B S R & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

As described in Note 28(A) to the standalone financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Emphasis of matter *(Continued)*

As described in Note 28(A) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

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

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers	
Charge: INR 5,527 Lakhs for the year ended 31 March 2020	
Provision: INR 5,257 Lakhs as at 31 March 2020	
Refer to the accounting policies in "Note 1 (D)(6) to the Standalone Financial Statements: Impairment of financial assets", "Note 1(B) (iv) to the Standalone Financial Statements: Significant Accounting Policies- use of estimates" and "Note 4 to the Standalone Financial Statements: Loans"	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors - Complexity of disclosures There are many data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternative proxies have been applied to allow calculations to be performed.	Our audit procedures included: **Design / controls** • Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice. • Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package. • Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Testing of review controls over measurement of impairment allowances and disclosures in financial statements.

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impact of COVID -19 On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans and advances on account of: - Short and long term macroeconomic effect on businesses in the country and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Company's customers and their ability to repay dues; and - application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk ('SICR') of its loan and advances with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macro-economic scenarios to factor in the potential impact of COVID-19 on expected credit loss provision.	**Substantive tests** • Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Involving our specialists to test the model methodology and reasonableness of assumptions used, including management overlays. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package. • Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Checked the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19. • Considered the appropriateness of disclosures relating to financial risk management including those relating to ECL provision on loans and advances.

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology	
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting. We have identified 'Information Technology systems' as a key audit matter because of the high level of automation, large transaction volume, the increasing challenge to protect the Company's systems, controls over data integrity and the risks associated with remote access of key applications by a large population of employees at the year end. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: **General IT controls / user access management** • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, completeness and accuracy of the report generated from the system and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. • Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end.

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

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

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

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

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by Management and Board of Directors.

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

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Report on Other Legal and Regulatory Requirements *(Continued)*

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Kapil Goenka

Kapil Goenka
Partner
Membership No. 118189
UDIN:20118189AAAAAM4217

Mumbai
11 June 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

'Annexure A' to the Independent Auditor's Report of even date on the financial statements of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)*

The Annexure referred to in the Independent Auditor's Report to the members of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)* (the "Company") on the financial statements for the year ended 31 March 2020, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details fixed assets and situation of fixed assets, however we noted that no tagging is done giving details of situation of furniture and fixtures, leasehold equipment's and office equipment's.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in every three years, however no physical verification has been carried out for furniture and fixtures, leasehold equipment's and office equipment's in the last three years.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is a Non-Banking Finance Company (NBFC), engaged in the business of lending. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 of the Act and has complied with the provisions of section 186(1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply. Thus, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Thus, paragraph 3(vi) of the Order is not applicable.

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

'Annexure A' to the Independent Auditor's Report of even date on the financial statements of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)*

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of excise duty, wealth tax, sales tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, goods and services tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there have been no dues of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) According to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which those are raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us, managerial remuneration has been paid/ provided in accordance with the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of Section 42 of the Act in respect of private placement of Equity Shares and Compulsory Convertible Preference Shares (CCPS) during the year. According to the information and explanations given to us, the amount has been used for the purposes for which the funds were raised.

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

'Annexure A' to the Independent Auditor's Report of even date on the financial statements of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)*

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company has obtained registration under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained its Certificate of Registration dated 8 January 1991.

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

Kapil Goenka

Kapil Goenka
Partner
Membership No: 118189
UDIN: 20118189AAAAAM4217

Mumbai
11 June 2020

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Annexure B to the Independent Auditor's report on the standalone financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* for the year ended 31 March 2020.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of InCred Financial Services Limited *(Formerly known as Visu Leasing and Finance Private Limited)* ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Annexure B to the Independent Auditor's report on the standalone financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* for the year ended 31 March 2020. *(Continued)*

Auditor's Responsibility *(Continued)*

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Kapil Goenka

Kapil Goenka
Partner
Membership No: 118189
UDIN: 20118189AAAAAM4217

Mumbai
11 June 2020

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Standalone Financial Statements
Balance Sheet as at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	3,419.63	1,846.49
(b) Bank balance other than cash and cash equivalents	3	735.88	267.47
(c) Loans	4	204,172.53	173,310.29
(d) Investments	5	8,695.58	7,726.99
(e) Other financial assets	6	1,712.77	1,208.15
(2) Non-financial assets			
(a) Current tax assets (Net of provision for tax)		787.48	507.69
(b) Deferred tax assets (Net of deferred tax liabilities)	7	1,118.43	791.96
(c) Property, plant and equipment	8	2,928.71	1,039.95
(d) Capital work-in-progress		125.06	-
(e) Other intangible assets	9	295.49	396.96
(f) Other non-financial assets	10	1,006.35	654.15
Total assets		**224,997.91**	**187,750.10**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Debt securities	11	42,105.62	47,814.80
(b) Borrowings (other than debt securities)	12	74,615.66	77,497.73
(c) Other financial liabilities	13	3,339.41	864.68
(2) Non-financial liabilities			
(a) Provisions	14	153.90	148.14
(b) Other non-financial liabilities	15	2,052.09	1,857.90
EQUITY			
(a) Equity share capital	16 (A)	38,615.30	30,762.93
(b) Other equity	16 (B)	64,115.93	28,803.92
Total liabilities and equity		**224,997.91**	**187,750.10**

Significant accounting policies and key accounting estimates and judgments 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

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

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 11 June 2020

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Standalone Financial Statements
Statement of Profit and Loss for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
Revenue From operations			
(i) Interest income	17	30,997.60	28,331.82
(ii) Fees and commission income	18	805.82	729.97
(iii) Net gain/(loss) on fair value changes	19	365.98	(5.14)
(I) Total revenue from operations		32,169.40	29,056.65
(II) Other income	20	752.25	-
(III) Total income (I + II)		32,921.65	29,056.65
Expenses			
(i) Finance costs	21	11,861.40	13,783.97
(ii) Impairment on financial instruments	22	5,530.23	2,383.44
(iii) Employee benefits expenses	23	9,068.92	7,402.29
(iv) Depreciation, amortization and impairment	7 & 8	1,077.41	153.10
(v) Others expenses	24	4,151.14	4,772.80
(IV) Total expenses		31,689.10	28,495.60
(V) Profit before tax and exceptional items (III - IV)		1,232.55	561.05
(VI) Exceptional items	34	616.74	-
(VII) Profit before tax and after exceptional item (V - VI)		615.81	561.05
(VIII) Tax Expense:	25		
(1) Current Tax		508.89	444.48
(2) Deferred Tax		(326.79)	(260.89)
(IX) Profit for the period (VII-VIII)		433.71	377.46
(X) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		26.31	39.28
(b) Equity instruments through other comprehensive income		0.02	14.26
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.32)	(15.19)
Subtotal (A)		26.01	38.35
(B) Items that will be reclassified to profit or loss		-	-
Other comprehensive income / (loss) (A + B)		26.01	38.35
(XI) Total comprehensive income for the period (IX + X)		459.72	415.81
(XII) Earnings per equity share	26		
Basic (Rs.)		0.11	0.12
Diluted (Rs.)		0.11	0.12

Significant accounting policies and key accounting estimates and judgments 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

Kapil Goenka
Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

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

B. Singh
Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 11 June 2020

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Standalone Financial Statements
Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	30,762.93	26,408.02
Changes in equity share capital during the year	0.74	4,354.91
Balance as at the end of the year	30,763.67	30,762.93

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	-	-
Changes in preference share capital during the year	7,851.63	-
Balance as at the end of the year	7,851.63	-

B. Other equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus							Equity instruments through OCI	Total
		Special reserve	Capital reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings		
Balance at March 31, 2018	1,191.65	242.42	(6,722.25)	26,476.07	23.51	-	-	(155.80)	4.83	21,060.43
Profit for the year	-	-	-	-	-	-	-	377.46	-	377.46
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	27.84	-	27.84
Other comprehensive income for the year	-	-	-	-	-	-	-	-	10.51	10.51
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	405.30	10.51	415.82
Transfer / utilisations										-
Additions during the period	370.35	-	5,793.86	-	(1.65)	65.05	-	-	-	5,857.25
Utilized during the year	-	-	-	(63.08)	-	-	-	-	-	(63.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	75.49	-	-	-	-	-	(75.49)	-	-
Employee stock option expense	-	-	-	-	-	-	136.09	-	-	136.09
Tranferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	-	633.61	-	1,562.00
Balance at March 31, 2019	-	317.91	-	27,440.03	21.88	65.05	136.09	807.62	15.34	28,803.92
Profit for the year	-	-	-	-	-	-	-	433.71	-	433.71
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	25.99	-	25.99
Other comprehensive income for the year	-	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	459.70	0.02	459.72
Transfer / utilisations										-
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.77)	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	-	86.74	-	-	-	-	-	(86.74)	-	-
Employee stock option expense	-	-	-	-	-	(14.15)	598.68	-	-	584.53
Balance at March 31, 2020	-	404.65	-	61,707.79	21.88	50.90	734.77	1,180.58	15.36	64,115.93

Significant accounting policies and key accounting estimates and judgments 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

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

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 11 June 2020

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Standalone Financial Statements
Cash Flow Statement for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	615.81	561.05
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	1,077.41	153.10
Net (gain)/loss on fair value changes	(365.98)	5.14
Interest income	(30,997.60)	(28,331.82)
Finance cost	11,709.61	13,783.97
Impairment loss	5,530.23	2,403.11
Provision for diminution in the value of investments	616.74	100.00
Share based expense	545.91	175.55
Advertisement expense	30.61	140.00
Fee and commission income	-	(12.72)
Retirement benefit expenses	31.42	62.78
Interest expense on lease liability	151.78	-
Reversal of rent expense	(401.71)	-
Operating profit before working capital changes	**(11,455.77)**	**(10,959.84)**
Working capital adjustments		
(Increase) in Loans	(5,005.07)	(40,138.47)
(Increase) / decrease in other financial assets	(30,867.42)	422.43
(Increase) in other non financial assets	(535.23)	(37.99)
Increase in other financial liabilities	2,724.65	232.60
Increase / (decrease) in provisions	0.65	(90.65)
Increase in other non financial liabilities	194.18	917.57
Cash generated from operations	**(44,944.01)**	**(49,654.35)**
Interest received on loans	30,058.12	28,251.15
Interest paid on borrowings	(13,443.32)	(11,179.08)
Income taxes paid (net)	(788.68)	(1,163.75)
Net cash (used in) operating activities	**(29,117.89)**	**(33,746.03)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,966.17)	(953.70)
Purchase of intangibles assets	101.47	(449.58)
Capital work-in-progress	(125.06)	-
Purchase of investments	(108,350.45)	(344,216.26)
Proceeds from sale of investments	107,211.79	344,173.62
Investment in term deposits earmarked with banks	(5,814.26)	(267.47)
Proceeds from maturity of term deposits earmarked with banks	5,371.11	-
Net cash (used in) / generated from investing activities	**(4,571.57)**	**(1,713.39)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	42,715.90	1,097.10
Security issue expenses	(595.77)	(63.08)
Proceeds from issue of debt securities	12,511.61	30,000.00
Proceeds from borrowings (other than debt securities)	55,339.32	52,500.00
Redemption of debt securities	(17,500.00)	(5,000.00)
Repayment of borrowings (other than debt securities)	(52,770.94)	(53,616.20)
Net cash generated from financing activities	**39,700.12**	**24,917.82**
Net increase / (decrease) in cash and cash equivalents	**6,010.66**	**(10,541.60)**
Cash and cash equivalents at the beginning of the year	(5,550.32)	4,991.28
Cash and cash equivalents at the end of the year	**460.34**	**(5,550.32)**

Notes:

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

(Rs. in lakhs)

Particulars	As at March 31, March 2020	As at March 31, March 2019
Cash on hand	7.92	6.45
Balances with banks		
- Current Accounts	3,411.71	1,840.04
Deposit with bank with maturity less than 3 months	-	-
Cash and cash equivalents (Refer note 2)	3,419.63	1,846.49
Less: Bank overdraft and cash credit (Refer note 12)	(2,962.25)	(7,397.43)
Add: Impairment loss allowance on deposits with bank	2.96	0.62
Cash and cash equivalents in cash flow statement	**460.34**	**(5,550.32)**

Significant accounting policies and key accounting estimates and judgments 1
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

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

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 11 June 2020

(1) Significant Accounting Policies

A. Corporate Information

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

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

The registered office of the Company is 1502-A, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai, Maharashtra, India, 400051 (erstwhile- 406, 4th Floor, Competent House, Middle Circle, F Block, Connaught Place, New Delhi -110001.)

The Board of Directors vide resolution dated 13 August 2019 and Shareholders of the Company at the Annual General Meeting dated September 25, 2019 accorded its approval to shift the Registered Office of the Company from National Capital Territory of Delhi to State of Maharashtra. The Regional Director, Ministry of Corporate Affairs, New Delhi on March 6, 2020 passed an Order to shift the registered office of the Company from National Capital Territory of Delhi to State of Maharashtra. The said Order was made effective by the Board of Directors vide resolution dated 9 April 2020 and the Company has received approval from Registrar of Companies, Mumbai, Maharashtra dated June 5, 2020.

B. Basis of preparation

i. Statement of compliance

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

The Company's financial statements were authorized for issue by the Company's Board of Directors on June 11, 2020.

ii. Functional and presentation currency

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

iii. Basis of measurement

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

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

INCRED FINANCIAL SERVICES LIMITED

iv. Use of estimates and judgements

The preparation of Standalone financial statement in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.

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

Significant judgements

i. Recognition and measurement of defined benefit obligations

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

ii. Recognition of deferred tax assets / liabilities

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

iii. Recognition and measurement of provisions and contingencies

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

iv. Discounting of long-term financial assets / liabilities

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

v. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes option pricing model used for valuation of options. Key assumptions and inputs for fair value

INCRED FINANCIAL SERVICES LIMITED

made with respect to expected volatility includes share price, expected dividends and discount rate, under the Black-Scholes option pricing model. These assumptions / inputs and models are disclosed in Note 31.

vi. Impairment of financial assets

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

vii. Leases

The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options. The determination of the incremental borrowing rate used to measure lease liabilities.

C. Presentation of financial statements

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

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

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

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

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

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

INCRED FINANCIAL SERVICES LIMITED *

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

2. Financial instruments

i. Recognition and initial measurement

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

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

ii Classification and subsequent measurement of financial assets:

Financial assets

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

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

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

Financial assets measured at amortised cost

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

i. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

INCRED FINANCIAL SERVICES LIMITED

ii. the Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

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

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

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

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

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

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

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments designated at FVOCI

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

Financial assets at FVTPL

INCRED FINANCIAL SERVICES LIMITED

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

iii. Classification and subsequent measurement of financial liabilities

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

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

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

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

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

iv. Derecognition

Financial assets

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

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

Financial liabilities

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

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

v. Offsetting of financial instruments

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the

INCRED FINANCIAL SERVICES LIMITED

recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

3. Compound financial instruments

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

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

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

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

4. Share capital

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

5. Investment in subsidiaries

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

6. Impairment of financial assets

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

- The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

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

- Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of

INCRED FINANCIAL SERVICES LIMITED

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

Stage 1
All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances and advances upto 30 days default under this category.

Stage 2
All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3
All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

Credit-impaired financial assets:

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

- Evidence that a financial asset is credit-impaired includes the following observable data:

a) Significant financial difficulty of the borrower or issuer;
b) A breach of contract such as a default or past due event;
c) The restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) The disappearance of an active market for a security because of financial difficulties.

INCRED FINANCIAL SERVICES LIMITED

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

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

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

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

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

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

Write-offs
The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

7. Cash and cash equivalents

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

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

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8. Share-based payment arrangements

a. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Standalone Standalone Statement of Profit and Loss.

d. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

9. Lease Accounting

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

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

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

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

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

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10. Income Tax

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

Current tax

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

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

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

Deferred tax

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

Deferred tax is not recognised for:

ii temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

iii Temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset only if:

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

11. Property, plant and equipment

i. Recognition and measurement

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

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

(i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,

(ii) any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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The useful life as per Schedule II are as follows:

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

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

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

12. Intangible assets

i. Recognition and measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

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

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

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13. Impairment of non-financial assets

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

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

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

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

14. Revenue from operations

Recognition of interest and fee income or expense

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

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

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

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

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

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

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

15. Finance Cost

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

16. Employee benefits

i. Short-term employee benefits

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

ii. Contribution to provident fund and ESIC

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

iii. Gratuity

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

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

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

iv. Compensated absence

The Company does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. The Company's liability towards compensated absence is based on an independent external actuarial valuation as at the balance sheet date using the projected unit credit method.

17. Foreign currency

Transaction and balances

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

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

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

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

18. Earnings per share

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

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

19. Statement of Cash flows

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

20. Segment Reporting

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

21. Provisions, contingent liabilities and contingent assets

a. Provisions

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

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

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

b. Onerous contracts

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

c. Contingent liabilities

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

d. Contingent assets

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

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

22. Exceptional items

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

23. Standards issued but not yet effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 01 April 2020.

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InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Cash on hand	7.92	6.45
Balances with banks (of the nature of cash and cash equivalent)	3,411.71	1,840.04
Total	**3,419.63**	**1,846.49**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Earmarked balances with banks *	738.84	268.08
Expected credit Loss	(2.96)	(0.61)
Total	**735.88**	**267.47**

** Earmarked for securitised transaction, borrowings, etc.*

4. Loans

(Rs. in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
	Amortised cost	**Amortised cost**
(A)(i) Term loans	197,577.57	157,841.25
(ii) Loans repayable on demand	11,852.46	18,407.24
Total - Gross (A)	**209,430.03**	**176,248.49**
Less: Impairment loss allowance	(5,257.50)	(2,938.20)
Total - Net of impairment loss allowance (A)	**204,172.53**	**173,310.29**
(B)(i) Secured by tangible assets	99,804.50	84,776.40
(ii) Unsecured	109,625.53	91,472.09
Total - Gross (B)	**209,430.03**	**176,248.49**
Less: Impairment loss allowance	(5,257.50)	(2,938.20)
Total - Net of impairment loss allowance (B)	**204,172.53**	**173,310.29**
(C) Loans in India		
(i) Public sectors	-	-
(ii) Others	209,430.03	176,248.49
Total - Gross (C)	209,430.03	176,248.49
Less: Impairment loss allowance	(5,257.50)	(2,938.20)
Total - Net of impairment loss allowance (C)	**204,172.53**	**173,310.29**

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Notes to the Standalone Financial Statements

5. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2020					As at March 31, 2019				
	Amortised cost	At Fair Value		Others*	Total	Amortised cost	At Fair Value		Others*	Total
		Through other comprehensive income	Through profit or loss				Through other comprehensive income	Through profit or loss		
Mutual funds	-	-	1,003.81	-	1,003.81	-	-	-	-	-
Debt securities	-	-	-	-	-	587.75	-	-	-	587.75
Equity instruments										
-Subsidiaries**	-	-	-	8,308.51	8,308.51	-	-	-	7,019.44	7,019.44
-Associates**	-	-	-	-	-	-	-	-	100.00	100.00
- Strategic Investment	-	-	-	-	-	-	121.62	-	-	121.62
Total - Gross (A)	-	-	1,003.81	8,308.51	9,312.32	587.75	121.62	-	7,119.44	7,828.81
Investments in India (B)	-	-	1,003.81	8,308.51	9,312.32	587.75	121.62	-	7,119.44	7,828.81
Total - Gross (B)	-	-	1,003.81	8,308.51	9,312.32	587.75	121.62	-	7,119.44	7,828.81
Less: Allowance for impairment loss **(C)**	-	-	-	(616.74)	(616.74)	(1.82)	-	-	-	(1.82)
Less: Write off of investment **(D)**	-	-	-	-	-	-	-	-	(100.00)	(100.00)
Total - Net E = (A - C - D)	-	-	1,003.81	7,691.77	8,695.58	585.93	121.62	-	7,019.44	7,726.99

