	-	70,306.94	70,306.94
Other financial liabilities	-	-	4,272.27	4,272.27	-	-	3,345.35	3,345.35
Total	-	-	1,71,654.25	1,71,654.25	-	-	1,15,822.97	1,15,822.97



Notes to the Consolidated Financial Statements

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	1,457.92	1,457.92	3,843.63	3,843.63
Bank balance other than cash and cash equivalents	588.46	588.46	735.88	735.88
Receivables				
(i) Trade receivables	3.76	3.76	141.01	141.01
(ii) Other receivables	-	-	4.75	4.75
Loans	2,55,359.84	2,70,436.30	2,04,849.17	2,06,237.47
Investments				
- Mutual funds	-	-	1,003.81	1,003.81
- Debt securities	8,759.45	8,759.45	-	-
- Equity instruments (strategic investments)	-	-	-	-
Other financial assets	1,852.48	1,852.48	773.70	773.70
Total	2,68,021.91	2,83,098.37	2,11,351.95	2,12,740.25
Financial liabilities				
Payables				
- Other payables	23.13	23.13	58.11	58.11
Debt securities	73,827.02	74,320.09	42,105.62	42,112.57
Borrowings (other than debt securities)	93,021.85	93,038.76	70,321.28	70,306.94
Other financial liabilities	4,272.27	4,272.27	3,345.35	3,345.35
Total	1,71,144.27	1,71,654.25	1,15,830.35	1,15,822.97

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Group considers that the carrying amounts recognised in the financial statements approximate their fair values. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

C. Measurement of fair values

The following sets out the Group's basis of establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:



Notes to the Consolidated Financial Statements

Financial Instruments held at amortised cost

i. Cash and bank balance:

The fair value of cash and balances with bank is their carrying amounts

ii. Loans and advances to customers:

For loans and advances to customers, the fair value of floating rate loans is their carrying amounts. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The fair value of fixed rate loans were calculated based on discounted cash flows using a current lending rate.

iii. Other financial assets:

Other financial assets comprise primarily of advances to related parties and other advances. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

iv. Investment in debt securities:

The group has investments in debt securities with fixed rates. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short term in nature.

v. Debt securities and borrowings:

The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing rates at which Company has borrowed for debts with a similar credit risk and remaining maturity. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2021 has been considered for fair valuation. For floating rate borrowings, the carrying value is a reasonable approximation to the fair value.

vi. Other financial liabilities:

Other financial liabilities comprise primarily of advances received from customers and other payables. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature.

Financial Instruments held at fair value

i. Investment in mutual fund:

The investment in mutual funds are valued using the closing NAV in the market.

ii. Investment in debt securities:

Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using market yield on the balance period to maturity on similar instruments using G-Sec rates adjusted for credit risk of the instruments.

Gains or losses on transfers amongst categories

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Inter-level transfers

There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 and Level 2 and 3 during the financial years ended March 31, 2021 and March 31, 2020.

D. Fair value measurements for financial assets measured at FVOCI using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the year ended March 31, 2021 and March 31, 2020.

(Rs. in lakhs)

Particulars	Equity	Debt
As at March 31, 2019	121.63	-
Net Acquisitions/(Disposal)	(121.61)	-
Gains recognised in other comprehensive income	(0.02)	-
As at March 31, 2020	-	-
Acquisitions/(Disposal)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	-	6,652.06

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

31. Financial risk management

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk & liquidity risk. The Group's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations i.e. receivables from customers, investments in debt securities etc. Credit risk arises from loans and advances, investments carried at amortized cost and deposits with banks and financial institutions.

I) Credit risk management

The Group key objective is to maintain a strong culture of responsible lending, and robust risk policies and control frameworks. The Group considers various factors, which provide an assessment of the borrower's ability-to-pay and willingness-to-pay. While the techniques used for assessment vary across product-segments, the credit principles remain a common factor.

The key factors considered include:

- **Income and cash flow analysis:** The borrower's income for multiple sources is assessed, along with the borrower's obligations and financial commitments. Hence, the funds available to repay the loan/EMI is computed, and the loan is tailored to be affordable to the borrower. For certain product types working capital gap is also calculated.

- **Credit history analysis:** The borrower's experience in managing debt is considered. Prior delinquencies and considered. A strong repayment track record is typically an indicator of the customer's willingness-to-pay. Exceptions and nuances, like customers with a limited credit history but with strengths like job-tenure or asset-ownership, are also considered to make appropriate credit decisions.

- **Borrower's profile and intended use of the funds:** The borrower's intended use of funds is considered as a part of the credit process, including the calculation of working capital cycle for certain product types. In some product-segments, the use of funds may be certified by the borrower or controlled by disbursing directly to the end-use. Borrower profiles which are not in targeted market-segments are screened out.

- **Security cover provided:** The Group has a well defined credit policy which lays out the security to be provided. In certain cases, providing the relevant collateral is a pre-condition for loan sanction.

- **Collectability and geo-location:** The borrower's location, accessibility, stability and contact-ability are all considered before loan sanction. In cases where there are doubts or concerns about any of these factors, an adverse adjustment to the risk-profile is made.

The Group has separate data science/analytics team which monitors the vintage curve, bounce rates, collection efficiency, portfolio metrics and delinquencies further periodic re-audit of existing cases to unearth delinquency trends and credit learnings.

Measurement of Expected Credit Losses ('ECL')

The Group has segmented its outstanding portfolio based on the risk profiles i.e. risk management policies, historical experiences with respect to default rates etc. for the computation of ECL.

A three-stage model for impairment based on changes in credit quality since initial recognition has been implemented. The Group has used Days Past Due ('DPD') basis for staging of the portfolio and has opted for the rebuttable presumption prescribed by the standard to recognize default in case payments are overdue 90 days and a Significant Increase in Credit Risk ('SICR') in case payments are overdue for more than 30 days.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis /collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3. Considering the current macro economic scenario, due to Covid, the probability of defaults have been increased over and above the historical trends across product verticals.

DPD Status	Stage	Basis for recognition of ECL	
		Loans	Investments
Current	Stage 1	12 Month's ECL	12 Month's ECL
1-30 days	Stage 1	12 Month's ECL	12 Month's ECL
31-90 days	Stage 2	Life Time ECL	Life Time ECL
90+ days	Stage 3	Life Time ECL	Life Time ECL

Write-offs

As per Group's policy, the Group writes off Retail secured and unsecured loans outstanding for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are written off on a case-to-case basis subject to 540 days and 450 days respectively, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.



InCred Financial Services Limited

Notes to the Consolidated Financial Statements
As at March 31, 2021

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	2,120.56	0.05	2,120.51
	Investments at FVOCI			
	- Debt securities	6,652.06	13.12	6,638.94
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	2,29,929.27	1,866.31	2,28,062.96
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Bank balance other than cash and cash equivalents	588.46	-	588.46
	Loan commitments	8,975.03	11.00	8,964.03
	Other financial assets	1,857.81	5.33	1,852.48
	Loans			
- Term Loans and Loans repayable on demand	24,329.43	2,008.79	22,320.64	
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	10,206.03	5,229.79	4,976.24

As at March 31, 2020

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	-	-	-
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,99,017.36	1,345.71	1,97,671.65
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,880.07	4.82	9,875.25
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Other assets	1,358.80	1.76	1,357.04
	Loans			
- Term Loans and Loans repayable on demand	4,355.24	317.58	4,037.66	
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	6,815.66	3,675.81	3,139.85

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised financial instruments. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table. For financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount.

(Rs. in lakhs)

Particulars	Gross Exposure	
	as at March 31, 2021	as at March 31, 2020
Cash and cash equivalent	1,457.92	3,843.63
Balances with Banks	588.46	735.88
Trade receivables	3.76	141.01
Other receivables	-	4.75
Loans	2,55,359.84	2,04,849.17
Investment securities	8,772.62	-
Other financial assets	1,857.81	775.44
Total credit risk exposure	2,68,040.41	2,10,349.88

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.



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Notes to the Consolidated Financial Statements

The below table stratifies credit exposure for secured loans by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the Principal outstanding of the loan to the value of the collateral. The valuation of collateral is as of date of grant of loan and excludes any adjustments for obtaining and selling the collateral.

Secured Loans

LTV Ratio	(Rs. in lakhs)			
	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020	As at March 31, 2020
Less than 50%	53,647.27	39.96%	47,097.54	47.09%
51-70%	18,554.37	13.82%	22,742.80	22.74%
71-90%	11,474.72	8.55%	8,264.25	8.26%
91-100%	46,912.45	34.94%	18,791.63	18.79%
More than 100%	3,663.67	2.73%	3,117.75	3.12%
Total	1,34,252.48	100.00%	1,00,013.97	100.00%

Value of security of secured credit Impaired assets

The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

Particulars	(Rs. in lakhs)			
	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020	As at March 31, 2020
Value of Security	3,639.95	6,498.64	1,541.35	3,050.38

The Group measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Group's internally developed statistical models and other historical data. In addition, the Group uses reasonable and supportable information on future economic conditions including macroeconomic factors such as services, GDP, recorded unemployment, growth rate, current account balance etc. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

The below table signifies movement of loan exposure i.e outstanding principal and accrued interest thereon