** Others are measured at cost.*

*** For details of investment in subsidiaries and associates, refer Note 29*

6. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other receivables	277.02	25.87
Loan to employees	43.51	114.41
Security Deposits (Unsecured, considered good)	273.74	138.53
Advances to related parties	1,073.23	870.07
Advances recoverable in cash	50.71	61.55
Less: Allowance for impairment loss	(5.44)	(2.28)
Total	**1,712.77**	**1,208.15**

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7. Deferred tax

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

(Rs. in lakhs)

Particulars	Net balance April 01, 2019	Recognised in profit or loss	Recognised in OCI	Net balance as at March 31, 2020
Deferred tax assets				
Impairment loss on financial assets	772.25	421.66	-	1,193.91
Impairment on investments	29.12	151.28	-	180.40
Retirement benefit plans	42.11	(4.43)	-	37.68
Lease expense	-	29.82	-	29.82
Difference between written down value of fixed assets as per the books of accounts and income tax	(33.63)	64.12	-	30.49
(A)	**809.85**	**662.45**	**-**	**1,472.30**
Deferred tax liabilities				
Net fair value gain on investment designated through FVOCI	(6.30)	-	6.30	-
EIR impact on financial instruments	(11.83)	(340.80)	-	(352.63)
Remeasurement of defined benefit plan	-	6.62	(6.62)	-
Others	0.24	(1.48)	-	(1.24)
(B)	**(17.89)**	**(335.66)**	**(0.32)**	**(353.87)**
Deferred tax asset (net) (A+B)	**791.96**	**326.79**	**(0.32)**	**1,118.43**

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Notes to the Standalone Financial Statements

8. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computer & Printer	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2019								
At carrying cost at the beginning of the year	22.71	0.91	-	3.00	174.03	-	-	200.64
Additions	-	35.66	708.55	17.99	191.50	-	-	953.70
Disposals	-	-	-	-	-	-	-	-
Gross carrying value as March 31, 2019	**22.71**	**36.57**	**708.55**	**20.99**	**365.53**	**-**	**-**	**1,154.34**
Accumulated depreciation as at the beginning of the year	0.02	0.00	-	0.07	14.39	-	-	14.49
Depreciation for the year	0.38	1.01	0.40	1.93	96.18	-	-	99.90
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	**0.40**	**1.01**	**0.40**	**2.00**	**110.57**	**-**	**-**	**114.39**
Net carrying value as at March 31, 2019	**22.31**	**35.56**	**708.15**	**18.99**	**254.96**	**-**	**-**	**1,039.95**
Year ended March 31, 2020								
At carrying cost at the beginning of the year	22.71	36.57	708.55	20.99	365.53	-	-	1,154.34
Additions during the year	-	44.78	263.30	86.64	180.71	52.84	2,128.88	2,757.15
Disposals	-	-	(250.30)	-	-	-	-	(250.30)
Gross carrying value as March 31, 2020	**22.71**	**81.35**	**721.55**	**107.63**	**546.24**	**52.84**	**2,128.88**	**3,661.19**
Accumulated depreciation as at the beginning of the year	0.40	1.01	0.40	2.00	110.57	-	-	114.38
Depreciation for the year	0.38	5.72	323.41	15.69	148.28	6.53	368.39	868.40
Disposals	-	-	(250.30)	-	-	-	-	(250.30)
Accumulated depreciation as at March 31, 2020	**0.78**	**6.73**	**73.51**	**17.69**	**258.85**	**6.53**	**368.39**	**732.48**
Net carrying value as at March 31, 2020	**21.92**	**74.62**	**648.04**	**89.94**	**287.39**	**46.31**	**1,760.49**	**2,928.71**

** Immovable properties have been pledged against debt securities issued. Refer Note 11*
*** Refer Note 32 for recognition of right-of-use assets*

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9. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2019	
At cost at the beginning of the year	0.57
Additions during the year	449.59
Gross carrying value as March 31, 2019	**450.16**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	0.00
Amortisation for the year	53.20
Accumulated amortisation as at March 31, 20219	**53.20**
Net carrying value as at March 31, 2019	**396.96**
Year ended March 31, 2020	
At cost at the beginning of the year	450.16
Additions during the year	107.54
Gross carrying value as March 31, 2020	**557.69**
Accumulated amortisation:	
Accumulated amortisation as at the beginning of the year	53.20
Amortisation for the year	209.01
Accumulated amortisation as at March 31, 2020	**262.21**
Net carrying value as at March 31, 2020	**295.49**

10. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	252.39	141.31
Advances recoverable in kind (Unsecured, considered good)	70.57	114.06
GST receivable	683.39	398.78
Total	**1,006.35**	**654.15**

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Notes to the Standalone Financial Statements

11. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortised cost	**Amortised cost**
Debentures	42,105.62	47,814.80
Total	**42,105.62**	**47,814.80**
Debts securities in India	42,105.62	47,814.80
Total	**42,105.62**	**47,814.80**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2020	As at March 31, 2019
750, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed between the Company and the Debenture Trustee and a pari passu charge with other debenture holders on the identified immovable property owned by the Issuer. The Hypothecated receivables shall at all times be equal to 1.1x to 1.15x the value of the outstanding amount of the Debentures.	Maturity date - June 26, 2019; Maturity price - Rs. 11,17,183 each	-	8,209.85
500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	6,068.98	5,524.47
1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 825 days from the date of allotment. Annual payment of coupon.	15,047.83	15,023.30
750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Annual payment of coupon.	8,208.86	8,176.38
450, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1096 days from the date of allotment. Annual payment of coupon.	-	4,900.45
550, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1091 days from the date of allotment. Annual payment of coupon.	-	5,980.35
158, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 15.8 Crores redeemable at premium at the end of 730 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,653.72	-
156, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 15.6 Crores redeemable at premium at the end of 451 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,621.98	-
192, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 19.22 Crores redeemable at premium at the end of 428 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,967.73	-
348, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 34.89 Crores redeemable at premium at the end of 732 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	3,553.81	-
396, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 39.60 Crores redeemable at premium at the end of 731 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	3,982.71	-
Total			**42,105.62**	**47,814.80**

INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

12. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2020 Amortised cost	As at March 31, 2019 Amortised cost
(a) Term loans		
(i) from banks	50,699.91	45,901.80
(ii) from other parties	15,145.11	19,664.54
(b) Loan from related parties	4,294.38	-
(c) Loans repayable on demand		
(i) from banks	4,476.26	9,923.97
(ii) from other parties	-	2,007.42
Total	**74,615.66**	**77,497.73**
Borrowings in India	74,615.66	77,497.73
Total	**74,615.66**	**77,497.73**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2020	As at March 31, 2019
Borrowings				
a) Banks	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables") and fixed deposits. The Hypothecated receivables shall be ranging from 1.1x to 1.33x the value of the outstanding principal amount of the borrowings.	The tenure of borrowings ranges from 12 months to 60 months. Principal and interest shall be repayable in instalments (either monthly or quarterly basis) Rate of Interest ("ROI") - 9.75% to 11.65%	50,699.91	45,901.80
b) Others	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables"). The Hypothecated receivables shall be ranging from 1.15x to 1.25x the value of the outstanding principal amount of the borrowings.	The tenure of borrowings ranges from 12 months to 36 months. Principal and interest shall be repayable in instalments (either monthly or quarterly basis). ROI - 10.35% to 12.45%	15,014.28	17,203.06
	Secured by way of charge on fixed deposits and receivable to the extent of 3.22x of the amount of pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings. ROI - 10.35% to 12.45%	130.83	2,461.48
Loan from related parties (Refer Note 29)	Unsecured loan	Repayable on demand. Interest is repayable on a yearly basis. ROI - 10.50%	4,294.38	-
Repayable on demand	First pari pasu charge by way of hypothecation of receivable to the extent of 1.10x of the amounts outstanding under the facility.	Repayable on demand. Interest is repayable on a monthly basis. ROI - 11.00%	1,514.01	4,533.96
Cash Credit facilities from Bank	First pari pasu charge by way of hypothecation of receivable to the extent of 1.1x to 1.25x the amounts outstanding under the facility	Repayable on demand. Interest is repayable on a monthly basis. ROI - 10.05% to 11.00%	2,962.25	7,397.43
Total			74,615.66	77,497.73

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Notes to the Standalone Financial Statements

13. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liability (Refer Note 32)	1,878.95	-
Advances from customers	1,429.05	659.71
Expense payable	16.19	182.95
Security deposits	10.57	7.37
Employee expenses payable	0.69	11.88
Others	3.96	2.77
Total	**3,339.41**	**864.68**

14. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 30)	149.71	144.60
Expected credit loss provision on undrawn commitments	4.19	3.54
Total	**153.90**	**148.14**

15. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	649.40	376.61
Provision for expenses	1,402.69	1,481.29
Total	**2,052.09**	**1,857.90**

INCRED FINANCIAL SERVICES LIMITED *

Notes to the Standalone Financial Statements

16 (A). Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,000,000,000	200,000.00	2,000,000,000	200,000.00
Preference Shares of Rs. 10/- each	80,000,000	8,000.00	-	-
Total	**2,080,000,000**	**208,000.00**	**2,000,000,000**	**200,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	307,636,727	30,763.67	307,629,303	30,762.93
Preference Shares of Rs. 10/- each fully paid	78,516,289	7,851.63	-	-
Total	**386,153,016**	**38,615.30**	**307,629,303**	**30,762.93**

Terms/rights attached to equity shares

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

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited

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Notes to the Standalone Financial Statements

Terms/rights attached to preference shares

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

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

Equity shares held by holding company

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

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	230,373,125	23,037.31	230,373,125	23,037.31
Total	**230,373,125**	**23,037.31**	**230,373,125**	**23,037.31**

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

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	230,373,125	59.66%	230,373,125	74.89%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	45,036,765	11.66%	-	0.00%
IDFC Private Equity Fund IV	28,782,735	7.45%	28,782,735	9.36%
Alpha Capital Advisors Private Limited A/C PMS	26,304,302	6.81%	-	0.00%
Total	**330,496,927**	**85.59%**	**259,155,860**	**84.24%**

INCRED FINANCIAL SERVICES LIMITED

Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding

During the current financial year the Company has issued Nil equity shares for consideration other than cash (Previous year: 18,24,514 shares). Further, during the current year Optionally Convertible Debentures ("OCD") having face value of Rs. 10 per OCD were converted to Nil equity shares (Previous year: 3,77,77,340 share in 1:1 ratio).

Equity shares reconciliation

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	307,629,303	30,762.93	264,080,247	26,408.02
Add: Issued during the year				
Shares issued during the year	-		4,35,49,056 *	4,354.91
ESOP exercised during the year	7,424	0.74	-	-
Bought during the year	-	-	-	-
At the end of the year	**307,636,727**	**30,763.67**	**307,629,303**	**30,762.93**

* *includes shares issued on conversion of optionally convertible debentures.*

Preference shares reconciliation

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	-	-	-	-
Add: Issued during the year				
Shares issued during the period	78,516,289	7,851.63	-	-
Bought during the period	-	-	-	-
At the end of the year	**78,516,289**	**7,851.63**	-	-

INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited

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Notes to the Standalone Financial Statements

16 (B). Other Equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus							Equity instruments through OCI	Total
		Special reserve	Capital reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings		
Balance at March 31, 2018	1,191.65	242.42	(6,722.25)	26,476.07	23.51	-	-	(155.80)	4.83	21,060.43
Profit for the year	-	-	-	-	-	-	-	377.46	-	377.46
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	27.84	-	27.84
Other comprehensive income for the year	-	-	-	-	-	-	-	-	10.51	10.51
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	405.30	10.51	415.81
Transfer / utilisations	-	-	-	-	-	-	-	-	-	-
Additions during the period	370.35	-	5,793.86	-	(1.65)	65.05	-	-	-	6,227.63
Utilized during the year	-	-	-	(63.08)	-	-	-	-	-	(63.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	75.49	-	-	-	-	-	(75.49)	-	-
Employee stock option expense	-	-	-	-	-	-	136.09	-	-	136.09
Tranferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	-	633.61	-	(0.00)
Balance at March 31, 2019	-	317.91	-	27,440.03	21.88	65.05	136.09	807.62	15.34	28,803.92
Profit for the year	-	-	-	-	-	-	-	433.71	-	433.71
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-	25.99	-	25.99
Other comprehensive income for the year	-	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	459.70	0.02	459.72
Transfer / utilisations										
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.77)	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	-	86.74	-	-	-	-	-	(86.74)	-	-
Employee stock option expense	-	-	-	-	-	(14.15)	598.68	-	-	584.53
Balance at March 31, 2020	-	404.65	-	61,707.79	21.88	50.90	734.77	1,180.58	15.36	64,115.93

<u>Nature and purpose of each reserves</u>

Equity component of optionally convertible debentures - This is the equity component of the optionally convertible debentures. The liability component is reflected in debt securities (Refer Note 12)

Special reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934.

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

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

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

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

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

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

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

INCRED FINANCIAL SERVICES LIMITED

17. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020 On financial assets measured at amortised cost	Year ended March 31, 2019 On financial assets measured at amortised cost
Interest on loans	30,932.12	28,236.38
Interest income from investments	40.22	87.75
Interest on deposits with banks	25.26	7.69
Total	**30,997.60**	**28,331.82**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2020 and 31 March 2019.

18. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other fees and charges	749.82	729.97
Service fees	56.00	-
Total	**805.82**	**729.97**

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
-Investments	365.98	(5.14)
Total	**365.98**	**(5.14)**
Fair value changes:		
-Realised	362.17	(5.14)
-Unrealised	3.81	-

20. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Marketing income	135.00	-
Service fee income	606.19	-
Other income	11.06	-
Total	**752.25**	-

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Notes to the Standalone Financial Statements

21. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
(i) Interest on borrowings	7,463.01	7,762.63
(ii) Discount on Commercial Paper	93.85	1,367.32
(iii) Interest on Debentures	3,801.05	4,654.02
(iv) Interest on Inter Corporate Debts ("ICD") (Refer Note 29)	321.88	-
(v) Liability towards operating lease (Refer Note 32)	151.78	-
(vi) Other finance cost	29.83	-
Total	**11,861.40**	**13,783.97**

22. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On Financial instruments measured at amortised cost		
(i) Loans	5,526.87	2,380.82
(ii) Investments	(1.82)	0.02
(iii) Others	5.18	2.60
Total	**5,530.23**	**2,383.44**

23. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	8,020.45	6,934.28
Contribution to provident and other funds	262.35	154.00
Share based payment to employees	545.91	175.55
Staff welfare expenses	199.52	66.84
Retirement Benefit expenses	31.42	62.78
Others	9.27	8.84
Total	**9,068.92**	**7,402.29**

INCRED FINANCIAL SERVICES LIMITED

24. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent (Refer Note 32)	196.85	637.84
Communication cost	96.11	82.86
Provision for diminution in the value of investments	-	100.00
Travelling and conveyance	344.29	406.98
Legal, professional and consultancy charges	296.72	669.60
Membership and Subscription	4.27	10.91
IT expenses	628.79	513.26
Repairs and maintenance	14.53	23.23
Rating fees	47.84	67.49
Printing and stationary	29.64	35.95
Bank charges	28.15	14.21
Bureau charges	290.19	334.14
Directors' sitting fees	10.63	4.27
Payment to auditors	66.11	59.95
Advertisement, publicity and sales promotion expenses	385.90	466.85
Operation Cost	425.13	268.82
Office Expense	316.06	254.66
Postage & courier charges	62.20	50.02
Interest on statutory dues	0.09	0.33
Recruitment fees	126.88	126.49
Stamp Duty & Filing fees	62.22	54.62
Legal & Technical charges	88.76	224.61
Corporate Social responsibility (Refer Note 38)	16.93	8.02
Cost of Collection	542.04	314.20
Miscellaneous expenses	70.82	43.49
Total	**4,151.15**	**4,772.80**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Auditor's remuneration		
- Audit fees	59.95	54.50
In other capacity		
- Certification services	6.16	5.45
- Taxation	-	-
Other of pocket expenses	-	-
Total	**66.11**	**59.95**

INCRED FINANCIAL SERVICES LIMITED

25. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	INR	INR
Current tax expense		
Current year	508.89	444.48
	508.89	**444.48**
Deferred tax expense		
Origination and reversal of temporary differences	(326.79)	(260.89)
Deferred tax expense	**(326.79)**	**(260.89)**
Tax expense for the year	**182.10**	**183.59**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	INR	INR	INR	INR	INR	INR
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	26.31	(6.62)	19.68	39.28	(11.44)	27.84
(b) Equity instruments through other comprehensive income	0.02	6.30	6.33	14.26	(3.75)	10.51
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	-	-	-	-	-	-
	26.33	**(0.32)**	**26.01**	**53.54**	**(15.19)**	**38.35**

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(c) Amounts recognised directly in equity

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	INR	INR	INR	INR	INR	INR
Temporary difference arising from optionally convertible debentures	-	-	-	1,191.65	370.36	1,562.00
	-	-	-	**1,191.65**	**370.36**	**1,562.00**

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	INR	INR
Profit before tax as per Statement of profit and loss (A)	615.81	561.05
Statutory tax rate	25.17%	29.12%
Tax using the Company's domestic tax rate (B)	155.00	163.38
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	7.34	24.30
Effect of income exempt from income tax	(97.74)	(19.97)
Tax pertaining to prior year	1.52	16.29
Other adjustments	8.55	(0.41)
Impact for change in tax rate	107.43	-
Effective tax amount	**182.10**	**183.59**
Effective tax rate	29.57%	32.72%

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

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26. Earnings per share

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

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to equity holders of the Company used in calculating basic earnings per share	433.71	377.46
Add: Interest savings on convertible bonds		-
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	**433.71**	**377.46**

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	380,366,142	305,186,859
Adjustments for calculation of diluted earnings per share:	-*	731,391
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**380,366,142**	**305,918,250**
Basic earnings per share	**0.11**	**0.12**
Diluted earnings per share	**0.11**	**0.12**

** The ESOPs outstanding are anti-dilutive in nature*

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27. Fair Value Measurements

A. Accounting classification

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

(Rs. in lakhs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Others	FVTPL	FVOCI	Amortised Cost	Others
Financial assets								
Cash and cash equivalents	-	-	3,419.63	-	-	-	1,846.49	-
Bank balance other than cash and cash equivalents	-	-	735.88	-	-	-	267.47	-
Loans	-	-	204,172.53	-	-	-	173,310.29	-
Investments								
-Mutual funds	1,003.81	-	-	-	-	-	-	-
-Debt securities	-	-	-	-	-	-	585.93	-
-Equity instruments (Strategic instruments)	-	-	-	-	-	121.62	-	-
Other financial assets	-	-	1,712.77	-	-	-	1,208.15	-
Total financial assets	**1,003.81**	**-**	**210,040.81**	**-**	**-**	**121.62**	**177,218.33**	**-**
Financial liabilities								
Debt securities	-	-	42,105.62	-	-	-	47,814.80	-
Borrowings (other than debt securities)	-	-	74,615.66	-	-	-	77,497.73	-
Other financial liabilities	-	-	3,339.41	-	-	-	864.68	-
Total financial liabilities	**-**	**-**	**120,060.69**	**-**	**-**	**-**	**126,177.21**	**-**

B. Fair Value

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

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Strategic investments	-	-	-	-	-	-	121.62	121.62
Investment in mutual funds	1,003.81	-	-	1,003.81	-	-	-	-
Investment in debt securities	-	-	-	-	-	-	-	-
Total	**1,003.81**	**-**	**-**	**1,003.81**	**-**	**-**	**121.62**	**121.62**

INCRED FINANCIAL SERVICES LIMITED *

Notes to the Standalone Financial Statements

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

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	3,419.63	-	-	3,419.63	1,846.49	-	-	1,846.49
Bank balance other than cash and cash equivalents	735.88	-	-	735.88	267.47	-	-	267.47
Investments	-	-	-	-	-	-	-	
- Optionally Convertible Debentures	-	-	-	-	-	-	587.75	587.75
Loans	-	-	205,560.83	205,560.83	-	-	175,354.54	175,354.54
Other financial assets	-	-	1,712.77	1,712.77	-	-	1,208.15	1,208.15
Total	**4,155.51**	**-**	**207,273.60**	**211,429.11**	**2,113.96**	**-**	**177,150.44**	**179,264.40**
Financial Liabilities								
Debt securities	-	-	42,112.57	42,112.57	-	-	47,814.80	47,814.80
Borrowings (other than debt securities)	-	-	74,601.32	74,601.32	-	-	77,497.73	77,497.73
Other financial liabilities	-	-	3,339.41	3,339.41	-	-	864.68	864.68
Total	**-**	**-**	**120,053.30**	**120,053.30**	**-**	**-**	**126,177.21**	**126,177.21**

(Rs. in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	3,419.63	3,419.63	1,846.49	1,846.49
Bank balance other than cash and cash equivalents	735.88	735.88	267.47	267.47
Loans	204,172.53	205,560.83	173,310.29	175,354.54
Investments				
-Mutual funds	1,003.81	1,003.81	-	-
-Debt securities	-	-	585.93	585.93
-Strategic instruments	-	-	121.62	121.62
Other financial assets	1,712.77	1,712.77	1,208.15	1,208.15
Total	**211,044.62**	**212,432.92**	**177,339.96**	**179,384.20**
Financial liabilities				
Debt securities	42,105.62	42,112.57	47,814.80	47,814.80
Borrowings (other than debt securities)	74,615.66	74,601.32	77,497.73	77,497.73
Other financial liabilities	3,339.41	3,339.41	864.68	864.68
Total	**120,060.69**	**120,053.30**	**126,177.21**	**126,177.21**

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

C. Measurement of fair values

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

Financial instruments held at amortised cost

i. Cash and bank balance:
The fair value of cash and balances with bank is their carrying amounts

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

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

iv. Debt securities and borrowings:
The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing market rates for debts with a similar credit risk and remaining maturity. For floating rate borrowings, the fair value approximates the carrying value. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2020 has been considered.