Reconciliation of Loan exposure	(Rs. in lakhs)			
	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at lifetime expected losses (Stage 3)	
Loan exposure as on March 31, 2019	1,66,754.11	3,902.16	3,178.89	
Remeasurement of net exposure	(76,016.63)	(2,301.48)	725.22	
Assets originated or purchased	1,15,443.82	1,398.54	753.99	
Transferred to 12-month ECL	858.10	(826.50)	(31.60)	
Transferred to Lifetime ECL not credit impaired	(2,748.25)	2,750.49	(2.24)	
Transferred to Lifetime ECL credit impaired	(4,204.36)	(694.28)	4,898.64	
Write – offs	-	-	(3,579.84)	
Loan exposure on March 31, 2020	2,00,086.79	4,228.93	5,943.06	
Remeasurement of net exposure	(1,11,619.89)	(7,901.73)	(5,362.11)	
Assets originated or purchased	1,60,934.35	17,437.99	6,845.50	
Transferred to 12-month ECL	720.84	(710.69)	(10.15)	
Transferred to Lifetime ECL not credit impaired	(12,243.37)	12,245.97	(2.60)	
Transferred to Lifetime ECL credit impaired	(4,879.72)	(1,233.84)	6,113.56	
Write – offs	-	-	(4,474.73)	
Loan exposure on March 31, 2021	2,32,999.00	24,066.63	9,052.53	

For Loan loss allowance:

Reconciliation of loss allowance	(Rs. in lakhs)			
	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at lifetime expected losses (Stage 3)	
Loss allowance on March 31, 2019	595.58	202.21	2,148.45	
Remeasurement of loss allowance	47.94	(67.90)	2,055.25	
Assets originated or purchased	739.48	116.72	407.66	
Transferred to 12-month ECL	9.28	(39.97)	(21.89)	
Transferred to Lifetime ECL not credit impaired	(17.97)	176.45	(2.21)	
Transferred to Lifetime ECL credit impaired	(28.60)	(69.93)	2,627.76	
Write – offs	-	-	(3,539.21)	
Loss allowance on March 31, 2020	1,345.71	317.58	3,675.81	
Remeasurement of loss allowance	(629.25)	(576.12)	(698.54)	
Assets originated or purchased	1,384.79	1,561.99	3,431.52	
Transferred to 12-month ECL	5.20	(25.23)	(8.09)	
Transferred to Lifetime ECL not credit impaired	(121.88)	881.42	(3.86)	
Transferred to Lifetime ECL credit impaired	(118.85)	(150.23)	3,307.70	
Write – offs	-	-	(4,474.73)	
Loss allowance on March 31, 2021	1,865.68	2,009.41	5,229.81	

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For investments

(Rs. in lakhs)	
Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2019	1.82
Changes in loss allowances due to Assets used or released	(1.82)
Loss allowance on March 31, 2020	-
Changes in loss allowances due to Assets used or released	13.17
Loss allowance on March 31, 2021	13.17

For loan commitments

(Rs. in lakhs)	
Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on 31 March 2019	3.63
Changes in loss allowances due to Assets used or released	1.19
Loss allowance on 31 March 2020	4.82
Changes in loss allowances due to Assets used or released	6.18
Loss allowance on 31 March 2021	11.00

Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below.

Particulars	(Rs. in lakhs)			
	Loans and advances to customers		Loan commitments	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Concentration by region				
North	45,263.88	30,112.17	985.91	1,215.32
South	1,27,616.29	1,00,098.22	4,251.67	4,456.38
East	9,525.25	9,254.90	491.33	574.73
West	82,059.31	70,722.97	3,246.12	3,633.64
Total	2,64,464.73	2,10,188.26	8,975.03	9,880.07

Offsetting financial assets and financial liabilities

There are no financial assets and financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of Covid-19 pandemic, RBI announced resolution plan framework via circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress for personal loan customers and extended RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances for SME loans. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower specific. We continue to monitor the recoverability of loans granted in accordance with these circulars. The on-going and future performance of such loans remains an area of uncertainty as March 31, 2021. The relevant details in respect of these loans have been presented under note no. 48 and 49.

Impact of COVID-19

(A) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID-19 -Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Group continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. The extent to which, how the Covid-19 pandemic will impact the Group will depend on the future developments which are highly uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Group has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Group's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(B) The Honorable Supreme Court of India through an interim order had directed that the accounts which were not declared non-performing asset till August 31, 2020 shall not be declared non-performing after August 31, 2020, till further notice. Basis the Interim order, the Group had not classified any standard account as of August 31, 2020 as per Indian Accounting Standards, as impaired (Stage 3) after August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 07, 2021 issued in this connection, the Group has continued with the asset classification of borrower accounts as per the ECL model under Ind AS financial statements for the year ended March 31, 2021.