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

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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 equity shares:
The fair value of equity instruments has been computed based on the discounted cash flow method provided by independent valuer or /and in accordance with the sale agreement. The said equity shares are sold in the month of April 2019.

Gains or losses on transfers amongst categories
The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Transfers between level 1 and 2
There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 during the financial years ended March 31, 2020 and March 31, 2019.

Transfers between level 3 and 2
There are no transfers of financial assets and liabilities measured at fair value between Levels 2 and 3 during the financial years ended March 31, 2020 and March 31, 2019

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

The following table presents the change in level 3 items for the year ended March 31, 2020.

(Rs. in lakhs)

Particulars	Equity
As at March 31, 2018	**107.37**
Gains recognised in other comprehensive income	14.26
As at March 31, 2019	**121.63**
Acquisitions/(Disposal)	(121.61)
Gains recognised in other comprehensive income	(0.02)
As at March 31, 2020	**(0.00)**

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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.

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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

Measurement of Expected Credit Losses ('ECL')

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

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

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

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

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

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

Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. As a practice the company writes of unsecured loans outstanding for more than 450 days and 540 days incase of secured loans. However, in case of Small, Medium Enterprises (SME) Loans are written off on a case-to-case basis, based on the probability of recoverability. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

INCRED FINANCIAL SERVICES LIMITED

As at March 31, 2020

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities			
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	198,488.76	1,339.76	197,149.00
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,851.10	4.19	9,846.91
	Other financial assets	1,358.80	5.44	1,353.36
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Loans - Term Loans and Loans repayable on demand	4,229.38	294.80	3,934.58
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans - Term Loans and Loans repayable on demand	6,711.89	3,622.94	3,088.95

As at March 31, 2019

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	587.75	1.82	585.93
	Loans at amortised cost	168,739.64	592.54	168,147.10
	Bank balance other than cash and cash equivalents	268.08	0.61	267.47
	Loan commitments	10,100.85	3.54	10,097.31
	Other assets	1,210.43	2.28	1,208.15
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Loans - Term Loans	3,921.90	197.21	3,724.69
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans - Term Loans	3,586.95	2,148.45	1,438.50

Maximum exposure to credit risk

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

(Rs. in lakhs)

Particulars	Gross Exposure as at March 31, 2020	Gross Exposure as at March 31, 2019
Cash and cash equivalent	3,419.63	1,846.49
Balances with Banks	738.84	268.08
Loans	209,430.03	176,248.49
Investment securities	-	587.75
Other financial assets	1,718.20	1,210.43
Total credit risk exposure	215,306.70	180,161.24

Collateral held

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

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

Value of security of Credit Impaired assets

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

(Rs. in lakhs)

Particulars	As at March 31, 2020
Value of Security	2,888.50

Notes to the Standalone Financial Statements

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

iii) Reconciliation of loss allowance provision

For loans

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loss allowance on March 31, 2019	592.54	197.21	**2,148.45**
Remeasurement of loss allowance	42.83	(65.91)	2,055.47
Assets originated or purchased	739.48	116.72	407.66
Transferred to 12-month ECL	9.28	(39.97)	(21.89)
Transferred to Lifetime ECL not credit impaired	(16.62)	153.11	(2.21)
Transferred to Lifetime ECL credit impaired	(27.74)	(66.36)	2,574.67
Write – offs	-	-	(3,539.22)
Loss allowance on March 31, 2020	**1,339.77**	294.80	**3,622.93**

For investments

(Rs. in lakhs)

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

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on 31 March 2019	3.54
Changes in loss allowances due to Assets used or released	0.65
Loss allowance on 31 March 2020	4.19

Concentration of credit risk

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

(Rs. in lakhs)

Particulars	Loans and advances to customers	
	As at March 31, 2020	As at March 31, 2019
Concentration by region		
North	30,112.17	34,440.26
South	99,329.26	79,489.13
East	9,254.90	5,409.10
West	70,733.70	56,910.00
Total	209,430.03	176,248.49

(Rs. in lakhs)

Particulars	Loan commitments and financial guarantees issued	
	As at March 31, 2020	As at March 31, 2019
Concentration by region		
North	1,215.32	2,174.25
South	4,427.41	3,277.59
East	574.73	451.91
West	3,633.64	4,197.10
Total	**9,851.10**	**10,100.85**

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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.

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Provision for impact of COVID-19

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Company have provided a moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if the said amounts were overdue on February 29, 2020. RBI vide its notification dated May 23, 2020 has further extended moratorium period upto August 31, 2020 due to further intensification of COVID-19 impact. For all such accounts, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy). The aforesaid relaxation has not been deemed to be triggering significant increase in credit risk.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. In addition to the above, the Company has also created a provision of Rs 300 lakhs against Ind AS staging benefit considered on account of moratorium. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

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28. Financial risk management (continued)

B. Liquidity risk

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

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2020
- Expiring within one year	11,038.25
- Expiring beyond one year	-
Total	**11,038.25**

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

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings (other than debt securities)	12	74,615.66	(105,358.58)	(42,061.81)	(35,579.50)	(27,717.27)	-
Other financial liabilities	13	3,339.40	(3,339.40)	(20.83)	(3,318.57)	-	-
Loan commitments	33	9,851.10	(9,851.10)	(5,430.48)	(4,420.62)	-	-
Total		**129,911.78**	**(164,347.53)**	**(73,946.84)**	**(62,683.42)**	**(27,717.27)**	-

As at March 31, 2019

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Debt securities	11	47,814.80	(52,543.33)	(21,787.65)	(30,755.68)	-	-
Borrowings (other than debt securities)	12	77,497.73	(85,544.03)	(52,338.74)	(31,227.18)	(1,978.11)	-
Other financial liabilities	13	864.68	(864.68)	(857.31)	(7.37)	-	-
Loan commitments	33	10,100.85	(10,100.85)	-	-	(5,050.42)	(5,050.42)
Total		**136,278.06**	**(149,052.89)**	**(74,983.70)**	**(61,990.23)**	**(7,028.53)**	**(5,050.42)**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on nonderivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,419.63	3,419.63	3,419.63	-	-	-
Bank deposits	3	735.88	766.12	766.12	-	-	-
Loans	4	204,172.53	290,761.79	107,619.28	79,625.49	36,443.38	67,073.64
Investments	5	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	6	1,712.77	1,712.77	1,432.81	279.96	-	-
Total		**211,044.62**	**297,664.12**	**114,241.65**	**79,905.45**	**36,443.38**	**67,073.64**

As at March 31, 2019

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,846.49	1,846.49	1,846.49	-	-	-
Bank deposits	3	267.47	285.83	141.73	144.10	-	-
Loans	4	173,310.29	245,869.61	90,664.78	62,201.54	32,699.65	60,303.63
Investments	5	707.55	779.81	779.81	-	-	-
Other financial assets	6	1,208.15	1,208.15	1,167.69	40.46	-	-
Total		**177,339.95**	**249,989.89**	**94,600.50**	**62,386.10**	**32,699.65**	**60,303.63**

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Notes to the Standalone Financial Statements

28. Financial risk management (continued)

C. Interest rate risk

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

Exposure to interest rate risk

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

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2020	As at March 31, 2019
Loans		
Fixed rate loans	108,509.09	73,311.89
Variable rate loans	98,427.11	101,186.24
Bank balance other than cash and cash equivalents	723.06	265.60
Investment in debentures	-	500.00
Total	**207,659.26**	**175,263.73**
Borrowings		
Fixed rate borrowings	(51,352.03)	(47,449.67)
Variable rate borrowings	(64,278.82)	(75,026.89)
Total	**(115,630.85)**	**(122,476.56)**

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Company's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2020 and March 31, 2019 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2020				
Variable-rate instruments	341.48	(341.48)	341.48	(341.48)
Cash flow sensitivity (net)	**341.48**	**(341.48)**	**341.48**	**(341.48)**
March 31, 2019				
Variable-rate instruments	261.59	(261.59)	261.59	(261.59)
Cash flow sensitivity (net)	**261.59**	**(261.59)**	**261.59**	**(261.59)**

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

D. Price risk

The Company is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/ lower by 1% from market price existing as at March 31, 2020, profit or loss(pre-tax) for the year ended March 31, 2020 would increase/ decrease by Rs. 10.03 lakhs (Previous Year: NIL) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2020.

The Company is currently not exposed to any equity price risks arising from equity investments classified in the Balance Sheet at fair value through Other Comprehensive Income since the amount outstanding as at March 31, 2020 is Nil (Previous year: Rs. 6.08 lakhs).

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InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

29. Related party disclosures

Key managerial personnel

Name of the Director	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and Chief Executive Officer (w.e.f. May 16, 2019)
Mr. Sunil Agarwal, Director	Whole-time director (w.e.f. April 01, 2018 upto June 11, 2018)
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer (w.e.f. June 12, 2018)

Enterprises where key management personnel exercises control

1. BSH Corporate Advisors and Consultants Private Limited (w.e.f. February 13, 2018 upto April 18, 2019)
2. InCred Capital Inclusion Advisory Private Limited (w.e.f May 20, 2019)

A. Names of related parties and nature of relationship

Holding Company	Country of Incorporation	Proportion of ownership interest (% holding)	
		As at March 31, 2020	As at March 31, 2019
Bee Finance Limited (Mauritius), Holding Co.	Mauritius	59.66%	74.89%

Direct subsidiaries:

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest (% holding)	
			As at March 31, 2020	As at March 31, 2019
Incred Management and Technology Services Private Limited	India	Mumbai	100.00%	100.00%
Incred Housing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited) (w.e.f. March 21, 2018)	India	Mumbai	100.00%	100.00%
Booth Fintech Private Limited (w.e.f. July 09, 2018)	India	Mumbai	100.00%	86.44%

Indirect subsidiary (subsidiary of Booth Fintech Private Limited)

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2020	As at March 31, 2019
mValu Technology Services Private Limited (w.e.f. December 27, 2018 till March 24, 2019) (Holding 65.69%)	India	Mumbai	0.00%	38.47%

Associate of Booth Fintech Private Limited

Name of subsidiaries	Country of Incorporation	Principal place of business	Proportion of ownership interest	
			As at March 31, 2020	As at March 31, 2019
mValu Technology Services Private Limited (w.e.f. March 25, 2019 to)	India	Mumbai	40.96%	38.47%

Associate Enterprise

1. mValu Technology Private Limited (w.e.f March 25, 2019)
2. Digilend Analytics and Technology Private Limited (on account of Board seat, till March 22, 2019)

Transactions with key management personnel

i. Key management personnel compensation (Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expenses	570.22	211.05

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

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Notes to the Standalone Financial Statements

29. Related party disclosures (continued)

Related party relationships, transactions and balances

Note 29 above provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Transactions with related parties

(Rs. in lakhs)

Sr. No	Nature of transactions	Holding Company	Subsidiaries	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or controlled by Key Managerial Personnel	Associate	Associate of subsidiary
1	**Purchase of equity shares of subsidiary company**						
	March 31, 2020	1,050.25	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
2	**Investment in equity shares**						
	March 31, 2020	-	200.20	-	-	-	-
	March 31, 2019	-	367.11	-	-	-	-
3	**Security Deposit received**						
	March 31, 2020	-	-	3.20	-		-
	March 31, 2019	-	-	-	-		-
4	**Issue of equity shares**						
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	454.90	-	-	-
5	**Securities Premium received on issue of equity shares**						
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	809.46	-	-	-
6	**ICD given**						
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	13,758.04	-	-	-	-
7	ICD taken						
	March 31, 2020	-	4,400.00	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
8	**Repayment of ICD given (including interest net of TDS)**						
	March 31, 2020	-	395.75	-	-	-	-
	March 31, 2019	-	27,982.17	-	-	-	-
9	**Repayment of ICD taken (including interest net of TDS)**						
	March 31, 2020	-	335.75	-	-	-	-
	March 31, 2019	-	-	-	-	-	-

INCRED FINANCIAL SERVICES LIMITED

Sr. No	Nature of transactions	Holding Company	Subsidiaries	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or controlled by Key Managerial Personnel	Associate	Associate of subsidiary
10	**License fees expense**						
	March 31, 2020	-	5.45	-	-	-	-
	March 31, 2019	-	1.24	-	-	-	-
11	**License fees income**						
	March 31, 2020	-	-	-	-	-	56.00
	March 31, 2019	-	-	-	-	-	12.73
12	**Interest income on ICD**						
	March 31, 2020	-	11.95	-	-	-	-
	March 31, 2019	-	1,416.24	-	-	-	-
13	**Interest Expense on ICD**						
	March 31, 2020	-	255.70	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
14	**Expenses on account Reimbursement**						
	March 31, 2020	-	244.83	-	-	-	-
	March 31, 2019	-	463.60	-	-	-	-
15	**Income from reimbursement**						
	March 31, 2020	-	-	-	91.85	-	14.34
	March 31, 2019	-	-	-	-	-	-
16	**Fee and commission expense**						
	March 31, 2020	-	-	-	19.01	-	-
	March 31, 2019	-	-	-	-	40.73	-
17	**Advances given**						
	March 31, 2020	-	464.13	-	-	-	-
	March 31, 2019	-	1,637.00	-	70.17	-	-
18	**Advances repaid**						
	March 31, 2020	-	20.25	-	-	-	-
	March 31, 2019	-	1,674.00	-	-	-	-
19	**Purchase of Loan Portfolio**						
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	726.15	-	-	-	-

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

INCRED FINANCIAL SERVICES LIMITED

29. Related party disclosures (continued)

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

(Rs. in lakhs)

Sr. No.	Nature of transactions	Holding Company	Subsidiaries	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or controlled by Key Managerial Personnel	Associate of subsidiary
1	**Advances/Receivables**					
	March 31, 2020	-	1,068.37	-	99.19	17.11
	March 31, 2019	-	856.31	-	-	13.75
2	**Investments (at cost)**					
	March 31, 2020	-	8,206.80	-	-	-
	March 31, 2019	-	7,019.44	-	-	-
3	Loans					
	March 31, 2020	-	-	-	-	-
	March 31, 2019	-	392.81	-	-	-
4	**ICD Payable**					
	March 31, 2020	-	4,294.38	-	-	-
	March 31, 2019	-	-	-	-	-
5	**Other Payables**					
	March 31, 2020	-	-	-	19.01	-
	March 31, 2019	-	-	-	-	-
4	**Capital Contribution**					
	March 31, 2020	-	-	3.20	-	-
	March 31, 2019	-	-	-	-	-
4	**Number of options outstanding**					
	March 31, 2020	248	1,400,000	-	-	-
	March 31, 2019	549	1,000,000	-	-	-

Terms and conditions of transactions with related parties

The transactions with related parties are made on arm's length basis. Outstanding balances at the year-end are unsecured, interest is charged at the rate of 10.50% and is repayable on demand.

INCRED FINANCIAL SERVICES LIMITED

30. Employee benefits

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	237.16	154.00

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

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	61.59	38.09
Interest cost	4.16	2.91
Current Service cost	46.68	48.70
Liability Transferred In/Acquisition	-	11.17
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	(36.42)	(31.96)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	2.23	(16.21)
Actuarial Losses on Obligations - Due to Experience	7.88	8.89
Liability at the end of the year	**86.12**	**61.59**

Amount recognized in the Balance Sheet

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of benefit obligation at the end of the year	(86.12)	(61.59)
Fair value of plan assets at the end of the year		-
Funded Status (Deficit)	(86.12)	(61.59)
Net (Liability)/Asset Recognized in the Balance Sheet	**(86.12)**	**(61.59)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	46.68	48.70
Net Interest cost	4.16	2.91
Expenses recognised	**50.84**	**51.61**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial (Gains) on obligation for the year	(26.31)	(39.28)
Net (Income) for the year recognized in OCI	**(26.31)**	**(39.28)**

The actuarial assumptions used to determine benefit obligations as at March 31, 2020 and March 31, 2019 are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.21%	6.76%
Salary escalation rate	7.00%	7.00%
Expected Rate of return on Plan Assets	N.A.	N.A.
Rate of Employee Turnover	35%	25%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

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

Balance sheet reconciliation (Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening net liability	**61.59**	38.09
Expenses recognized in Statement of Profit and Loss	50.84	51.61
Expenses recognized in OCI	(26.31)	(39.28)
Net (Asset) Transfer In	-	11.17
Net liability recognized in the Balance Sheet	86.12	61.59

Cash Flow Projection
Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefits payable in future years from the date of reporting		
1st following year	0.52	0.30
2nd following year	0.38	0.26
3rd following year	19.48	0.22
4th following year	23.36	12.73
5th following year	19.99	16.44
Sum of years 6 To 10	37.92	44.61
Sum of years 11 and above	6.71	20.15

Sensitivity analysis (Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefit obligation on current assumptions	86.12	61.59
Delta effect of +1% change in rate of discounting	(3.46)	(3.41)
Delta effect of -1% change in rate of discounting	3.69	3.71
Delta effect of +1% change in rate of salary increase	3.52	3.63
Delta effect of -1% change in rate of salary increase	(3.40)	(3.42)
Delta effect of +1% change in rate of employee turnover	(3.36)	(2.68)
Delta effect of -1% change in rate of employee turnover	3.46	2.77

Qualitative disclosures

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

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

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

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

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
Assumptions:		
Discount rate	5.21%	6.76%
Salary escalation rate	7.00%	7.00%
Rate of Employee Turnover	35.00%	25.00%

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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 the year ended March 31, 2020

Particulars / Grant date	April 1, 2019	May 31, 2019	July 1, 2019	October 1, 2019	January 1, 2020
Fair value as on grant date (weighted average)	28.99	28.94	28.85	27.81	27.91
Share price as on grant date	54.40	54.40	54.40	54.40	54.40
Exercise price	40.00	40.00	40.00	40.00	40.00
Expected volatility (weighted average volatility)	0.35	0.35	0.35	0.35	0.35
Expected life (expected weighted average life)	8.5 years	8.5 years	8.5 years	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	7.08%	7.03%	6.93%	6.49%	6.62%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.				

The model inputs for options granted during the year ended March 31, 2019

Particulars / Grant date	July 1, 2018	October 1, 2018	January 1, 2019
Fair value as on grant date (weighted average)	8.47	17.98	17.38
Share price as on grant date	27.79	40.46	40.46
Exercise price	40.00	40.00	40.00
Expected volatility (weighted average volatility)	0.35	0.35	0.35
Expected life (expected weighted average life)	7.5 years	7.5 years	7.5 years
Risk- free interest rate (based on government bonds)	8.17%	8.25%	7.40%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.		

B. Reconciliation of outstanding share options

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

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2020	As at March 31, 2019
Opening balance	40.00	5,080,781	5,283,871
Add: Options granted during the year	40.00	8,586,300	-
Less: Options exercised during the year	40.00	(6,924)	-
Less: Options lapsed during the year	40.00	(1,154,573)	(203,090)
Options outstanding as at the year end	**40.00**	**12,505,584**	**5,080,781**

Weighted average remaining contractual life of options outstanding at end of period 8.1 years

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Notes to the Standalone Financial Statements
II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

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

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

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

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2019

Particulars	Category A - C	Category D - F	Category G - H	Category I
Fair value as on grant date (weighted average)	64,021	64,021	64,021	64,021
Share price as on grant date	64,021	64,021	64,021	64,021
Exercise price	46,102	46,102	89,643	46,102
Expected volatility (weighted average volatility)	35%	35%	35%	35%
Expected life (expected weighted average life)	11.2 years	11.72 years	11.93 years	10.68 years
Risk- free interest rate (based on government bonds)	6%	8%	8%	8%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.			

B. Reconciliation of outstanding share options

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	**53,031.00**	**549.00**	-	-
Add: Options granted during the year	-	-	53,973.00	610.00
Less: Options lapsed during the year	55,363.75	(301.00)	46,102.00	(61.00)
Options outstanding as at the year end	**48,033.52**	**248.00**	**53,031.00**	**549.00**
Weighted average remaining contractual life of options outstanding at end of period			11.2 years	

C. Expenses arising from share-based payment transactions

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

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32. Lease accounting

1 Lease disclosures under Ind-AS 116 for the current year ended 31 March 2020

A First time adoption of Ind AS 116

The Company has adopted the new standard, Ind AS 116 Leases with effect from 1st April, 2019 using the modified retrospective approach as per para C8 (b)(i) of Ind AS 116. The Company recorded the lease liability at the present value of the lease payments and the right of use asset at an amount equals to lease liability adjusted by an amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application, i.e., 1st April, 2019. The application of this method had no impact on retained earnings as on 1st April 2019. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.
On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 930.97 lakhs and lease liability of Rs. 930.97 lakhs.
In statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.
In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

The following is the summary of practical expedients elected on initial application:
i. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment.
ii. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
iii. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

B The Company has entered into leasing arrangements for premises. ROU has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Balance as on April 1, 2019	930.97
Addition during the year	1,197.91
Depreciation for the year	(368.39)
Balance as on March 31, 2020	1,760.49

ii. The following is the movement in lease liabilities during the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Balance as on April 1, 2019	930.97
Addition during the year	1,197.91
Finance cost accrued during the year	151.78
Payment of Lease liabilities made during the year	(401.71)
Balance as on March 31, 2020	1,878.95

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iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Less than one year	424.93
Between one and five years	1,456.00
More than five years	713.46
Total	**2,594.39**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2020
Depreciation expense on right-of-use assets (Refer Note 8)	368.39
Interest expense on lease liabilities (Refer Note 21)	151.78
Expense relating to short-term leases (Refer Note 24)	196.85
Expense relating to leases of low value assets	-

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

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at March 31, 2020
Total cash outflow for leases	401.71

vi. A reconciliation of the operating lease commitments at March 31, 2019, disclosed in the Company's 2019 financial statements, to the lease liabilities recognized in the statement of financial position at April 1, 2019 is provided below:

Particulars	As at April 1, 2019
Operating lease commitments disclosed as at March 31, 2019	**1,609.64**
Discounted using the incremental borrowing rate at April 1, 2019	(585.98)
(Less): short-term leases recognized on a straight-line basis as expense	(92.69)
(Less): low-value leases recognized on a straight-line basis as expense	-
Total	930.97

2 Lease disclosures under Ind-AS 17 for the comparative year ended March 31, 2019:

A. Leases as lessee

The Company leases a number of branch and office premises under operating leases. The leases typically run for a period ranging between 1 and 5 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals.

i. Future minimum lease payments

Particulars	March 31, 2019
Less than one year	501.88
Between one and five years	581.47
More than five years	526.29
Total	1,609.64

ii. Amounts recognised in profit or loss

Particulars	March 31, 2019
Lease expense (Refer Note 24)	637.84

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Notes to the Standalone Financial Statements

33. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments		
Commitments relating to loan sanction but undrawn	9,851.10	10,100.85
Total	**9,851.10**	**10,100.85**

34. Exceptional Item

The Board of Directors of InCred Housing Finance Private Limited ('HFC'), subsidiary of the Company, had approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. Considering the aforementioned strategic decision, the Company has tested the investment for impairment and recognised an impairment loss of Rs. 616.74 lakhs as an exceptional item for the year ended March 31, 2020.

INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

35 .Securitisation

Transfer of financial assets

The Company, in the previous financial year, had transferred financial assets, primarily unsecured loan receivables, that are not derecognised as the Company had continuing

Securitisation:

Transfer of financial assets that do not result in derecognition

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

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

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

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

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

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

(Rs. in lakhs)

As at March 31, 2020	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

(Rs. in lakhs)

As at March 31, 2019	Loan receivables	Credit enhancements
Carrying amount of assets	2,526.87	265.59
Carrying amount of associated liabilities	2,461.48	-

INCRED FINANCIAL SERVICES LIMITED

36. Current and Non-current maturity

(Rs. in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3,419.63	-	3,419.63	1,846.49	-	1,846.49
Bank Balance other than cash and cash equivalents	735.88	-	735.88	136.18	131.29	267.47
Loans	84,511.67	119,660.86	204,172.53	72,445.48	100,864.81	173,310.29
Investments	1,003.81	7,691.77	8,695.58	121.63	7,605.36	7,726.99
Other Financial assets	1,432.81	279.96	1,712.77	1,167.69	40.46	1,208.15
Sub total	**91,103.80**	**127,632.59**	**218,736.39**	**75,717.47**	**108,641.92**	**184,359.39**
Non-financial assets						
Current Tax assets (Net of provision for tax)	-	787.48	787.48	507.69	-	507.69
Deferred Tax assets (Net of deferred tax liabilities)	-	1,118.43	1,118.43	-	791.96	791.96
Property, plant and equipment	-	2,928.71	2,928.71	-	1,039.95	1,039.95
Capital Work-in-progress	-	125.06	125.06	-	-	-
Other intangible assets	-	295.49	295.49	-	396.96	396.96
Other non-financial assets	420.00	586.35	1,006.35	595.95	58.20	654.15
Sub total	**420.00**	**5,841.52**	**6,261.52**	**1,103.64**	**2,287.07**	**3,390.71**
Total assets	**91,523.80**	**133,474.11**	**224,997.91**	**76,821.11**	**110,928.99**	**187,750.10**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Debt securities	24,700.66	17,404.96	42,105.62	19,818.03	27,996.77	47,814.80
Borrowings (Other than Debt Securities)	35,358.69	39,256.97	74,615.66	47,434.74	30,062.99	77,497.73
Other Financial liabilities	20.83	3,318.58	3,339.41	857.31	7.37	864.68
Sub total	**60,080.18**	**59,980.51**	**120,060.69**	**68,110.08**	**58,067.13**	**126,177.21**
Non-Financial liabilities						
Provisions	25.72	128.18	153.90	54.58	93.56	148.14
Other non-financial liabilities	2,052.09	-	2,052.09	1,857.90	-	1,857.90
Sub total	**2,077.81**	**128.18**	**2,205.99**	**1,912.48**	**93.56**	**2,006.04**
Total liabilities and equity	**62,157.99**	**60,108.69**	**122,266.68**	**70,022.56**	**58,160.69**	**128,183.25**

INCRED FINANCIAL SERVICES LIMITED

Notes to the Standalone Financial Statements

37. Foreign currency transactions

(Rs. in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Expenditure in foreign currency		
Business origination expenses	-	1.51
IT expenses	-	0.80
Legal, professional and consultancy charges	-	153.03
Recruitment fees	3.63	-
Legal & Technical charges	2.26	-
Total	**5.89**	**155.34**

38. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Amount required to be spent as per section 135 of the Companies Act, 2013:	16.05	3.22
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash	14.93	5.40
Yet to be paid in cash*	2.00	-
Total	**16.93**	**5.40**

** Paid in the month of April, 2020*

39. Micro, Small and Medium Enterprises Development

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

40. Share issue expenses

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

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Stamp duty	52.67	12.10
Legal and professional charges	543.10	50.98
Total	595.77	63.08

INCRED FINANCIAL SERVICES LIMITED *

41. Capital Management

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

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

Capital Management

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

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Common Equity Tier1 (CET1) capital	100,996.44	55,811.79
Other Tier 2 capital	1,007.03	798.07
Total capital	**102,003.47**	**56,609.86**

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

Refer Note 43 (2) for further details.

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

INCRED FINANCIAL SERVICES LIMITED

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

RBI disclosures have been prepared based on IndAS financials. Previous year numbers have been restated/reclassified accordingly wherever required.

1 Fraud reported during the year

The Company has reported frauds aggregating Rs. 72.28 lakhs (previous year: Rs. 115.93 lakhs) based on management reporting to risk committee and to the RBI through prescribed returns FMR-1.

(Rs. In lakhs)

No of cases	Amount involved	Amount recovered	Amount written off
28	72.28	3.58	72.28

2 Capital to Risk Assets Ratio (CRAR)

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

Particulars		As at March 31, 2020	As at March 31, 2019
i)	CRAR (%)	45.94%	29.56%
ii)	CRAR - Tier I Capital (%)	45.37%	29.15%
iii)	CRAR - Tier II Capital (%)	0.56%	0.42%
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-
vi)	Risk weighted asset	222,585.09	191,474.22

INCRED FINANCIAL SERVICES LIMITED

Notes to the Standalone Financial Statements

3 Investments

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(1) Value of investments		
(i) Gross value of investments		
(a) In India	9,312.32	7,828.81
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	616.74	101.82
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	8,695.58	7,726.99
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	1.82	1.80
(ii) Add : Provisions made during the year	616.74	100.02
(iii) Less : Write-off/(write-back)of excess provisions during the year	(1.82)	(100.00)
(iv) Closing balance	616.74	1.82

4 Derivatives

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Transactions/exposure in derivative during the year	Nil	Nil
(ii) Unhedged foreign currency exposure as at the year end	Nil	Nil

INCRED FINANCIAL SERVICES LIMITED

5 Disclosures relating to securitisation

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

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	1	1
2	Total amount of securitised assets as per books of the SPVs sponsored	421	3,320
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	(a) Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss	137	266
	Others	332	332
4	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-Balance Sheet exposures		
	(i) Exposure to own securitisations	-	-
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	(i) Exposure to own securitisations	-	-
	First loss	-	-
	Others		
	(ii)Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-

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

(Rs. in lakhs)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
i)	No. of accounts	-	330
ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	3,320
iii)	Aggregate consideration	-	2,988
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Aggregate gain/loss over net book value	-	-

(c) The Company has not purchased/sold non-performing assets for the year ended March 31, 2020 and March 31, 2019.

INCRED FINANCIAL SERVICES LIMITED

6 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2020

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	17,411.42	9,255.80	7,999.57	19,300.90	30,543.99	53,900.33	21,191.37	44,569.15	**204,172.53**
Investments	1,003.81	-	-	-	-	-	-	7,691.77	**8,695.58**
Borrowings	2,295.98	2,729.53	23,387.59	8,961.54	22,684.76	47,970.99	8,690.89	-	**116,721.28**
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2019

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	16,244.32	10,618.64	6,995.39	15,063.22	23,331.10	40,074.58	18,901.09	45,020.15	**176,248.49**
Investments	121.63	-	-	-	587.75	-	-	7,019.42	**7,728.80**
Borrowings	11,649.49	2,794.73	3,198.84	20,379.30	19,266.47	66,155.45	1,868.24	-	**125,312.53**
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

INCRED FINANCIAL SERVICES LIMITED

7 Exposure to real estate sector

(Rs. in lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
	Direct Exposure		
	Residential Mortgages -		
a)(i)	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	359.21	715.72
	Commercial Real Estate -		
a)(ii)	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	45,505.11	46,387.87
a)(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Indirect Exposure		
	Fund based and non based exposures on National housing Bank and Housing Finance Companies	-	-

8 Exposure to capital market

(Rs. in lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate	7,691.77	7,726.99
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total exposure to capital market	**7,691.77**	**7,726.99**

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 Regulation Number	B-14.01801
Corporate Identification number (CIN)*	U74899MH1991PLC340312
Central Registry of Securitization Asset	JB867

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

(b) Disclosure of Penalties imposed by RBI and other regulators: None

(c) Related Party Transactions
Refer Note 29 to the Financial statements for the transaction with the related parties.

(d) Credit rating

Particulars	As at March 31, 2020	As at March 31, 2019
Long term bank facilities	CARE A (Stable)	CARE A (Stable)
Market Linked Debentures	CARE PP-MLD A	NA
Commercial Paper	NA	CARE A1
Non-Convertible Debenture	CARE A (Stable)	CARE A (Stable)

INCRED FINANCIAL SERVICES LIMITED

12 Additional disclosures

(a) Provisions and contingencies

(Rs. in lakhs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2020	Year ended March 31, 2019
Provisions for depreciation on investment	(1.82)	1.82
Provision towards NPA/ Write off*	5,013.70	2,456.80
Provision made towards income tax	182.10	183.59
Provision for Standard Assets/ (Reversal of Provision)**	850.07	(54.30)

** Provision on stage 3 assets and write off*
*** Stage 1 and 2 assets*

(b) Draw down from reserves

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

(c) Concentration of Advances, Exposures and NPAs

(c) (i) Concentration of advances

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total advances to twenty largest borrowers	14,882	13,718.95
Percentage of advances to twenty largest borrowers to total advances of the NBFC	7.19%	7.78%

(c) (ii) Concentration of exposures

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to twenty largest borrowers/customers	14,882	13,718.95
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	6.86%	7.78%

INCRED FINANCIAL SERVICES LIMITED

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Notes to the Standalone Financial Statements

(c) (iii) Concentration of NPAs*

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to top four NPA accounts	1,288	1,387.35

** NPA accounts refer to stage 3 assets*

(c) (iv) Sector-wise NPAs*

		Percentage of NPAs to Total Advances in that sector	
Sr. No.	Sector	As at March 31, 2020	As at March 31, 2019
1	Agriculture & allied activities	-	-
2	MSME	4.65%	2.82%
3	Corporate borrowers	-	-
4	Services	2.08%	0.45%
5	Unsecured personal loans	2.11%	2.08%
6	Auto loans	2.30%	0.41%
7	Other personal loans	-	-

** NPA accounts refer to stage 3 assets*

13 Movement of NPAs*

(Rs. in lakhs)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
(i)	**Net NPAs to net advances (%)**	1.34%	0.71%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	3,178.63	-
	(b) Additions during the year	6,437.24	3,683.89
	(c) Reductions during the year	3,768.82	505.26
	(d) Closing balance	**5,847.05**	**3,178.63**
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	1,227.35	-
	(b) Additions during the year	3,419.75	1,227.35
	(c) Reductions during the year	1,911.89	-
	(d) Closing balance	**2,735.21**	**1,227.35**
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)****		
	(a) Opening balance	1,951.28	
	(b) Provisions made during the year	3,017.49	2,456.54
	(c) Write-off of excess provisions	1,856.93	505.26
	(d) Closing balance	**3,111.84**	**1,951.28**

** NPA accounts refer to stage 3 assets*

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

INCRED FINANCIAL SERVICES LIMITED

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14 Disclosure of Complaints

Customer Complaints

Sr. No	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a)	No. of complaints pending at the beginning of the year	4	5
(b)	No. of complaints received during the year	514	1,096
(c)	No. of complaints redressed during the year	517	1,097
(d)	No. of complaints pending at the end of the year	1	4

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

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

16 In accordance with Master Direction Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2020 (31 March 2019:NIL)

INCRED FINANCIAL SERVICES LIMITED

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

Schedule to the Balance Sheet

17 Loans & Advances availed by the Non-Banking Financial company inclusive of interest accrued thereon but not paid:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020		As at March 31, 2019	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1)	Liabilities side :				
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures*				
	- Secured	42,105.62	-	47,814.80	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	65,845.02	-	65,566.34	-
	(d) Inter-corporate loans and borrowing	4,294.38	-	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	4,476.26	-	11,931.39	-
	*other than falling within the meaning of public deposits				
(2)	Assets side :				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	98,532.05	1,187.76	83,944.46	166.79
	(b) Unsecured	105,640.48	1,901.19	89,365.83	1,045.32

18 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
(ii)	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

INCRED FINANCIAL SERVICES LIMITED

19 Break-up of investments:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
	Current investments :		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debenture and bonds	-	-
	(iii) Units of mutual funds	1,003.81	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	121.63
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
	Non- current investments:		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	2,691.77	2,019.44
	(b) Preference	5,000.00	5,000.00
	(ii) Debentures and bonds	-	585.93
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-

INCRED FINANCIAL SERVICES LIMITED

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

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2020		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	98,532.05	105,640.48	**204,172.53**
	Total	98,532.05	**105,640.48**	**204,172.53**

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2019		
		Amount (Net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	391.91	**391.91**
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	83,944.46	88,973.92	**172,918.38**
	Total	83,944.46	**89,365.83**	**173,310.29**

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

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2020		As at March 31, 2019	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties				
	(a) Subsidiaries	7,691.77	7,691.77	7,019.44	7,019.44
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	1,003.81	1,003.81	709.37	707.55
	Total	**8,695.58**	**8,695.58**	**7,728.81**	**7,726.99**

22 Other information

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Gross non-performing assets*		
	(a) Related parties	-	-
	(b) Other than related parties	5,847.05	3,178.63
(ii)	Net non-performing assets*		
	(a) Related parties	-	-
	(b) Other than related parties	2,735.21	1,227.35
(iii)	Assets acquired in satisfaction of debt	-	-

**NPA accounts refer to stage 3 assets*

INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

Disclosure as per

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

23 Funding Concentration based on significant counterparty

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total liabilities
1	18	105,626.29	NA	86.39%

24 Top 20 large deposits : NA

25 Top 10 Borrowings

Sr. No.	Amount	% of Total borrowings
1	29,325.68	25.12%
2	20,318.48	17.41%
3	12,405.71	10.63%
4	5,387.17	4.62%
5	4,925.11	4.22%
6	4,436.08	3.80%
7	4,294.38	3.68%
8	3,747.81	3.21%
9	2,974.14	2.55%
10	2,521.53	2.16%

26 Funding Concentration based on significant instrument/product

Sr. No.	Name of Instrument	Amount	% of Total liabilities
1	Term Loan	65,714.19	53.75%
2	Non Convertible Debentures	29,325.68	23.99%
3	Market Linked Debentures	12,779.94	10.45%
4	Cash Credit / WCDL	4,476.26	3.66%
5	Inter Corporate borrowings	4,294.38	3.51%

27 Stock Ratios

Sr. No.	Name of Instrument	% of Total public funds	% of Total Liabilities	% of Total Assets
a	Commercial paper as a % to total liabilities	0.00%	0.00%	0.00%
b	Non-convertible debentures as a % to total liabilities	0.00%	0.00%	0.00%
c	Other short term liabilities as a % to total liabilities	53.43%	51.00%	27.72%

INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

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

Particulars	Amount (Total POS as on 31st March 2020)
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3;	57,630.86
Respective amount where asset classification benefits is extended	1,025.06
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5	NA*
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	NIL

**The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments.*

INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

29. Restructuring of Loans

Sr. No.	Type of Restructuring / Asset Classification / Details		Others: Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2019 *	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh Restructuring during the year	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	153.56	12.05	-	-	165.61
		Provision thereon	14.33	7.83	-	-	22.17
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	25.61	0.32	-	-	25.93
		Provision thereon	2.17	0.21	-	-	2.38
4	Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on March 31, 2020*	No. of borrowers	14.00	2.00	-	-	16.00
		Amount outstanding	127.95	11.74	-	-	139.68
		Provision thereon	12.16	7.63	-	-	19.79

There are no cases restructured on account of CDR mechanism or SME debt restructuring in the current year.