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Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Group has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Group has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Group has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Expiring within one year	10,090.93	11,038.25
Expiring beyond one year	-	-
Total	10,090.93	11,038.25

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Other payables	13	23.13	(23.13)	(23.13)	-	-	-
Debt securities	14	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings	15	93,021.85	(1,06,339.41)	(54,087.87)	(41,538.58)	(10,712.96)	-
Other financial liabilities	16	4,272.27	(4,272.27)	(4,272.27)	-	-	-
Loan commitments	36	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		1,80,119.30	(2,02,070.32)	(1,17,458.54)	(73,898.82)	(10,712.96)	-

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Other payables	13	58.11	(58.11)	(58.11)	-	-	-
Debt securities	14	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings	15	70,321.28	(99,576.75)	(41,614.51)	(34,684.90)	(23,270.90)	-
Other financial liabilities	16	3,345.35	(3,345.34)	(26.77)	(3,318.57)	-	-
Loan commitments	36	9,880.07	(9,880.07)	(5,430.48)	(4,420.62)	(14.49)	(14.48)
Total		1,25,710.43	(1,58,658.72)	(73,563.59)	(61,788.82)	(23,285.39)	(14.48)



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Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,457.92	1,457.92	1,457.92	-	-	-
Bank deposits	3	588.46	588.46	588.46	-	-	-
Trade receivables	4	3.76	3.76	3.76	-	-	-
Other receivables	5	-	-	-	-	-	-
Loans	6	2,55,359.84	3,55,624.03	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments	7	8,759.45	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	8	1,852.48	-	-	-	-	-
Total		2,68,021.91	3,66,970.94	1,61,761.80	99,022.60	39,082.15	67,104.40

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,843.63	3,843.63	3,843.63	-	-	-
Bank deposits	3	735.88	735.88	735.88	-	-	-
Trade receivables	4	141.01	141.01	141.01	-	-	-
Other receivables	5	4.75	4.75	4.75	-	-	-
Loans	6	2,04,849.17	2,92,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments	7	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	8	773.70	773.70	380.71	392.99	-	-
Total		2,11,351.95	2,98,983.97	1,13,869.94	80,285.47	36,729.10	68,099.46



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Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

C. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely. The Group has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and loans. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2021	As at March 31, 2020
Loans		
Fixed rate loans	1,30,872.89	1,08,509.09
Variable rate loans	1,32,493.60	99,181.42
Bank balance other than cash and cash equivalents	586.06	723.06
Investment in debentures	8,533.21	-
Total	2,72,485.76	2,08,413.57
Debt and Borrowings		
Fixed rate Debt and Borrowings	(94,222.18)	(47,092.03)
Variable rate Debt and Borrowings	(69,420.64)	(64,278.82)
Total	(1,63,642.82)	(1,11,370.85)

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, 2021 and March 31, 2020 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2021				
Variable-rate instruments	382.71	(382.71)	382.71	(382.71)
Cash flow sensitivity (net)	382.71	(382.71)	382.71	(382.71)
March 31, 2020				
Variable-rate instruments	349.03	(349.03)	349.03	(349.03)
Cash flow sensitivity (net)	349.03	(349.03)	349.03	(349.03)

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Price risk

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2020, profit or loss(pre-tax) for the year ended March 31, 2020 would increase/decrease by Nil (Previous Year: Rs. 10.03 lakhs) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2020.

The Group is currently not exposed to any equity price risks arising from equity investments classified in the Balance Sheet at fair value through Other Comprehensive Income since the amount outstanding as at March 31, 2020 is Nil (Previous year: Nil).



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Notes to the Consolidated Financial Statements

32. Related party disclosures

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the KMP	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director (upto June 11, 2021)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director (w.e.f December 1, 2020)
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninx	Nominee Director
Mr. Girish Dinanath Nadkarni	Nominee Director (upto June 13, 2021)
Mr. Vivek Anand PS	Nominee Director

Enterprises where key management personnel exercises control

1. InCred Capital Financial Services Private Limited (Formerly known as Proud Securities Private Limited)
2. InCred Wealth Private Limited (Formerly known as InCred Capital Inclusion Advisory Private Limited) (w.e.f. May 20, 2019)
3. InCred Asset Management Private Limited (Formerly known as InCred Capital Investment Advisors and Managers Private Limited)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2021	As at March 31, 2020
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.64%	59.66%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2021	As at March 31, 2020
mValu Technology Services Private Limited	India	Mumbai	40.96%	40.96%

Transactions with key management personnel

i. Key management personnel compensation

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Employee benefit expenses	575.33	570.22
Directors' sitting fees	13.19	14.55

As the liabilities for gratuity, leave encashment and share based payments are provided on actuarial basis for the group as a whole and hence the amounts pertaining to the key management personnel are not included in the above.