There were no cases of restructuring during the previous year ended March 31, 2019.

The Company has availed the asset classification benefit as per RBI notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 and RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 relating to Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances for all accounts restructured during the FY 2019-2020.

INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Standalone Financial Statements

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

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
	Stage 1	198,488.76	1,339.76	197,149.00	788.31	551.45
Standard	Stage 2	4,229.38	294.80	3,934.58	67.30	227.50
Subtotal		202,718.15	1,634.57	201,083.58	855.61	778.96
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,711.88	3,622.93	3,088.95	1,192.59	2,430.33
Doubtful - up to 1 year	Stage 3	-	-	-	45.35	(45.35)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	45.35	(45.35)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		6,711.88	3,622.93	3,088.95	1,237.94	2,384.99
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	9,851.10	4.19	9,846.92	-	4.19
	Stage 2	-	-	-		-
	Stage 3	-	-	-		-
Subtotal		9,851.10	4.19	9,846.92	-	4.19
Total	Stage 1	**208,339.87**	**1,343.95**	**206,995.92**	**788.31**	**555.64**
	Stage 2	**4,229.38**	**294.80**	**3,934.58**	**67.30**	**227.50**
	Stage 3	**6,711.88**	**3,622.93**	**3,088.95**	**1,237.94**	**2,384.99**
	Total	**219,281.13**	**5,261.68**	**214,019.45**	**2,093.55**	**3,168.13**

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022
UDIN: 20118189AAAAAM4217

Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 11 June 2020

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

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Nikita Hule
Company Secretary

Place: Mumbai
Date: 11 June 2020

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Independent Auditor's Report

To the Members of InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Incred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of matter

As described in Note 34A(iv) to the consolidated financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Emphasis of matter *(Continued)*

As described in Note 34A(iv) to the consolidated financial statements, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.

We draw attention to Note 47(i) of the financial statements, which describes the Incred Housing Finance Private Limited ('IHFPL') (a wholly owned subsidiary of the Holding Company) management's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment, the IHFPL Board's proposal of merger with the Holding Company and surrender of the housing finance license.

We draw attention to Note 47(ii) of the financial statements, which more fully describes Incred Management Technology and Services Private Limited ('IMTSPL') (a wholly owned subsidiary of the Holding Company) management's basis for concluding and continuing with the going concern assumption for preparation of the financial statements.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

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

Description of Key Audit Matter

Key audit matter	**How the matter was addressed in our audit**
Impairment of loans and advances to customers **Charge: INR 5,628 Lakhs for year ended 31 March 2020** **Provision: INR 5,339 Lakhs at 31 March 2020** *Refer to the accounting policies in "Note 1 (C)(b) to the Consolidated Financial Statements: Impairment", "Note 1(B) (e) to the Consolidated Financial Statements: Significant Accounting Policies- use of estimates" and "Note 6 to the Consolidated Financial Statements: Loans"*	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Holding Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default	Our audit procedures included: **Design / controls** • Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice. • Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.

Key audit matter	How the matter was addressed in our audit
- Consideration of probability weighted scenarios and forward looking macro-economic factors - Complexity of disclosures There are many data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternative proxies have been applied to allow calculations to be performed. *Impact of COVID -19* On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans and advances on account of: - Short and long term macroeconomic effect on businesses in the country and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Company's customers and their ability to repay dues; and - application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk ('SICR') of its loan and advances with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macro-economic scenarios to factor in the potential impact of COVID-19 on expected credit loss provision.	• 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. **Substantive tests** • Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Involving our specialists to test the model methodology and reasonableness of assumptions used, including management overlays. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package. • Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Checked the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19. Considered the appropriateness of disclosures relating to financial risk management including those relating to ECL provision on loans and advances.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Information technology

IT systems and controls

The Holding Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting.

We have identified 'Information Technology systems' as a key audit matter because of the high level of automation, large transaction volume, the increasing challenge to protect the Holding Company's systems, controls over data integrity and the risks associated with remote access of key applications by a large population of employees at the year end.

We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</td><td>Our audit procedures to assess the IT system access management included the following:

General IT controls / user access management

• We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.

• We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.

• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.

• Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.

• Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

• Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end.</td></tr>
</table>

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

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Independent Auditor's Report

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Report on Other Legal and Regulatory Requirements

(A) As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company and Subsidiary Companies as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and Subsidiary Companies as on 31 March 2020, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 39 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020;

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate company incorporated in India during the year ended 31 March 2020;

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

Independent Auditor’s Report

InCred Financial Services Limited

(*formerly known as Visu Leasing and Finance Private Limited*)

Report on Other Legal and Regulatory Requirements *(continued)*

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

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Kapil Goenka
Partner
Membership No. 118189
UDIN: 20118189AAACFP4582

Mumbai
31 August 2020

InCred Financial Services Limited

(formerly known as Visu Leasing and Finance Private Limited)

Annexure A to the Independent Auditor’s report on the consolidated financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* (hereinafter referred to as “the Holding Company”) and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

Management’s Responsibility for Internal Financial Controls

The respective Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as “the Act”).

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness.

Annexure A to the Independent Auditor’s report on the consolidated financial statements of InCred Financial Services Limited *(formerly known as Visu Leasing and Finance Private Limited)* for the year ended 31 March 2020 *(Continued)*

Auditor’s Responsibility *(Continued)*

Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

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

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

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

Kapil Goenka
Partner
Membership No: 118189
UDIN: 20118189AAACFP4582

Mumbai
31 August 2020

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Consolidated Financial Statements
Consolidated Balance Sheet as at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	3,843.63	6,773.51
(b) Bank balance other than cash and cash equivalents	3	735.88	267.46
(c) Receivables			
(I) Trade receivables	4	141.01	13.18
(II) Other receivables	5	4.75	55.50
(d) Loans	6	2,04,849.17	1,73,800.39
(e) Investments	7	5,051.35	5,246.65
(f) Other financial assets	8	773.70	575.85
(2) Non-financial assets			
(a) Current tax assets (net)		1,282.51	962.32
(b) Deferred tax assets (net)	9	1,118.43	924.60
(c) Property, plant and equipment	10	3,145.49	1,309.66
(d) Capital work-in-progress		125.06	-
(e) Goodwill		652.65	652.65
(f) Other intangible assets	11	308.00	442.60
(g) Other non-financial assets	12	1,178.31	820.41
Total assets		**2,23,209.94**	**1,91,844.78**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables			
(I)Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	-	12.33
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14	58.11	343.10
(b) Debt securities	15	42,105.62	47,814.80
(c) Borrowings (other than debt securities)	16	70,321.28	77,497.73
(d) Other financial liabilities	17	3,345.35	918.14
(2) Non-financial liabilities			
(a) Current tax liabilities (net)		-	64.90
(b) Provisions	18	158.41	153.97
(c) Deferred tax liabilities (net)	9	1,069.68	1,205.53
(d) Other non-financial liabilities	19	2,101.09	1,982.55
EQUITY			
(a) Equity share capital	20 (A)	38,615.30	30,762.93
(b) Other equity	20 (B)	65,435.10	31,088.80
Total liabilities and equity		**2,23,209.94**	**1,91,844.78**

Significant accounting policies and key accounting estimates and judgements **1**
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

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

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

Sd /-
Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 31 August 2020

Sd /-
Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Sd /-
Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Sd /-
Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Consolidated Financial Statements
Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(Rs. in lakhs)

	Particulars	Note No	Year ended March 31, 2020	Year ended March 31, 2019
	Revenue From operations			
(i)	Interest income	21	31,091.36	29,940.46
(ii)	Fees and commission income	22	805.95	1,044.68
(iii)	Net (loss)/gain on fair value changes	23	465.01	(5.14)
(iv)	Other operating income	24	255.00	600.00
(I)	**Total revenue from operations**		**32,617.32**	**31,580.00**
(II)	Other income	25	649.34	1,136.42
(III)	**Total income (I + II)**		**33,266.66**	**32,716.42**
	Expenses			
(i)	Finance costs	26	11,605.70	14,082.84
(ii)	Impairment on financial instruments	27	5,634.50	3,662.19
(iii)	Employee benefits expenses	28	9,174.99	8,636.15
(iv)	Depreciation and amortisation	10 & 11	1,160.68	275.93
(v)	Others expenses	29	4,485.49	5,234.09
(IV)	**Total expenses**		**32,061.36**	**31,891.20**
(V)	**Profit before share of loss of Associates (III - IV)**		**1,205.30**	**825.22**
(VI)	**Share of loss of associates**		491.55	-
(VII)	**Profit before exceptional items and tax (V - VI)**		**713.75**	**825.22**
(VIII)	Exceptional item	30	-	3,316.63
(IX)	**Profit after exceptional items and before tax (VII + VIII)**		**713.75**	**4,141.85**
(X)	**Tax Expense:**	31		
	(1) Current Tax		527.43	574.55
	(2) Deferred Tax		(329.99)	795.24
(XI)	**Profit for the year (IX - X)**		**516.31**	**2,772.06**
(XII)	**Other comprehensive income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		29.03	54.47
	(b) Equity instruments through other comprehensive income		0.02	14.26
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.32)	(15.19)
	Subtotal (A)		28.73	53.54
	(B) Items that will be reclassified to profit or loss		-	-
	Other comprehensive income (A + B)		**28.73**	**53.54**
(XIII)	**Total comprehensive income for the year (XI + XII)**		**545.04**	**2,825.60**
	Profit is attributable to:			
	Shareholders of the Group		516.31	2,453.24
	Non controlling interests		-	318.82
	Other Comprehensive Income is attributable to:			
	Shareholders of the Group		28.73	53.54
	Non controlling interests		-	-
	Total Comprehensive Income is attributable to:			
	Shareholders of the Group		545.04	2,506.78
	Non controlling interests		-	318.82
(XIV)	**Earnings per equity share**	32		
	Basic (Rs.)		0.14	0.80
	Diluted (Rs.)		0.14	0.80

Significant accounting policies and key accounting estimates and judgements **1**
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

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

Sd /-
Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 31 August 2020

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

Sd /-
Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Sd /-
Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Sd /-
Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Consolidated Financial Statements

Consolidated Cash Flow Statement for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Profit / (Loss) before tax	713.75	4,141.85
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	1,160.68	275.93
Net (gain) on fair value changes	(465.01)	(4,142.57)
Interest Income	(31,078.05)	(29,940.46)
Finance Cost	11,453.91	14,082.84
Impairment loss	5,634.50	3,762.19
Fee and Commission income	-	(12.72)
Other expenses	-	15.63
Provision for employment benefits	32.28	(19.91)
Share based expense	583.88	201.79
Impairment of goodwill	-	831.08
Advertisement expense	30.61	140.00
Share in loss of associate	491.55	-
Interest expense on lease liability	151.78	-
Reversal of rent expense	(401.71)	-
Operating cash flow before working capital changes	**(11,691.83)**	**(10,664.35)**
Working capital adjustments		
(Increase) / decrease in other trade receivables	(127.83)	39.17
Decrease / (increase) in other receivables	50.75	(55.50)
(Increase) in Loans	(36,677.02)	(36,913.50)
(Increase) in other financial assets	(205.92)	(273.04)
(Increase) in other non financial assets	(388.51)	(117.22)
(Decrease) in trade payables	(12.33)	(257.90)
(Decrease) / Increase in other payables	(284.99)	343.10
Increase in other financial liabilities	2,677.13	233.37
Increase / (decrease) increase in provisions	0.86	(50.52)
Increase in other non financial liabilities	88.71	630.89
Cash generated from operations	**(46,570.98)**	**(47,085.49)**
Interest received on loans	31,012.88	31,372.69
Interest paid on borrowings and debt	(13,157.80)	(11,226.05)
Income taxes paid	(912.13)	(1,206.53)
Net cash (used in) operating activities	**(29,628.03)**	**(28,145.39)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,754.37)	(955.94)
Purchase of intangibles assets	(107.53)	(464.59)
Capital work in progress	(125.06)	-
(Payment made) /Amount received for acquisition of subsidiary	(1,050.25)	279.83
Purchase of investments	(1,11,881.19)	(3,44,582.29)
Proceeds from sale of investments	1,12,051.78	3,44,173.62
Investment in term deposits	(16,814.26)	(267.46)
Proceeds from maturity of term deposits	16,332.53	-
Interest on investments	40.22	87.75
Interest on term deposits	38.26	7.69
Net cash (used in) investing activities	**(4,269.87)**	**(1,721.39)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	42,715.90	1,097.10
Security issue expenses	(595.97)	(68.08)
Proceeds from issue of debt securities	12,511.61	30,000.00
Proceeds from borrowings (other than debt securities)	55,339.32	58,500.01
Redemption of debt securities	(17,500.00)	(5,000.00)
Redemption of borrowings (other than debt securities)	(57,065.32)	(60,344.76)
Net cash generated from financing activities	**35,405.54**	**24,184.27**
Net increase / (decrease) in cash and cash equivalents	**1,507.64**	**(5,682.51)**
Cash and cash equivalents at the beginning of the year	(623.30)	5,059.21
Cash and cash equivalents at the end of the year	**884.34**	**(623.30)**

Notes:

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

(b) Cash and cash equivalents comprises of

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	8.11	7.22
Balances with banks		
- Current Accounts	3,835.52	6,766.29
Deposit with bank with maturity less than 3 months	-	-
Cash and cash equivalents (Refer note 2)	3,843.63	6,773.51
Less: Bank overdraft and cash credit (Refer note 16)	(2,962.25)	(7,397.43)
Add: Impairment loss allowance on deposits with bank	2.96	0.62
Cash and cash equivalents in cash flow statement	**884.34**	**(623.30)**

As per our report of even date

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

Sd /-
Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 31 August 2020

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

Sd /-
Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Sd /-
Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Sd /-
Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Consolidated Financial Statements
Consolidated Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	30,762.93	26,408.02
Changes in equity share capital during the year	0.74	4,354.91
Balance as at the end of the year	30,763.67	30,762.93

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	-	-
Changes in equity share capital during the year	785.16	-
Balance as at the end of the year	785.16	-

B. Other equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus						Equity instruments through OCI	Loss on change in proportion held by NCI	Non Controlling interest	Total
		Special reserve	Capital reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings				
Balance at April 1, 2018	1,191.65	242.42	(6,722.25)	26,476.07	-	-	(365.46)	4.83	-	-	**20,827.26**
Profit for the year	-	-	-	-	-	-	2,453.24	-	-	318.82	2,772.06
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	43.03	-	-	-	43.03
Other comprehensive income for the year	-	-	-	-	-	-	-	10.51	-	-	10.51
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**-**	**2,496.27**	**10.51**	**-**	**318.82**	**2,825.60**
Transfer / utilisations							-				
Additions during the year	370.35	-	5,793.86	-	65.70	-	-	-	-	36.70	6,266.61
Utilized during the year	-	-	-	(68.08)	-	-	-	-	-	-	(68.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	120.57	-	-	-	-	(120.57)	-	-	-	-
Employee stock option expense	-	-	-	-	-	136.09	-	-	-	-	136.09
Loss of control on Business combination	-	-	-	-	-	-	(3.57)	-	-	77.85	74.28
Transferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	633.61	-	-	-	0.00
Balance at March 31, 2019	**-**	**362.99**	**-**	**27,435.03**	**65.70**	**136.09**	**2,640.28**	**15.34**	**-**	**433.37**	**31,088.80**
Profit for the year	-	-	-	-	-	-	516.31	-	-	-	516.31
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	28.70	-	-	-	28.70
Other comprehensive income for the year	-	-	-	-	-	-	-	0.02	-	-	0.02
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**-**	**545.01**	**0.02**	**-**	**-**	**545.03**
Transfer / utilisations											
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.97)	-	-	-	-	-	-	(595.97)
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	-	89.04	-	-	-	-	(89.04)	-	-	-	-
Employee stock option expense	-	-	-	-	(14.80)	598.69	-	-	-	-	583.89
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	(616.81)	(433.37)	(1,050.18)
Balance at March 31, 2020	**-**	**452.03**	**-**	**61,702.59**	**50.90**	**734.78**	**3,096.24**	**15.36**	**(616.81)**	**-**	**65,435.10**

As per our report of even date

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

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

Sd /-
Kapil Goenka
Partner
Membership No: 118189

Sd /-
Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Sd /-
Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Sd /-
Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

Place: Mumbai
Date: 31 August 2020

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Consolidated Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	8.11	7.22
Balances with banks	3,835.52	6,766.29
Total	**3,843.63**	**6,773.51**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposit with bank*	738.84	268.08
Allowance for impairment loss	(2.96)	(0.62)
Total	**735.88**	**267.46**

** Lien marked for securitised transaction, borrowings, etc.*

4. Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	141.67	13.21
Unsecured, considered doubtful	5.09	5.09
Allowance for impairment loss	(5.75)	(5.12)
Total	**141.01**	**13.18**

5. Other Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	4.75	55.63
Allowance for impairment loss	-	(0.13)
Total	**4.75**	**55.50**

6. Loans

(Rs. in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
		Amortised cost	Amortised cost
(A)	(i) Term loans	1,98,335.79	1,58,743.18
	(ii) Loans repayable on demand	11,852.47	18,002.56
	Total - Gross	**2,10,188.26**	**1,76,745.74**
	Less: Impairment loss allowance	(5,339.09)	(2,945.35)
	Total - Net of impairment loss allowance (A)	**2,04,849.17**	**1,73,800.39**
(B)	(i) Secured by tangible assets	1,00,562.73	85,678.33
	(ii) Unsecured	1,09,625.53	91,067.41
	Total - Gross	**2,10,188.26**	**1,76,745.74**
	Less: Impairment loss allowance	(5,339.09)	(2,945.35)
	Total - Net of impairment loss allowance (B)	**2,04,849.17**	**1,73,800.39**
(C)	**Loans in India**		
	(i) Public sectors	-	-
	(ii) Others	2,10,188.26	1,76,745.74
	Total - Gross	**2,10,188.26**	**1,76,745.74**
	Less: Impairment loss allowance	(5,339.09)	(2,945.35)
	Total - Net of impairment loss allowance (C)	**2,04,849.17**	**1,73,800.39**

InCred Financial Services Limited
(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Consolidated Financial Statements

7. Investments

Particulars	As at March 31, 2020					As at March 31, 2019				
	Amortised cost	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others	Total	Amortised cost	At Fair Value Through profit or loss	At Fair Value Through other comprehensive income	Others	Total
Mutual funds	-	1,003.81	-	-	1,003.81	-	-	-	-	-
Debt securities	-	-	-	-	-	587.75	-	-	-	587.75
Equity instruments										
-Associates*	-	-	-	4,047.55	4,047.55	-	-	-	4,639.09	4,639.09
- Strategic Investment	-	-	-	-	-	-		121.63	-	121.63
Total - Gross (A)	**-**	**1,003.81**	**-**	**4,047.55**	**5,051.35**	**587.75**	**-**	**121.63**	**4,639.09**	**5,348.47**
Investments in India	-	1,003.81	-	4,047.55	5,051.35	587.75	-	121.63	4,639.09	5,348.47
Total - Gross (B)	**-**	**1,003.81**	**-**	**4,047.55**	**5,051.35**	**587.75**	**-**	**121.63**	**4,639.09**	**5,348.47**
Less: Allowance for impairment loss **(C)**	-	-	-	-	-	(1.82)	-	-	-	(1.82)
Less: Write off of investment **(D)**	-	-	-	-	-	-	-	-	(100.00)	(100.00)
Total - Net (A + C + D)	**-**	**1,003.81**	**-**	**4,047.55**	**5,051.35**	**585.93**	**-**	**121.63**	**4,539.09**	**5,246.65**

** For details of investment in associates, refer note 35 and note 51*

8. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other receivables	277.02	25.87
Loan to employees	43.51	114.41
Security Deposits	387.24	659.51
Advances to related parties (Refer Note 35)	16.96	13.70
Advances recoverable in cash	50.72	63.15
Less: Allowance for impairment loss	(1.75)	(300.79)
Total	**773.70**	**575.85**

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9. Deferred tax

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	As at April 1, 2019	Recognised in profit and loss	Recognised in OCI	As at March 31, 2020
Deferred tax assets				
Impairment on financial assets	774.53	419.38	-	1,193.91
Impairment on investments	29.12	(3.95)	-	25.17
Retirement benefit plans	42.09	(4.41)	-	37.68
Lease expense	-	29.82	-	29.82
Minimum Alternate Tax credit entitlement	132.65	(132.65)	-	-
Difference between book value of fixed assets as per the books of accounts and income tax	(33.62)	64.11	-	30.49
Others	0.25	4.31	-	4.56
Total (A)	**945.02**	**376.61**	**-**	**1,321.63**
Deferred tax liabilities				
Net fair value gain on investment designated through FVOCI	(6.31)	-	6.31	-
EIR impact on financial instruments	(11.83)	(340.80)	-	(352.63)
Remeasurement of defined benefit plan	-	6.62	(6.62)	-
Fair value of investments in associate	(1,207.81)	287.56	-	(920.25)
Total (B)	**(1,225.95)**	**(46.62)**	**(0.31)**	**(1,272.88)**
Deferred tax assets (net) (A+B) *	**(280.93)**	**329.99**	**(0.31)**	**48.75**

** Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 1,118.43 lakhs - Rs.1,069.68 lakhs)*

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10. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2019								
At carrying cost at the beginning of the year	22.71	9.55	-	16.59	237.14	278.83	-	564.82
Additions	-	37.12	708.55	18.62	191.65	-	-	955.94
Disposals	-	-	-	-	-	-	-	-
Gross carrying value as March 31, 2019	**22.71**	**46.67**	**708.55**	**35.21**	**428.79**	**278.83**	**-**	**1,520.76**
Accumulated depreciation as at the beginning of the year	0.02	0.50	-	1.74	39.36	12.58	-	54.20
Depreciation for the year	0.38	2.01	0.40	5.14	112.29	36.68	-	156.90
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	**0.40**	**2.51**	**0.40**	**6.88**	**151.65**	**49.26**	**-**	**211.10**
Net carrying value as at March 31, 2019	**22.31**	**44.16**	**708.15**	**28.33**	**277.14**	**229.57**	**-**	**1,309.66**
Year ended March 31, 2020								
At carrying cost at the beginning of the year	22.71	46.67	708.55	35.21	428.79	278.83	-	1,520.76
Additions during the year	-	44.78	263.30	86.64	180.73	52.84	2,128.88	2,757.17
Disposals	-	(1.46)	-	(0.44)	(1.19)	-	-	(3.09)
Gross carrying value as March 31, 2020	**22.71**	**89.99**	**971.85**	**121.41**	**608.33**	**331.67**	**2,128.88**	**4,274.84**
Accumulated depreciation as at the beginning of the year	0.40	2.51	0.40	6.88	151.65	49.26	-	211.10
Depreciation for the year	0.38	6.67	323.41	18.59	160.95	40.15	368.39	918.54
Disposals	-	(0.18)	-	(0.11)	-	-	-	(0.29)
Accumulated depreciation as at March 31, 2020	**0.78**	**9.00**	**323.81**	**25.36**	**312.60**	**89.41**	**368.39**	**1,129.35**
Net carrying value as at March 31, 2020	**21.93**	**80.99**	**648.04**	**96.05**	**295.73**	**242.26**	**1,760.49**	**3,145.49**

** Immovable properties have been pledged against debt securities issued. Refer Note 15*

*** Refer Note 38 for recognition of right-of-use assets*

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Notes to the Consolidated Financial Statements

11. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2019	
At cost at the beginning of the year	115.98
Additions during the year	464.59
Gross carrying value as March 31, 2019 (A)	**580.57**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	18.94
Amortisation for the year	119.03
Accumulated amortisation as at March 31, 2019 (B)	**137.97**
Net carrying value as at March 31, 2019 (A-B)	**442.60**
Year ended March 31, 2020	
At cost at the beginning of the year	580.57
Additions during the year	107.54
Gross carrying value as March 31, 2020 (A)	**688.11**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	137.97
Amortisation for the year	242.14
Accumulated amortisation as at March 31, 2020 (B)	**380.11**
Net carrying value as at March 31, 2020 (A-B)	**308.00**

12. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	254.71	148.80
Advances recoverable in kind	77.67	114.32
Advance to employee	-	0.14
Goods and Service Tax ('GST') receivable	837.64	547.94
TDS receivable	8.29	9.21
Total	**1,178.31**	**820.41**

13. Payables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues other than micro enterprises and small enterprises		
- Principal	-	12.33
- Interest due	-	-
Total	**-**	**12.33**

14. Other Payables

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues other than micro enterprises and small enterprises		
- Principal	58.11	343.10
- Interest due	-	-
Total	**58.11**	**343.10**

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15. Debt Securities

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortised cost	Amortised cost
Debentures	42,105.62	47,814.80
Total	**42,105.62**	**47,814.80**
Debts securities in India	42,105.62	47,814.80
Total	**42,105.62**	**47,814.80**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2020	As at March 31, 2019
750, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)	Secured by way of a first pari passu charge on the receivables (“Hypothecated Receivables”) created pursuant to the deed of hypothecation executed between the Company and the Debenture Trustee and a pari passu charge with other debenture holders on the identified immovable property owned by the Issuer. The Hypothecated receivables shall at all times be equal to 1.1x to 1.15x the value of the outstanding amount of the Debentures.	Maturity date - June 26, 2019; Maturity price - Rs. 11,17,183 each	-	8,209.85
500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	6,068.98	5,524.47
1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 825 days from the date of allotment. Annual payment of coupon.	15,047.83	15,023.30
750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Annual payment of coupon.	8,208.86	8,176.38
450, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1096 days from the date of allotment. Annual payment of coupon.	-	4,900.45
550, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)		Redeemable at par at the end of 1091 days from the date of allotment. Annual payment of coupon.	-	5,980.35
158, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 15.8 Crores redeemable at premium at the end of 730 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,653.72	-
156, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 15.6 Crores redeemable at premium at the end of 451 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,621.98	-
192, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 19.22 Crores redeemable at premium at the end of 428 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	1,967.73	-
348, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 34.89 Crores redeemable at premium at the end of 732 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	3,553.81	-
396, 0% Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		The amount of INR 39.60 Crores redeemable at premium at the end of 731 days from the date of allotment if nifty final fixing level is greater than or equal to 25% of the initial fixing level or else at par	3,982.71	-
Total			**42,105.62**	**47,814.80**

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16. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2020 Amortised cost	As at March 31, 2019 Amortised cost
(a) Term loans		
(i) from banks	50,699.91	45,901.80
(ii) from other parties	15,145.11	19,664.54
(b) Loans repayable on demand		
(i) from banks	4,476.26	9,923.97
(ii) from other parties	-	2,007.42
Total	**70,321.28**	**77,497.73**
Borrowings in India	70,321.28	77,497.73
Total	**70,321.28**	**77,497.73**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2020	As at March 31, 2019
Borrowings				
a) Banks	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables") and fixed deposits. The Hypothecated receivables shall be ranging from 1.1x to 1.33x the value of the outstanding principal amount of the borrowings.	The tenure of borrowings ranges from 12 months to 60 months. Principal and interest shall be repayable in instalments (either monthly or quarterly basis) Rate of Interest ("ROI") - 9.75% to 11.65%	50,699.91	45,901.80
b) Others	Secured by way of a first pari passu charge on the receivables ("Hypothecated Receivables"). The Hypothecated receivables shall be ranging from 1.15x to 1.25x the value of the outstanding principal amount of the borrowings.	The tenure of borrowings ranges from 12 months to 36 months. Principal and interest shall be repayable in instalments (either monthly or quarterly basis). ROI - 10.35% to 12.45%	15,014.28	17,203.06
	Secured by way of charge on fixed deposits and receivable to the extent of 3.22x of the amount of pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings. ROI - 10.35% to 12.45%	130.83	2,461.48
Repayable on demand	First pari pasu charge by way of hypothecation of receivable to the extent of 1.10x of the amounts outstanding under the facility.	Repayable on demand. Interest is repayable on a monthly basis. ROI - 11.00%	1,514.01	4,533.96
Cash Credit facilities from Bank	First pari pasu charge by way of hypothecation of receivable to the extent of 1.1x to 1.25x the amounts outstanding under the facility	Repayable on demand. Interest is repayable on a monthly basis. ROI - 10.05% to 11.00%	2,962.25	7,397.43
Total			**70,321.28**	**77,497.73**

Notes to the Consolidated Financial Statements

17. Other financial liabilities

(Rs. in lakhs)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Lease liability (Refer Note 38)	1,878.95	-
Advances from customers	1,432.21	705.05
Expense payable	18.97	191.07
Security deposits	10.57	7.37
Employee expenses payable	0.69	11.88
Others	3.96	2.77
Total	**3,345.35**	**918.14**

18. Provisions

(Rs. in lakhs)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Provision for employee benefits	153.59	150.34
Expected credit loss provision on undrawn commitments	4.82	3.63
Total	**158.41**	**153.97**

19. Other non-financial liabilities

(Rs. in lakhs)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Provision for expenses	1,402.69	1,481.29
Statutory dues payable	698.40	501.26
Total	**2,101.09**	**1,982.55**

20 (A). Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00
Preference Shares of Rs. 10/- each	8,00,00,000	8,000.00	-	-
Total	**2,08,00,00,000**	**2,08,000.00**	**2,00,00,00,000**	**2,00,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	30,76,36,727	30,763.67	30,76,29,303	30,762.93
Preference Shares of Rs. 10/- each fully paid	7,85,16,289	7,851.63	-	-
Total	**38,61,53,016**	**38,615.30**	**30,76,29,303**	**30,762.93**

Terms/rights attached to equity shares

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

In the event of liquidation of the group, the holders of the equity shares will be entitled to receive remaining assets of the group, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

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Terms/rights attached to preference shares

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

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

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

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	**23,03,73,125**	**23,037.31**	**23,03,73,125**	**23,037.31**

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

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% Holding	No. of shares held	% Holding
Bee finance Limited (Mauritius), the holding company	23,03,73,125	59.66%	23,03,73,125	74.89%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	4,50,36,765	11.66%	-	0.00%
IDFC Private Equity Fund IV	2,87,82,735	7.45%	2,87,82,735	9.36%
Alpha Capital Advisors Private Limited A/C PMS	2,63,04,302	6.81%	-	0.00%
Total	**33,04,96,927**	**85.59%**	**25,91,55,860**	**84.24%**

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Aggregate number of shares issued for consideration other than cash during the period for a period of five years immediately preceding

During the current financial year the group has issued Nil equity shares for consideration other than cash (Previous year: 18,24,514 shares). Further, during the current year Optionally Convertible Debentures ("OCD") having face value of Rs. 10 per OCD were converted to Nil equity shares (Previous year: 3,77,77,340 share in 1:1 ratio).

Equity shares reconciliation

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	30,76,29,303	30,762.93	26,40,80,247	26,408.02
Add: Issued during the year				
Shares issued during the year	-		4,35,49,056 *	4,354.91
ESOP exercised during the year	7,424	0.74	-	-
Bought during the year	-	-	-	-
At the end of the year	**30,76,36,727**	**30,763.67**	**30,76,29,303**	**30,762.93**

** includes shares issued on conversion of optionally convertible debentures .*

Preference shares reconciliation

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	-	-	-	-
Add: Issued during the year				
Shares issued during the period	7,85,16,289	7,851.63	-	-
Bought during the period	-	-	-	-
At the end of the year	**7,85,16,289**	**7,851.63**	-	-

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20 (B). Other equity

(Rs. in lakhs)

Particulars	Equity component of optionally convertible debentures	Reserves and Surplus						Equity instruments through OCI	Loss on change in proportion held by NCI	Non Controlling interest	Total
		Special reserve	Capital reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings				
Balance at April 1, 2018	**1,191.65**	**242.42**	**(6,722.25)**	**26,476.07**	**-**	**-**	**(365.46)**	**4.83**	**-**	**-**	**20,827.26**
Profit for the year	-	-	-	-	-	-	2,453.24	-	-	318.82	2,772.06
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	43.03	-	-	-	43.03
Other comprehensive income for the year	-	-	-	-	-	-	-	10.51	-	-	10.51
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**-**	**2,496.27**	**10.51**	**-**	**318.82**	**2,825.60**
Transfer / utilisations							-				
Additions during the year	370.35	-	5,793.86	-	65.70	-	-	-	-	36.70	6,266.61
Utilized during the year	-	-	-	(68.08)	-	-	-	-	-	-	(68.08)
Issue of equity shares	-	-	-	1,027.04	-	-	-	-	-	-	1,027.04
Transferred to special reserve from retained earnings	-	120.57	-	-	-	-	(120.57)	-	-	-	-
Employee stock option expense	-	-	-	-	-	136.09	-	-	-	-	136.09
Loss of control on Business combination	-	-	-	-	-	-	(3.57)	-	-	77.85	74.28
Transferred to capital reserve and retained earnings on conversion of optionally convertible debentures	(1,562.00)	-	928.39	-	-	-	633.61	-	-	-	0.00
Balance at March 31, 2019	**-**	**362.99**	**-**	**27,435.03**	**65.70**	**136.09**	**2,640.28**	**15.34**	**-**	**433.37**	**31,088.80**
Profit for the year	-	-	-	-	-	-	516.31	-	-	-	516.31
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	28.70	-	-	-	28.70
Other comprehensive income for the year	-	-	-	-	-	-	-	0.02	-	-	0.02
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**-**	**545.02**	**0.02**	**-**	**-**	**545.03**
Transfer / utilisations											
Additions during the period	-	-	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	-	-	(595.97)	-	-	-	-	-	-	(595.97)
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	-	89.04	-	-	-	-	(89.04)	-	-	-	-
Employee stock option expense	-	-	-	-	(14.80)	598.69	-	-	-	-	583.89
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	(616.81)	(433.37)	(1,050.18)
Balance at March 31, 2020	**-**	**452.03**	**-**	**61,702.59**	**50.90**	**734.78**	**3,096.24**	**15.36**	**(616.81)**	**-**	**65,435.10**

Description of nature and purpose of each reserve

Equity component of optionally convertible debentures - This is the equity component of the optionally convertible debentures. The liability component is reflected in debt securities

Statutory reserve - Reserves created under Section 45IC of Reserve Bank of India Act, 1934 and under Section 29C of the National Housing Bank Act (NHB Act), 1987.

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

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

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

Share based payment reserve - The employee stock option outstanding reserve is used to recognise the grant date fair value of options issued to employees of the Group under stock option schemes of the Group.

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

Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed

Loss on change in proportion held by NCI - This represents the difference between the non-controlling interest and the fair value of the consideration paid for additional acquisition in subsidiary.

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21. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020 On financial assets measured at amortised cost	Year ended March 31, 2019 On financial assets measured at amortised cost
Interest on loans	31,012.88	29,845.02
Interest income from investments	40.22	87.75
Interest on deposits with banks	38.26	7.69
Total	**31,091.36**	**29,940.46**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the year ended 31 March 2020 and 31 March 2019.

22. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other fees and charges	749.95	1,044.68
Service fees	56.00	-
Total	**805.95**	**1,044.68**

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	465.01	(5.14)
Total	**465.01**	**(5.14)**
Fair value changes:		
- Realised	461.20	(5.14)
- Unrealised	3.81	-

24. Other operating income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Marketing fees	255.00	600.00
Total	**255.00**	**600.00**

25. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Service fee income	628.56	-
Recovery from written-off accounts	-	19.06
Premium on assignment	-	1,100.00
Interest income - others	-	11.99
Other income	20.78	5.37
Total	**649.34**	**1,136.42**

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Notes to the Consolidated Financial Statements

26. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
(i) Interest on borrowings	7,463.01	8,061.50
(ii) Discount on Commercial Paper	93.85	1,367.32
(iii) Interest on Debentures	3,801.05	4,654.02
(iv) Interest on Inter Corporate Debts ("ICD")	66.18	-
(v) Liability towards operating lease (Refer Note 38)	151.78	-
(vi) Other finance cost	29.83	-
Total	**11,605.70**	**14,082.84**

27. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On Financial instruments measured at amortised cost		
- Loans	5,628.25	3,361.50
- Investments	(1.82)	0.02
- Other financial assets	8.07	300.67
Total	**5,634.50**	**3,662.19**

28. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	8,085.02	8,078.19
Contribution to provident and other funds	260.68	202.50
Share based payment to employees	583.88	201.79
Staff welfare expenses	203.86	101.96
Retirement Benefit expenses	32.28	42.87
Others	9.27	8.84
Total	**9,174.99**	**8,636.15**

Notes to the Consolidated Financial Statements

29. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent (Refer Note 38)	275.89	757.15
Communication cost	94.04	89.23
Travelling and conveyance	344.41	396.04
Legal, professional and consultancy charges	350.68	691.38
IT expenses	657.32	544.72
Repairs and maintenance	25.01	27.01
Rating fees	47.84	71.00
Printing and stationary	30.08	35.04
Bank charges	28.57	15.30
Bureau charges	290.44	345.52
Directors' sitting fees	14.55	7.78
Payment to auditors	80.12	88.33
Advertisement, publicity and sales promotion expenses	477.95	472.59
Operation Cost	458.25	277.48
Office Expense	315.23	262.19
Postage & courier charges	62.45	51.76
Interest on statutory dues	5.53	1.34
Recruitment fees	126.88	126.96
Stamp Duty & Filing fees	86.65	62.72
Legal & Technical charges	88.74	359.02
Corporate Social responsibility (Refer Note 43)	16.93	5.40
Provision for diminution in the value of investment	-	100.00
Cost of collection	553.48	311.77
Miscellaneous expenses	54.45	134.36
Total	**4,485.49**	**5,234.09**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Auditor's remuneration		
- Audit fees	71.95	77.20
In other capacity		
- Certification services	8.17	11.13
- Taxation	-	-
Out of pocket expenses	-	-
Total	**80.12**	**88.33**

30. Exceptional Gain

The Group did not have any exceptional items in the financial year ended March 31, 2020. Appended below are the details of the exceptional items for the year ended March 31, 2019:

(i) Fair valuation gain on account of loss of control in a subsidiary

Booth Fintech Private Limited ("Booth") (subsidiary) invested Rs 391.39 lakhs in Class B Cumulative Convertible Preference Shares of mValu Technologies Private Limited ("mValu") on December 27, 2018 and accordingly gained control over mValu. On March 26, 2019, mValu issued additional shares to a third party which has resulted into dilution of Booth shareholding in mValu from 75.99% to 44.51% and thereby losing the control over mValu.
As per requirements of Ind AS 110, due to loss of control over a subsidiary, investment in mValu has been accounted for as an associate at fair value as on date of dilution in the consolidated financial statements. This has led to recognition of fair valuation gain of Rs 4,147.71 lakhs in the consolidated Profit and Loss statement. Consequently deferred tax liability amounting to Rs. 1,207.81 lakhs has been created at a consolidated level in respect of fair value gain of Booth's investment in mValu. The aforementioned gain has arisen due to compliance with applicable accounting standards pursuant to loss of control. This is not an operating income and is non-recurring in nature. There is no cash flow since the gain is recognised on deemed disposal.