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Notes to the Consolidated Financial Statements

32. Related party disclosures (continued)

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

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, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
	(Rs. in lakhs)							
Balance Sheet transactions								
Purchase of equity shares of subsidiary company	-	1,050.25	-	-	-	-	-	-
Security Deposit received	-	-	-	3.20	-	-	-	-
ICD taken	-	-	-	-	4,500.00	-	3,275.00	-
Repayment of ICD taken (including interest)	-	-	-	-	-	-	2,053.29	-
Purchase of Loan Portfolio	-	-	-	-	12,738.68	-	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	1.88	-	-	-
Issue of MLD	-	-	-	-	830.00	-	-	-
Proceeds from redemption of MLDs	-	-	-	-	295.27	-	-	-
Reimbursement of credit loss	-	-	-	-	-	-	57.31	-
Proceeds from sale of Debentures	-	-	-	-	6,505.59	-	-	-
Income transactions								
License fees	-	-	-	-	-	-	-	-
Service fee	-	-	-	-	404.03	-	56.00	56.00
Profit on sale of Debentures	-	-	-	-	20.70	91.85	0.15	14.34
Expense transactions								
Interest on ICD	-	-	-	-	1.76	-	-	-
Fee and commission	-	-	-	-	187.63	19.01	84.99	-
	-	-	-	-	-	-	14.90	-

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (Refer Note 34 for further details).



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InCred Financial Services Limited

Notes to the Consolidated Financial Statements
32. Related party disclosures (continued)

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

Sr. No.	Balance outstanding	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel		Associate of subsidiary	
		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Advances/Receivables	-	-	-	-	31.74	99.19	15.47	17.11
2	ICD Payable	-	-	-	-	4,501.63	-	1,300.33	-
3	Other Payables	-	-	-	-	-	19.01	0.44	-
4	Security deposit payable	-	-	3.20	3.20	-	-	-	-
5	Number of options outstanding	241	248	-	-	-	-	-	-

For terms and conditions of transactions on payables to related parties, refer Note No 15



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Notes to the Consolidated Financial Statements

33. Employee benefits

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Provident fund	227.38	235.48

2. Gratuity

Every employee who will complete five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service, subject to ceiling of INR 20,00,000.

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	88.90	65.07
Interest cost	4.49	4.41
Current Service cost	39.23	48.46
Liability Transferred In/Acquisition	-	-
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	-	(38.03)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	4.98	2.11
Actuarial Losses on Obligations - Due to Experience	21.32	6.88
Liability at the end of the year	158.92	88.90

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of benefit obligation at the end of the year	(158.92)	(88.90)
Fair value of plan assets at the end of the year	-	-
Funded Status (Deficit)	(158.92)	(88.90)
Net (Liability) Recognized in the Balance Sheet	(158.92)	(88.90)

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	39.23	48.45
Net Interest cost	4.49	4.41
Expenses recognised	43.72	52.86

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial (Gains) on obligation for the year	26.29	(29.03)
Net (Income) for the year recognized in OCI	26.29	(29.03)

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

The actuarial assumptions used to determine benefit obligations as at March 31, 2021 and March 31, 2020 are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	4.25%	5.21%
Salary escalation rate	5% for next 1 year and 7% thereafter	5% - 7%
Expected Rate of return on Plan Assets	N.A.	N.A.
Rate of Employee Turnover	35.00%	35.00%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

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

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening net liability	88.90	65.07
Expenses recognized in Statement of Profit and Loss	43.72	52.86
Expenses recognized in OCI	26.29	(29.03)
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	158.91	88.90

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Projected benefits payable in future years from the date of reporting		
1st following year	0.73	0.55
2nd following year	32.15	0.41
3rd following year	38.22	20.52
4th following year	33.79	24.07
5th following year	25.33	20.49
Sum of years 6 To 10	47.54	38.84
Sum of years 11 and above	7.87	6.86

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Projected benefit obligation on current assumptions	158.91	88.89
Delta effect of +1% change in rate of discounting	(5.20)	(3.56)
Delta effect of -1% change in rate of discounting	5.52	3.79
Delta effect of +1% change in rate of salary increase	4.96	3.62
Delta effect of -1% change in rate of salary increase	(4.83)	(3.50)
Delta effect of +1% change in rate of employee turnover	(4.15)	(3.44)
Delta effect of -1% change in rate of employee turnover	4.24	3.55

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements Qualitative disclosures

Gratuity is a defined benefit plan and group is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Group has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

3. Compensated absences

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Group is given below:

Particulars	As at March 31, 2021*	As at March 31, 2020
Total actuarial liability		
Assumptions:		
Discount rate	NA	5.21%
Salary escalation rate	NA	5% - 7%
Rate of Employee Turnover	NA	35.00%
Mortality Rate during employment	NA	Indian Assured lives mortality (2006-08)

*Note - As per the revised leave policy of the Group, the accumulated unavailed leave lapses as at March 31, 2021. Thus no liability has been determined for the current year.



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Notes to the Consolidated Financial Statements

34. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Group has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.

The Group has established share option plans that entitle the employees of the Group and its subsidiary companies to purchase the shares of the Group. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

The key terms and conditions related to the vesting of grants under these plans are continued employment with the Group from the date of grant of option till the date of vesting (25% each year); all options are to be settled by the delivery of shares.

A. Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

The model inputs for options granted during

Particulars / Grant date	For the year ended March 31, 2021	For the year ended March 31, 2020
Fair value as on grant date (weighted average)	27.15 to 28.64	27.81 to 28.99
Share price as on grant date	55.25	54.40
Exercise price	40.00	40.00
Expected volatility (weighted average volatility)	35% to 40%	35%
Expected life (expected weighted average life)	8.5 years	8.5 years
Risk-free interest rate (based on government bonds)	5.04% to 5.97%	6.49% to 7.08%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same industry.	

B. Reconciliation of outstanding share options

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

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2021	As at March 31, 2020
Opening balance	40.00	1,25,05,584	50,80,781
Add: Options granted during the year	40.00	97,92,875	85,86,300
Less: Options exercised during the year	40.00	(91,209)	(6,924)
Less: Options lapsed during the year	40.00	(41,62,312)	(11,54,573)
Options outstanding as at the year end	40.00	1,80,44,938	1,25,05,584

Weighted average remaining contractual life of options outstanding at end of period

8.1 years



InCred Financial Services Limited

Notes to the Consolidated Financial Statements

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

On August 1, 2018, Bee Finance Limited (Mauritius), Holding Group of the Group has established share option plans that entitle the employees of the Group purchase the shares of the Holding 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 grants under these plans are continued employment with the Group from the date of grant of option till the date of vesting ; all options are to be settled by the delivery of shares.

a) Share options issued by Bee Finance Limited (Mauritius)

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2021:

No fresh grants have been given during the year ended March 31, 2021 and year ended March 31, 2020

B. Reconciliation of outstanding share options

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	48,033.52	248.00	53,031.00	549.00
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	55,650.73	(7.00)	55,363.75	(301.00)
Options outstanding as at the year end	47,728.27	241.00	48,033.52	248.00

Weighted average remaining contractual life of options outstanding at end of period 11.2 years

C. Expenses arising from share-based payment transactions

Refer Note 26 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

35. Lease accounting

The Group has entered into leasing arrangements for premises. Right of Use Assets ("ROU") has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	1,760.49	930.97
Addition during the year	392.55	1,197.91
Disposals during the year	(131.39)	-
Depreciation for the year	(281.91)	(368.39)
Balance as at the end of the year	1,739.74	1,760.49

ii. The following is the movement in lease liabilities during the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	1,878.95	930.97
Addition during the year	247.56	1,197.91
Finance cost accrued during the year	156.73	151.78
Payment of Lease liabilities made during the year	(325.59)	(401.71)
Balance as at the end of the year	1,957.65	1,878.95

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	261.42	424.93
Between one and five years	1,302.84	1,456.00
More than five years	221.24	713.46
Total	1,785.50	2,594.39

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation expense on right-of-use assets (Refer Note 10)	281.91	368.39
Interest expense on lease liabilities (Refer Note 24)	156.73	151.78
Expense relating to short-term leases (Refer Note 27)	275.89	275.89
Expense relating to leases of low value assets	-	-

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total cash outflow for leases	325.59	401.71

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

36. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Commitments		
Commitments relating to loan sanctioned but undrawn	8,975.03	9,880.07
Total	8,975.03	9,880.07

The Group does not have any pending litigations and proceedings and hence does not require any provision or mention under contingent liability.

The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

37. Securitisation

Transfer of financial assets that do not result in derecognition

The Group was party to securitisation transaction involving transfer of pool of unsecured loan receivables (monthly instalment loans with original maturity up to 3 years)

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.

The Group has agreed to provide servicing assistance pursuant to the terms of servicing agreement.

In this securitisation where the Group transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Group does not transfer substantially all of the risks and rewards of these assets.

Hence, the Group continues to recognise the securitised loan portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities:

(Rs. in lakhs)

As at March 31, 2021	Loan receivables	Credit enhancements
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

(Rs. in lakhs)