(ii) Impairment of Goodwill

The Group had recognised goodwill of Rs 831.08 lakhs as at March 31, 2018 for the investment in its wholly owned subsidiary, Incred Housing Finance Private Limited ("HFC"). Based on impairment testing, an impairment of Rs. 831.08 has been recorded for the year ended March 31, 2019.

31. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense		
Current year	527.43	574.55
Deferred tax expense		
Origination and reversal of temporary differences	(329.99)	795.24

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	29.03	(6.62)	22.41	54.47	(11.44)	43.03
(b) Equity instruments through other comprehensive income	0.02	6.30	6.32	14.26	(3.75)	10.51
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	-	-	-	-	-	-
Total	**29.05**	**(0.32)**	**28.73**	**68.73**	**(15.19)**	**53.54**

(c) Amounts recognised directly in equity

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	Before tax	Tax benefit	Net of tax	Before tax	Tax (expense)	Net of tax
Temporary difference arising from optionally convertible debentures	-	-	-	1,191.65	370.35	1,562.00

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax as per Statement of profit and loss	713.75	4,141.85
Statutory tax rate	25.17%	29.12%
Tax using the Company's domestic tax rate	179.65	1,206.11
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	36.66	290.62
Income tax deductions	(104.73)	(21.35)
Impact of change in tax rate	(56.41)	-
Tax pertaining to prior year	2.15	12.40
Tax impact of unrecognised tax losses/ temporary differences	7.47	(117.58)
Impact of MAT reversal	132.65	-
Tax impact of lower tax rate for subsidiaries	-	(0.41)
Total income tax expense	**197.44**	**1,369.79**
Effective tax rate	**27.66%**	**33.07%**

(e) The Group has elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision for income tax for the year ended March 31, 2020 and has reversed the MAT credit recognised earlier and re-measured its deferred tax assets and liabilities basis the rate prescribed in the said section. The full impact of the above mentioned change of Rs. 76.24 lakhs has been recognised in the consolidated statement of profit and loss for the year ended March 31, 2020.

Notes to the Consolidated Financial Statements

32. Earnings per share

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

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to equity holders of the Company used in calculating basic earnings per share	**516.31**	**2,453.24**
Add: Interest savings on convertible bonds*	-	-
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	**516.31**	**2,453.24**

** The effect of conversion of OCD is anti-dilutive thus not considered for Diluted EPS*

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**38,03,66,142**	**30,51,86,859**
Add: Adjustments for calculation of diluted earnings per share	-*	7,31,391
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**38,03,66,142**	**30,59,18,250**
Basic earnings per share	**0.14**	**0.80**
Diluted earnings per share	**0.14**	**0.80**

** The ESOPs outstanding are anti-dilutive in nature*

33. Fair value measurements

A. Accounting classification

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

(Rs. in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	3,843.63	-	-	6,773.51
Bank balance other than cash and cash equivalents	-	-	735.88	-	-	267.46
Receivables						
(I) Trade receivables	-	-	141.01	-	-	13.18
(II) Other receivables	-	-	4.75	-	-	55.50
Loans	-	-	2,04,849.17	-	-	1,73,800.39
Investments						
- Mutual funds	1,003.81	-	-	-	-	-
- Debt securities	-	-	-	-	-	585.93
- Strategic investment	-	-	-	-	121.63	-
Other financial assets	-	-	773.70	-	-	575.85
Total financial assets	**1,003.81**	**-**	**2,10,348.14**	**-**	**121.63**	**1,82,071.82**
Financial liabilities						
Payables						
- Trade payables	-	-	-	-	-	12.33
- Other payables	-	-	58.11	-	-	343.10
Debt securities	-	-	42,105.62	-	-	47,814.80
Borrowings (other than debt securities)	-	-	70,321.28	-	-	77,497.73
Other financial liabilities	-	-	3,345.35	-	-	918.14
Total financial liabilities	**-**	**-**	**1,15,830.36**	**-**	**-**	**1,26,586.10**

B. Fair Value

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

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Equity instruments (strategic investments)	-	-	-	-	-	-	121.63	121.63
Investment in mutual funds	1,003.81	-	-	1,003.81	-	-	-	-
Total	**1,003.81**	**-**	**-**	**1,003.81**	**-**	**-**	**121.63**	**121.63**

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

(Rs. in lakhs)

Particulars	**Fair value**							
	As at March 31, 2020				**As at March 31, 2019**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Cash and cash equivalents	3,843.63	-	-	3,843.63	6,773.51	-	-	6,773.51
Bank balance other than cash and cash equivalents	735.88	-	-	735.88	267.46	-	-	267.46
Receivables								-
(I) Trade receivables	-	-	141.01	141.01	-	-	13.18	13.18
(ii) Other receivables	-	-	4.75	4.75	-	-	55.50	55.50
Investments								
-Debt securities	-	-	-	-	-	-	585.93	585.93
Loans	-	-	2,06,237.47	2,06,237.47	-	-	1,76,248.42	1,76,248.42
Other financial assets	-	-	773.70	773.70	-	-	575.85	575.85
Total	**4,579.51**	**-**	**2,07,156.93**	**2,11,736.44**	**7,040.97**	**-**	**1,77,478.88**	**1,84,519.85**
Financial Liabilities								
Payables								
- Trade payables	-	-	-	-	-	-	12.33	12.33
- Other payables	-	-	58.11	58.11	-	-	343.10	343.10
Debt securities	-	-	42,112.57	42,112.57	-	-	47,814.80	47,814.80
Borrowings (other than debt securities)	-	-	70,306.94	70,306.94	-	-	77,497.73	77,497.73
Other financial liabilities	-	-	3,345.35	3,345.35	-	-	918.14	918.14
Total	**-**	**-**	**1,15,822.97**	**1,15,822.97**	**-**	**-**	**1,26,586.10**	**1,26,586.10**

(Rs. in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	3,843.63	3,843.63	6,773.51	6,773.51
Bank balance other than cash and cash equivalents	735.88	735.88	267.46	267.46
Receivables				
(I) Trade receivables	141.01	141.01	13.18	13.18
(II) Other receivables	4.75	4.75	55.50	55.50
Loans	2,04,849.17	2,06,237.47	1,73,800.39	1,76,248.42
Investments				
- Mutual funds	1,003.81	1,003.81	-	-
- Debt securities	-	-	585.93	585.93
- Equity instruments (strategic investments)	-	-	121.63	121.63
Other financial assets	773.70	773.70	575.85	575.85
Total	**2,11,351.95**	**2,12,740.25**	**1,82,193.45**	**1,84,641.48**
Financial liabilities				
Payables				
- Trade payables	-	-	12.33	12.33
- Other payables	58.11	58.11	343.10	343.10
Debt securities	42,105.62	42,112.57	47,814.80	47,814.80
Borrowings (other than debt securities)	70,321.28	70,306.94	77,497.73	77,497.73
Other financial liabilities	3,345.35	3,345.35	918.14	918.14
Total	**1,15,830.35**	**1,15,822.97**	**1,26,586.10**	**1,26,586.10**

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

C. Measurement of fair values

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

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Financial instruments held at amortised cost

i. Cash and bank balance:
The fair value of cash and balances with bank is their carrying amounts

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

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

iv. Debt securities and borrowings:
The estimated fair value of fixed interest bearing borrowings without quoted market prices is based on discounted cash flows using the prevailing market rates for debts with a similar credit risk and remaining maturity. For floating rate borrowings, the fair value approximates the carrying value. For market linked debentures, the fair value published by CARE Rating Agency as at March 31, 2020 has been considered.

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

Financial instruments held at fair value
i. Investment in mutual fund:
The investment in mutual funds are valued using the closing NAV in the market.

Gains or losses on transfers amongst categories
The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of reporting period

Transfers between level 1 and 2
There are no transfers of financial assets and liabilities measured at fair value between Levels 1 and 2 during the financial years ended March 31, 2020 and March 31, 2019.

Transfers between level 3 and 2
There are no transfers of financial assets and liabilities measured at fair value between Levels 2 and 3 during the financial years ended March 31, 2020 and March 31, 2019

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

The following table presents the change in level 3 items for the year ended March 31, 2020 and March 31, 2019.

(Rs. in lakhs)

Particulars	Equity instruments
As at March 31, 2018	**107.37**
Gains recognised in other comprehensive income	14.26
As at March 31, 2019	**121.63**
Acquisitions/(Disposal)	(121.61)
Gains recognised in other comprehensive income	(0.02)
As at March 31, 2020	-

34. Financial risk management

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk & liquidity risk. The Group's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

34. Financial risk management (continued)

A. Credit risk

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

i) Credit risk management

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

The key factors considered include:

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

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

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

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

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

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

Measurement of Expected Credit Losses ('ECL')

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

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

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

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

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

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

Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. As a practice the Group writes of unsecured loans outstanding for more than 360 days and 450 days incase of secured loans. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

34. Financial risk management (continued)

As at March 31, 2020

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses **(Stage 1)**	Investments at amortised cost			
	- Debt securities	-	-	-
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,99,017.36	1,345.71	1,97,671.65
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,880.07	4.82	9,875.25
	Other assets	1,358.80	1.76	1,357.04
Loss allowance measured at life-time expected credit losses, not credit impaired **(Stage 2)**	Loans at amortised cost - Term Loans	4,355.24	317.58	4,037.66
Loss allowance measured at life-time expected credit losses, credit impaired **(Stage 3)***	Loans at amortised cost - Term Loans	6,815.66	3,675.81	3,139.85

** Includes interest accrued on Stage 3 loans and provision made thereon*

As at March 31, 2019

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses **(Stage 1)**	Investments at amortised cost			
	- Debt securities	587.75	1.82	585.93
	Loans at amortised cost			
	- Term Loans	1,69,216.90	594.69	1,68,622.21
	Bank balance other than cash and cash equivalents	268.08	0.61	267.47
	Loan commitments	10,140.24	3.64	10,136.60
	Other assets	579.65	0.79	578.86
Loss allowance measured at life-time expected credit losses, not credit impaired **(Stage 2)**	Loans at amortised cost - Term Loans	3,941.90	202.21	3,739.69
Loss allowance measured at life-time expected credit losses, credit impaired **(Stage 3)***	Loans at amortised cost - Term Loans	3,586.95	2,148.45	1,438.50

** Includes interest accrued on Stage 3 loans and provision made thereon*

(ii) Maximum exposure to credit risk

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

(Rs. in lakhs)

Particulars	Gross Exposure	
	As at March 31, 2020	**As at March 31, 2019**
Cash and cash equivalent	3,843.63	6,773.51
Balances with Banks	738.84	267.46
Trade receivables	146.76	13.18
Other receivables	4.75	55.50
Loans	2,10,188.26	1,73,800.39
Investments	-	5,246.65
Other financial assets	775.44	575.85
Total credit risk exposure	**2,15,697.68**	**1,86,732.54**

34. Financial risk management (continued)

Collateral held

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

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

Value of security of Credit Impaired assets

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

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Value of Security	3,050.38	380.35

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

iii) Reconciliation of loss allowance provision

For loans (Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage1)	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Loss allowance measured at life-time expected losses (Stage 3)
Loss allowance on March 31, 2019	**595.58**	**202.21**	**2,148.45**
Remeasurement of loss allowance	47.94	(67.90)	2,055.25
Assets originated or purchased	739.48	116.72	407.66
Transferred to 12-month ECL	9.28	(39.97)	(21.89)
Transferred to Lifetime ECL not credit impaired	(17.97)	176.45	(2.21)
Transferred to Lifetime ECL credit impaired	(28.58)	(69.94)	2,627.76
Write – offs	-	-	(3,539.22)
Loss allowance on March 31, 2020	**1,345.73**	**317.57**	**3,675.80**

For investments (Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2019	**1.82**
Changes in risk parameters	(1.82)
Loss allowance on March 31, 2020	**-**

For loan commitments (Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2019	**3.63**
Changes in loss allowances due to Assets used or released	1.19
Loss allowance on March 31, 2020	**4.82**

34. Financial risk management (continued)

Concentration of credit risk

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

(Rs. in lakhs)

Particulars	Loans and advances to customers	
	As at March 31, 2020	As at March 31, 2019
Concentration by region		
North	30,112.17	34,440.26
South	1,00,098.22	80,391.06
East	9,254.90	5,409.10
West	70,722.97	56,504.76
Total	**2,10,188.26**	**1,76,745.18**

(Rs. in lakhs)

Particulars	Loan commitments and financial guarantees issued	
	As at March 31, 2020	As at March 31, 2019
Concentration by region		
North	1,215.32	2,174.25
South	4,456.40	3,316.98
East	574.71	451.91
West	3,633.64	4,197.10
Total	**9,880.07**	**10,140.24**

Offsetting financial assets and financial liabilities

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

(iv) Provision for impact of COVID-19

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Company have provided a moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if the said amounts were overdue on February 29, 2020. RBI vide its notification dated May 23, 2020 has further extended moratorium period upto August 31, 2020 due to further intensification of COVID-19 impact. For all such accounts, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy). The aforesaid relaxation has not been deemed to be triggering significant increase in credit risk.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Group’s assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Group has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. In addition to the above, the Group has also created a provision of Rs 300 lakhs against Ind AS staging benefit considered on account of moratorium. The Group’s impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

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34. Financial risk management (continued)

B. Liquidity risk

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

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2029
Expiring within one year	11,038.25	4,364.57
Expiring beyond one year	-	-
Total	**11,038.25**	**4,364.57**

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

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Trade payables	13	-	-	-	-	-	-
Other payables	14	58.11	(58.11)	(58.11)	-	-	-
Debt securities	15	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings	16	70,321.28	(99,576.75)	(41,614.51)	(34,684.90)	(23,270.90)	-
Other financial liabilities	17	3,345.35	(3,345.34)	(26.77)	(3,318.57)	-	-
Loan commitments	39	9,880.07	(9,880.07)	(5,430.48)	(4,420.62)	(14.49)	(14.48)
Total		**1,25,710.43**	**(1,58,658.72)**	**(73,563.59)**	**(61,788.82)**	**(23,285.39)**	**(14.48)**

As at March 31, 2019

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Trade payables	13	12.33	(12.33)	(12.33)	-	-	-
Other payables	14	343.10	(343.10)	(343.10)	-	-	-
Debt securities	15	47,814.80	(52,543.33)	(21,787.65)	(30,755.68)	-	-
Borrowings	16	77,497.73	(85,544.03)	(52,338.74)	(31,227.18)	(1,978.11)	-
Other financial liabilities	17	918.14	(918.14)	(910.77)	(7.37)	-	-
Loan commitments	39	10,140.24	(10,140.24)	-	-	(5,070.12)	(5,070.12)
Total		**1,36,726.34**	**(1,49,501.17)**	**(75,392.59)**	**(61,990.23)**	**(7,048.23)**	**(5,070.12)**

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34. Financial risk management (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,843.63	3,843.63	3,843.63	-	-	-
Bank deposits	3	735.88	735.88	735.88	-	-	-
Trade receivables	4	141.01	141.01	141.01	-	-	-
Other receivables	5	4.75	4.75	4.75	-	-	-
Loans	6	2,04,849.17	2,92,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments	7	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	8	773.70	773.70	380.71	392.99	-	-
Total		**2,11,351.95**	**2,98,983.97**	**1,13,869.94**	**80,285.47**	**36,729.10**	**68,099.46**

As at March 31, 2019

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	6,773.51	6,773.51	6,773.51	-	-	-
Bank deposits	3	267.46	285.83	141.73	144.10	-	-
Trade receivables	4	13.18	13.18	13.18	-	-	-
Other receivables	5	55.50	55.50	55.50	-	-	-
Loans	6	1,73,800.39	2,47,553.75	90,417.60	62,514.73	33,012.84	61,608.58
Investments	7	707.55	779.81	779.81	-	-	-
Other financial assets	8	575.85	575.85	217.13	358.72	-	-
Total		**1,82,193.44**	**2,56,037.43**	**98,398.46**	**63,017.55**	**33,012.84**	**61,608.58**

34. Financial risk management (continued)

C. Interest rate risk

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

Exposure to interest rate risk

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

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2020	As at March 31, 2019
Loans		
Fixed rate loans	1,08,509.09	73,311.89
Variable rate loans	99,181.42	1,02,096.22
Bank balance other than cash and cash equivalents	723.06	265.60
Investment in debentures	-	500.00
Total	**2,08,413.57**	**1,76,173.71**
Borrowings		
Fixed rate borrowings	(47,092.03)	(47,449.67)
Variable rate borrowings	(64,278.82)	(75,026.89)
Total	**(1,11,370.85)**	**(1,22,476.56)**

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Group's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2020 and March 31, 2019 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2020				
Variable-rate instruments	520.89	(520.89)	520.89	(520.89)
Cash flow sensitivity (net)	**520.89**	**(520.89)**	**520.89**	**(520.89)**
March 31, 2019				
Variable-rate instruments	270.69	(270.69)	270.69	(270.69)
Cash flow sensitivity (net)	**270.69**	**(270.69)**	**270.69**	**(270.69)**

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

D. Price risk

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2020, profit or loss(pre-tax) for the year ended March 31, 2020 would increase/decrease by Rs. 10.03 lakhs (Previous Year: NIL) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2020.

The Group is currently not exposed to any equity price risks arising from equity investments classified in the Balance Sheet at fair value through Other Comprehensive Income since the amount outstanding as at March 31, 2020 is Nil (Previous year: Rs. 6.08 lakhs).