As at March 31, 2020	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

38. Current and Non-Current Maturity

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020		Total
	Within 12 months	After 12 months	Within 12 months	After 12 months	
ASSETS					
Financial assets					
Cash and cash equivalents	1,457.92	-	3,843.63	-	3,843.63
Bank Balance other than cash and cash equivalents	588.46	-	735.88	-	735.88
Receivables	-	-	-	-	-
(i) Trade receivables	3.76	-	141.01	-	141.01
(ii) Other receivables	-	-	4.75	-	4.75
Loans	1,23,300.54	1,32,059.30	84,580.33	1,20,268.84	2,04,849.17
Investments	7,664.75	4,792.67	1,003.80	4,047.55	5,051.35
Other Financial assets	1,590.59	261.89	380.71	392.99	773.70
Sub total	1,34,606.02	1,37,113.87	90,690.11	1,24,709.38	2,15,399.49
Non-financial assets					
Current Tax assets (Net)	17.11	720.58	426.64	855.87	1,282.51
Deferred Tax assets (Net)	-	1,857.39	-	1,118.43	1,118.43
Property, plant and equipment	-	3,440.94	-	3,145.49	3,145.49
Capital work-in-progress	-	14.49	-	125.06	125.06
Goodwill	-	652.65	-	652.65	652.65
Other intangible assets	-	547.43	-	308.00	308.00
Other non-financial assets	677.23	805.55	591.96	586.35	1,178.31
Sub total	694.34	8,039.03	1,018.60	6,791.85	7,810.45
Total assets	1,35,300.36	1,45,152.90	91,708.71	1,31,501.23	2,23,209.94
LIABILITIES					
Financial liabilities					
Payables					
(i) Trade payables	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	-	-	-	-	-
(iii) Other payables	-	-	-	-	-
(iv) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
(v) total outstanding dues of creditors other than micro enterprises and small enterprises	23.13	-	58.11	-	58.11
Debt securities	51,024.47	22,802.55	24,700.66	17,404.96	42,105.62
Borrowings (Other than Debt Securities)	47,210.12	45,811.73	35,358.69	34,962.59	70,321.28
Other Financial liabilities	292.29	3,979.98	26.77	3,318.58	3,345.35
Sub total	98,550.01	72,594.26	60,144.23	55,686.13	1,15,830.36
Non-financial liabilities					
Current tax liabilities (Net)	-	-	-	-	-
Provisions	-	169.90	25.72	132.69	158.41
Deferred tax liabilities (Net)	-	832.27	-	1,069.68	1,069.68
Other non-financial liabilities	2,905.65	-	2,101.09	-	2,101.09
Sub total	2,905.65	1,002.16	2,126.81	1,202.37	3,329.18
Total liabilities	1,01,455.66	73,596.42	62,271.04	56,888.50	1,19,159.54



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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

39. Foreign Currency Transactions

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Expenditure in foreign currency		
Directors' sitting fees	2.07	-
Legal, professional and consultancy charges	27.64	-
Recruitment fees	6.63	3.63
Legal & Technical charges	2.01	2.26
Total	38.35	5.89

40. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Amount required to be spent as per section 135 of the Companies Act, 2013	19.99	16.05
Amount spent during the year		
(i) Construction/ acquisition of any asset		-
(ii) On purposes other than (i) above		
In cash	20.05	14.93
Yet to be paid in cash*	-	2.00
Total	20.05	16.93

* Paid in the month of April, 2020

41. Micro, Small and Medium Enterprises Development

In accordance with the Micro, Small and Medium Enterprises Development Act 2006 ('MSMED Act') the Company is required to identify the micro, small and medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based on the information available with the management, there are no dues outstanding to micro and small enterprises covered under the MSMED Act. The Auditors have placed reliance on such information.

42. Share issue expenses

In accordance with the provision of section 52 of the Companies Act, 2013 the following share issue expenses have been debited against securities premium account:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Stamp duty	-	52.87
Legal and professional charges	-	543.10
Total	-	595.97



InCred Financial Services Limited

Notes to the Consolidated Financial Statements

43. Capital Management

The Group maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As a NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Capital Management

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

Particulars	(Rs. in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Common Equity Tier 1 (CET1) capital	1,01,900.06	1,01,648.11
Other Tier 2 capital	1,261.64	1,261.64
Total capital	1,03,161.71	1,02,909.75

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS-based results and reserves. The other component of regulatory capital is other Tier 2 Capital, which also includes hybrid debt instruments.

44. During the current year, the Parent company has reported frauds to RBI aggregating to Rs. 739.00 lakhs (previous year: Rs. 72.28 lakhs)



Notes to the Consolidated Financial Statements

45. Segment information

- The Company is primarily engaged in the business of financing. All the activities of the company revolve around the main business. Further, the company does not have any separate geographic segments other than India.
- During the year ended March 31, 2021, the Company has been organised into two operating segments i.e. SME and Retail based on products and services.
- Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis. Based on such allocation, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Income, Expenditure, assets and liabilities which relates to the Company as a whole and not allocable to segments are disclosed under "unallocable segment".

Segment results have not been adjusted for the exceptional items and have been included in "unallocable segment". The corresponding segment assets have been carried under the respective segments without adjusting the exceptional item.

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	18,952.75	19,307.76	289.01	38,549.52
Other Income	172.79	423.67	101.67	698.13
Total Segment Income	19,125.54	19,731.43	390.68	39,247.65
Segment results	366.10	88.92	(102.55)	352.47
Profit before tax	366.10	88.92	(102.55)	352.47
Tax expenses	-	-	135.43	135.43
Segment profit for the year	366.10	88.92	(237.98)	217.04
Segment Assets	1,42,978.71	1,27,435.97	10,038.57	2,80,453.26
Segment Liabilities	92,584.99	81,011.31	1,455.77	1,75,052.09
Depreciation and Amortisation	383.66	632.32	-	1,015.98

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	12,878.64	19,349.20	389.48	32,617.32
Other Income	-	-	649.34	649.34
Total Segment Income	12,878.64	19,349.20	1,038.82	33,266.66
Segment results	336.38	143.04	234.33	713.75
Profit before tax	336.38	143.04	234.33	713.75
Tax expenses	-	-	197.44	197.44
Segment profit for the year	336.38	143.04	36.90	516.31
Segment Assets	85,044.00	1,25,002.81	13,163.13	2,23,209.94
Segment Liabilities	52,470.07	64,771.57	1,917.88	1,19,159.53
Depreciation and Amortisation	262.89	897.79	-	1,160.68



46. 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, 2021:

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent InCred Financial Services Limited	1,06,692.64	101.23%	1,026.40	472.90%	69.35	100.00%	1,095.76	382.62%
Subsidiaries InCred Management and Technology Services Private Limited Booth Fintech Private Limited	(1,461.98) 170.51	-1.39% 0.16%	(536.54) (272.83)	-247.21% -125.70%	-	0.00% 0.00%	(536.54) (272.83)	-187.35% -95.27%
Total	1,05,401.20	100.00%	217.04	100.00%	69.35	100.00%	286.39	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, 2020:

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent InCred Financial Services Limited	1,03,686.24	99.65%	1,391.42	269.49%	26.00	90.51%	1,417.42	260.06%
Subsidiaries InCred Housing Finance Private Limited* InCred Management and Technology Services Private Limited Booth Fintech Private Limited	(1,020.87) (299.35) 1,684.38	-0.98% -0.29% 1.62%	(229.74) (309.98) (335.39)	-44.50% -60.04% -64.96%	2.73 -	9.49% 0.00% 0.00%	(227.01) (309.98) (335.39)	-41.65% -56.87% -61.53%
Total	1,04,050.40	100.00%	516.31	100.00%	28.73	100.00%	545.04	100.00%

* InCred Housing Finance Private Limited has been merged with the Parent under a Scheme of Amalgamation which is approved by National Company Law Tribunal ("NCLT"), Mumbai bench vide order no 'CP(CAA)/1094/MB/2020 Connected with CA(CAA)/1105/MB /2020' on March 11, 2021 from the Appointed Date of April 1, 2020.



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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

47. Investments in associates

The Groups interests in associates are:

Name of associate	Principal place of business	Method of accounting	Proportion of stake
mValu Technology Services Private Limited	India	Equity Method	40.96%

Summarised financial information in respect of Group's associates is set out below:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
A) Summarised Statement of net assets		
Financial assets	2,136.84	2,870.62
Non-Financial assets	332.31	266.16
Total assets (I)	2,469.15	3,136.78
Financial liabilities	105.32	133.63
Non-Financial liabilities	36.57	92.89
Total liabilities (II)	141.89	226.52
Net assets (I - II)	2,327.26	2,910.26
Group's share %	40.96%	40.96%
Group's share in amount	953.24	1,192.04
Carrying amount of Investment	3,697.97	4,047.55

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
B) Summarised Statement of Profit and Loss		
Revenue from operation	6.85	14.84
Other income	215.88	251.54
Total income (I)	222.73	266.38
Finance costs	65.69	9.95
Employee benefits expenses	757.26	1,129.09
Depreciation, amortization and impairment	49.16	46.30
Others expenses	204.07	271.88
Total expenses (II)	1,076.18	1,457.22
Loss before tax (III = I-II)	(853.45)	(1,190.84)
Tax expense	-	-
Loss after tax (V = III-IV)	(853.45)	(1,190.84)
Other Comprehensive income		-
Total Comprehensive income	(853.45)	(1,190.84)
Group's share %	40.96%	40.96%
Group share in Amount in Profit and loss (A)	(349.57)	(487.77)
Group share in Amount in Other Comprehensive Income (B)	-	-
Total Group share in Amount (A+B)	(349.57)	(487.77)

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InCred Financial Services Limited

Notes to the Consolidated Financial Statements

48. Reversal of Compound Interest

As per guidelines issued by RBI on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 7, 2021 and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021, the Group has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020. The Group has provided for reversal of interest on interest amounting to Rs. 106.64 lakhs on such loans in the financial statements for the year ended March 31, 2021.

49. Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

The Group's financial statements were approved by the Parent's Board of Directors on 23 July, 2021.

As per our report of even date

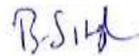
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022



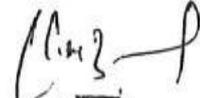
Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 23 July 2021

For and on behalf of the Board of Directors of
InCred Financial Services Limited
CIN: U74899MH1991PLC340312



Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318



Vivek Bansal
Whole Time Director and CFO
DIN: 07835456



Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 23 July 2021