35. Related party disclosures

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the Director	**Designation**
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and Chief Executive Officer (w.e.f. May 16, 2019)
Mr. Sunil Agarwal, Director	Whole-time director (w.e.f. April 01, 2018 upto June 11, 2018)
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer (w.e.f. June 12, 2018)

Enterprises where key management personnel exercises control

1. Incred Housing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited) (till March 20, 2018)
2. BSH Corporate Advisors and Consultants Private Limited (w.e.f. February 13, 2018)
3. Proud Securities and Credits Private Limited (w.e.f. July 12, 2018)

Holding Company:

Name of Holding Company	**Country of Incorporation**	**Proportion of ownership interest (% holding)**	
		As at March 31, 2020	**As at March 31, 2019**
Bee Finance Limited (Mauritius)	Mauritius	59.66%	74.89%

Associate Enterprise:

1. mValu Technology Services Private Limited (w.e.f. March 25, 2019)
2. Digilend Analytics and Technology Private Limited (on account of Board seat, till March 22, 2019)

B. Transactions with related parties

KMP compensation (Rs. in lakhs)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Employee benefit expenses*	570.22	211.05

**As the liabilities for gratuity, leave encashment and employee stock option cost are provided on actuarial basis for the Group as a whole and hence the amounts pertaining to the key management personnel are not included in the above.*

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35. Related party disclosures (continued)

B. Transactions with related parties

The aforementioned Note provides information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides total amount of transactions that have been entered into with related parties for the relevant financial year:

(Rs. in lakhs)

Sr. No	Nature of transactions	Holding Company	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or significantly controlled by KMP	Associate
1	**Purchase of equity shares of subsidiary company**				
	March 31, 2020	1,050.25	-	-	-
	March 31, 2019	-	-	-	-
2	**Security deposits received**				
	March 31, 2020	-	3.20	-	-
	March 31, 2019	-	-	-	-
3	**Issue of equity shares**				
	March 31, 2020	-	-	-	-
	March 31, 2019	-	454.90	-	-
4	**Securities Premium received on issue of equity shares**				
	March 31, 2020	-	-	-	-
	March 31, 2019	-	809.46	-	-
5	**License fees Income**				
	March 31, 2020	-	-	-	56.00
	March 31, 2019	-	-	-	12.73
6	**Fee and commission expense**				
	March 31, 2020	-	-	19.01	-
	March 31, 2019	-	-	-	40.73
7	**Income from reimbursement**				
	March 31, 2020	-	-	91.85	14.34
	March 31, 2019	-	-	-	-
8	**Advances given**				
	March 31, 2020	-	-	-	-
	March 31, 2019	-	440.99	70.17	10.00
9	**Advances repaid**				
	March 31, 2020	-	-	-	-
	March 31, 2019	-	465.31	70.17	10.00

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (*Refer Note 37 for further details).*

C. Summary of balance receivable from the above related are as follows:

(Rs. in lakhs)

Sr. No.	Nature of balances	Holding Company	KMP/ KMP exercising influence/ close member of KMP	Enterprises owned or significantly controlled by KMP	Associate
1	**Advances receivable**				
	March 31, 2020	-	-	99.19	17.11
	March 31, 2019	-	-	-	13.75
2	**Other payables**				
	March 31, 2020	-	-	19.01	-
	March 31, 2019	-	-	-	-
3	**Security deposits payable**				
	March 31, 2020	-	3.20	-	-
	March 31, 2019	-	-	-	-
4	**Number of options outstanding**				
	March 31, 2020	248	-	-	-
	March 31, 2019	549	-	-	-

Terms and conditions of transactions with related parties

The transactions with related parties are made at arm's length basis.

36. Employee benefits

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	235.48	202.50

2. Gratuity

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

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	65.07	44.74
Interest cost	4.41	3.42
Current Service cost	48.46	60.20
Liability Transferred In/Acquisition	-	11.17
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	(38.03)	(32.76)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	2.11	(16.27)
Actuarial Losses on Obligations - Due to Experience	6.88	(5.43)
Liability at the end of the year	**88.90**	**65.07**

Amount recognized in the Balance Sheet (Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of benefit obligation at the end of the year	(88.90)	(65.08)
Fair value of plan assets at the end of the year	-	-
Funded Status (Deficit)	(88.90)	(65.08)
Net (Liability) Recognized in the Balance Sheet	**(88.90)**	**(65.08)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	48.45	60.20
Net Interest cost	4.41	3.42
Expenses recognised	**52.86**	**63.62**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial (Gains) on obligation for the year	(29.03)	(54.47)
Net (Income) for the year recognized in OCI	**(29.03)**	**(54.47)**

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The actuarial assumptions used to determine benefit obligations as at March 31, 2020 and March 31, 2019 are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.21%	6.76% - 6.96%
Salary escalation rate	5% - 7%	7% - 9%
Expected Rate of return on Plan Assets	N.A.	N.A.
Rate of Employee Turnover	35%	20% - 25%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

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

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening net liability	65.07	44.74
Expenses recognized in Statement of Profit and Loss	52.86	63.63
Expenses recognized in OCI	(29.03)	(54.47)
Net (Asset) Transfer In	-	11.18
Net liability recognized in the Balance Sheet	**88.90**	**65.08**

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefits payable in future years from the date of reporting		
1st following year	0.55	0.32
2nd following year	0.41	0.28
3rd following year	20.52	0.24
4th following year	24.07	13.51
5th following year	20.49	17.14
Sum of years 6 To 10	38.84	46.94
Sum of years 11 and above	6.86	21.86

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefit obligation on current assumptions	88.89	65.07
Delta effect of +1% change in rate of discounting	(3.56)	(3.62)
Delta effect of -1% change in rate of discounting	3.79	3.94
Delta effect of +1% change in rate of salary increase	3.62	3.85
Delta effect of -1% change in rate of salary increase	(3.50)	(3.62)
Delta effect of +1% change in rate of employee turnover	(3.44)	(2.82)
Delta effect of -1% change in rate of employee turnover	3.55	2.91

Notes to the Consolidated Financial Statements
Qualitative disclosures

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

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

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

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

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

3. Compensated absences

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

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Total actuarial liability		
Assumptions:		
Discount rate	5.21%	6.76% - 6.96%
Salary escalation rate	5% - 7%	7% - 9%
Rate of Employee Turnover	35.00%	20% - 25%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

37. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

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

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

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

A. Measurement of fair values

Equity-settled share-based payment arrangements
The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

The model inputs for options granted during the year ended March 31, 2020

Particulars / Grant date	April 1, 2019	May 31, 2019	July 1, 2019	October 1, 2019	January 1, 2020
Fair value as on grant date (weighted average)	28.99	28.94	28.85	27.81	27.91
Share price as on grant date	54.40	54.40	54.40	54.40	54.40
Exercise price	40.00	40.00	40.00	40.00	40.00
Expected volatility (weighted average volatility)	0.35	0.35	0.35	0.35	0.35
Expected life (expected weighted average life)	8.5 years	8.5 years	8.5 years	8.5 years	8.5 years
Risk- free interest rate (based on government bonds)	7.08%	7.03%	6.93%	6.49%	6.62%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.				

The model inputs for options granted during the year ended March 31, 2019

Particulars / Grant date	July 1, 2018	October 1, 2018	January 1, 2019
Fair value as on grant date (weighted average)	8.47	17.98	17.38
Share price as on grant date	27.79	40.46	40.46
Exercise price	40.00	40.00	40.00
Expected volatility (weighted average volatility)	0.35	0.35	0.35
Expected life (expected weighted average life)	9.5 years	9.5 years	9.5 years
Risk- free interest rate (based on government bonds)	8.17%	8.25%	7.40%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.		

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The Parent Company is not listed on any stock exchange due to which there is no available history of the day-to-day movements in share prices of the Parent Company. For the purpose of determining volatility, the Group has used a proxy for the volatility of the share price of the Parent Company. The Group has determined the proxy by benchmarking it to the weighted average volatility of other listed entities that carry out similar kind of business as compared to the Parent Company.

B. Reconciliation of outstanding share options

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

Particulars	Average exercise price per option	Number of options	
		As at March 31, 2020	As at March 31, 2019
Opening balance	40.00	50,80,781	52,83,871
Add: Options granted during the year	40.00	85,86,300	-
Less: Options exercised during the year	40.00	(6,924)	-
Less: Options lapsed during the year	40.00	(11,54,573)	(2,03,090)
Options outstanding as at the year end	**40.00**	**1,25,05,584**	**50,80,781**
Weighted average remaining contractual life of options outstanding at end of period			8.1 years

Notes to the Consolidated Financial Statements
II. Share option plans (equity-settled) by Bee Finance Limited (Mauritius), Holding Company

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

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

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

A. Measurement of fair values

The fair value of the employee share options has been measured using Black-Scholes Option pricing model.
The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the previous year are as follows:

The model inputs for options granted during the year ended March 31, 2019

Particulars	Category A - C	Category D - F	Category G - H	Category I
Fair value as on grant date (weighted average)	64,021	64,021	64,021	64,021
Share price as on grant date	64,021	64,021	64,021	64,021
Exercise price	46,102	46,102	89,643	46,102
Expected volatility (weighted average volatility)	35%	35%	35%	35%
Expected life (expected weighted average life)	11.2 years	11.72 years	11.93 years	10.68 years
Risk- free interest rate (based on government bonds)	6%	8%	8%	8%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.			

B. Reconciliation of outstanding share options

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

	As at March 31, 2020		As at March 31, 2019	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**52,981.27**	**553.00**	**-**	**-**
Add: Options granted during the year	-	-	54,266.20	697.00
Less: Options lapsed during the year	55,363.75	(305.00)	52,451.99	(144.00)
Options outstanding as at the year end	**48,033.52**	**248.00**	**52,981.27**	**553.00**
Weighted average remaining contractual life of options outstanding at end of period			11.2 years	

C. Expenses arising from share-based payment transactions

Refer Note 28 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

38. Lease accounting

1 Lease disclosures under Ind-AS 116 for the current year ended 31 March 2020

A First time adoption of Ind AS 116

The Group has adopted the new standard, Ind AS 116 Leases with effect from 1st April, 2019 using the modified retrospective approach as per para C8 (b)(i) of Ind AS 116. The Group recorded the lease liability at the present value of the lease payments and the right of use asset at an amount equals to lease liability adjusted by an amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application, i.e., 1st April, 2019. The application of this method had no impact on retained earnings as on 1st April 2019. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.
On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 930.97 lakhs and lease liability of Rs. 930.97 lakhs.
In statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.
In the context of initial application, the Group has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

The following is the summary of practical expedients elected on initial application:
i. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment.
ii. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
iii. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

B The Group has entered into leasing arrangements for premises. ROU has been included under 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

i. Following are the changes in the carrying value of right of use assets (ROU) for the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	**As at March 31, 2020**
Balance as on April 1, 2019	**930.97**
Addition during the year	1,197.91
Depreciation for the year	-
Balance as on March 31, 2020	**2,128.88**

ii. The following is the movement in lease liabilities during the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	**As at March 31, 2020**
Balance as on April 1, 2019	**930.97**
Addition during the year	**1,197.91**
Finance cost accrued during the year	151.78
Payment of Lease liabilities made during the year	(401.71)
Balance as on March 31, 2020	**1,878.95**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2020
Less than one year	424.93
Between one and five years	1,456.00
More than five years	713.46
Total	**2,594.39**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2020
Depreciation expense on right-of-use assets (Refer Note 10)	368.39
Interest expense on lease liabilities (Refer Note 26)	151.78
Expense relating to short-term leases (Refer Note 29)	275.89
Expense relating to leases of low value assets	-

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

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at March 31, 2020
Total cash outflow for leases	401.71

vi. A reconciliation of the operating lease commitments at March 31, 2019, disclosed in the group's 2019 financial statements, to the lease liabilities recognized in the statement of financial position at April 1, 2019 is provided below:

Particulars	As at April 1, 2019
Operating lease commitments disclosed as at March 31, 2019	**1,609.64**
Discounted using the incremental borrowing rate at April 1, 2019	(585.98)
(Less): short-term leases recognized on a straight-line basis as expense	(92.69)
(Less): low-value leases recognized on a straight-line basis as expense	-
Total	**930.97**

2 Lease disclosures under Ind-AS 17 for the comparative year ended March 31, 2019:

A. Leases as lessee

The group leases a number of branch and office premises under operating leases. The leases typically run for a period ranging between 1 and 5 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals.

i. Future minimum lease payments

Particulars	March 31, 2019
Less than one year	501.88
Between one and five years	581.47
More than five years	526.29
Total	**1,609.64**

ii. Amounts recognised in profit or loss

Particulars	March 31, 2019
Lease expense (Refer Note 29)	757.15

39. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments		
Commitments relating to loan sanctioned but undrawn	9,880.07	10,140.24
Total	**9,880.07**	**10,140.24**

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its Financial results.

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

40. Securitisation

Transfer of financial assets

The Group has transferred financial assets, primarily unsecured loan receivables, that are not derecognised as the Group has continuing involvement.

Securitisation:
Transfer of financial assets that do not result in derecognition

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

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.
The Group has agreed to provide servicing assistance pursuant to the terms of servicing agreement.

In this securitisation where the Group transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Group does not transfer substantially all of the risks and rewards of these assets.
Hence, the Group continues to recognise the securitised loan portfolio in its books of accounts.

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

(Rs. in lakhs)

As at March 31, 2020	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

(Rs. in lakhs)

As at March 31, 2019	Loan receivables	Credit enhancements
Carrying amount of assets	2,526.87	265.59
Carrying amount of associated liabilities	2,461.48	-

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Notes to the Consolidated Financial Statements

41. Current and Non-Current Maturity

(Rs. in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3,843.63	-	3,843.63	6,773.51	-	6,773.51
Bank Balance other than cash and cash equivalents	735.88	-	735.88	136.17	131.29	267.46
Receivables						
(I) Trade receivables	141.01	-	141.01	13.18	-	13.18
(II) Other receivables	4.75	-	4.75	55.50	-	55.50
Loans	84,580.33	1,20,268.84	2,04,849.17	72,484.29	1,01,316.10	1,73,800.39
Investments	1,003.80	4,047.55	5,051.35	121.65	5,125.00	5,246.65
Other Financial assets	380.71	392.99	773.70	318.70	257.14	575.85
Sub total	**90,690.11**	**1,24,709.38**	**2,15,399.49**	**79,903.00**	**1,06,829.53**	**1,86,732.53**
Non-financial assets						
Current Tax assets (Net)	426.64	855.87	1,282.51	912.50	49.82	962.32
Deferred Tax assets (Net)	-	1,118.43	1,118.43	-	924.60	924.60
Property, plant and equipment	-	3,145.49	3,145.49	-	1,309.66	1,309.66
Capital work-in-progress	-	125.06	125.06	-	-	-
Goodwill	-	652.65	652.65	-	652.65	652.65
Other intangible assets	-	308.00	308.00	-	442.60	442.60
Other non-financial assets	591.96	586.35	1,178.31	762.21	58.20	820.41
Sub total	**1,018.60**	**6,791.85**	**7,810.45**	**1,674.71**	**3,437.53**	**5,112.24**
Total assets	**91,708.71**	**1,31,501.23**	**2,23,209.94**	**81,577.71**	**1,10,267.06**	**1,91,844.77**
LIABILITIES						
Financial liabilities						
Payables	-	-	-			
(I) Trade payables	-	-	-			
(i) Total outstanding dues of creditors other than micro and small enterprises	-	-	-	12.33	-	12.33
(II) Other payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	58.11	-	58.11	343.10	-	343.10
Debt securities	24,700.66	17,404.96	42,105.62	19,818.03	27,996.77	47,814.80
Borrowings (Other than Debt Securities)	35,358.69	34,962.59	70,321.28	47,829.92	29,667.81	77,497.73
Other Financial liabilities	26.77	3,318.58	3,345.35	910.77	7.37	918.14
Sub total	**60,144.23**	**55,686.13**	**1,15,830.36**	**68,914.15**	**57,671.95**	**1,26,586.10**
Non-Financial liabilities						
Current tax liabilities (Net)	-	-	-	43.11	21.79	64.90
Provisions	25.72	132.69	158.41	54.58	99.39	153.97
Deferred tax liabilities (Net)	-	1,069.68	1,069.68	-	1,205.53	1,205.53
Other non-financial liabilities	2,101.09	-	2,101.09	1,958.17	24.38	1,982.55
Sub total	**2,126.81**	**1,202.37**	**3,329.18**	**2,055.86**	**1,351.09**	**3,406.95**
Total liabilities	**62,271.04**	**56,888.50**	**1,19,159.54**	**70,970.01**	**59,023.04**	**1,29,993.05**

42. Foreign Currency Transactions

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Expenditure in foreign currency		
Business origination expenses	-	1.51
IT expenses	-	0.80
Legal, professional and consultancy charges	-	153.03
Recruitment fees	3.63	-
Legal & Technical charges	2.26	-
Total	**5.89**	**155.34**

43. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Amount required to be spent as per section 135 of the Companies Act, 2013	16.05	3.22
Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In cash	14.93	5.40
Yet to be paid in cash*	2.00	
Total	**16.93**	**5.40**

** Paid in the month of April, 2020*

44. Micro, Small and Medium Enterprises Development

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

45. Share issue expenses

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

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Stamp duty	52.87	17.10
Legal and professional charges	543.10	50.98
Total	**595.97**	**68.08**

46. Capital

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

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

Capital Management

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

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Common Equity Tier 1 (CET1) capital	1,01,648.11	59,335.33
Other Tier 2 capital	1,261.64	805.22
Total capital	**1,02,909.74**	**60,140.55**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS–based results and reserves. The other component of regulatory capital is other Tier 2 Capital, which also includes hybrid debt instruments.

47(i). The Board of Directors of the InCred Housing Finance Private Limited ('HFC'), at its meetings held on December 11, 2018 and December 17, 2018, had deliberated upon and approved the HFC's strategic decision to exit from housing segment on account of various challenges in the affordable housing segment and inadequate ROE expected in the business. In pursuance to the Board approval, HFC has taken various steps to run down the business which includes successful transfer of significant portion of its loan book to another financial institution. The Board in its meeting held on November 22, 2019 had approved the proposal of merger with InCred Financial Services Limited (the 'Parent') and surrender the housing finance license. The revised scheme of merger was approved by the Board in its meeting held on February 18, 2020. The scheme is yet to be filed with NCLT and the regulator.

47(ii). At the time of acquisition of InCred Management & Technology Services Private Limited ('IMTS'), the Group had recognised a goodwill of Rs. 519.49 lakhs. Currently IMTS has incurred a loss of and has a negative net worth as at March 31, 2020. Subsequent to March 31, 2020 Incred Financial Services Limited ('IFSL') has infused additional capital of Rs. 1800 lakhs in IMTS. Post the infusion the net worth of IMTS is positive. Further, subsequent to March 31, 2020 IMTS has acquired a digital lending platform i.e. Qbera for consideration of Rs. 409.50 lakhs, which is expected to generate profitable and free cash flows on a go forward basis.

48. The Parent company has reported frauds aggregating to Rs. 72.28 lakhs (previous year: Rs. 115.93 lakhs) and reported it to RBI.

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Notes to the Consolidated Financial Statements

49. Segment information

1. The Company is primarily engaged in the business of financing. All the activities of the company revolve around the main business. Further, the company does not have any separate geographic segments other than India.
2. During the year ended March 31, 2020, the Company has been organised into two operating segments i.e. SME and Retail based on products and services.
3. Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis. Based on such allocation, segment disclosures relating to revenue, results, assets and liabilities have been prepared.
   Income, Expenditure, assets and liabilities which relates to the Company as a whole and not allocable to segments are disclosed under "unallocable segment".
   Segment results have not been adjusted for the exceptional items and have been included in "unallocable segment". The corresponding segment assets have been carried under the respective segments without adjusting the exceptional item.

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	12,878.64	19,349.20	389.48	**32,617.32**
Other Income	-	-	649.34	**649.34**
Total Segment Income	**12,878.64**	**19,349.20**	**1,038.82**	**33,266.66**
Segment results	**336.38**	**143.04**	**234.33**	**713.75**
Exceptional gain	-	-	-	-
Profit before tax	**336.38**	**143.04**	**234.33**	**713.75**
Tax expenses	-	-	197.44	**197.44**
Segment profit for the year	336.38	143.04	36.90	516.31
Segment Assets	**85,044.00**	**1,25,002.81**	**13,163.13**	**2,23,209.94**
Segment Liabilities	**52,470.07**	**64,771.57**	**1,917.88**	**1,19,159.53**
Depreciation and Amortisation	**262.89**	**897.79**	-	**1,160.68**

(Rs. in lakhs)

Particulars	Year ended March 31, 2019			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	12,602.96	18,274.00	703.04	**31,580.00**
Other Income	-	1,119.06	17.36	**1,136.42**
Total Segment Income	**12,602.96**	**19,393.06**	**720.40**	**32,716.42**
Segment results	**500.41**	**236.40**	**88.40**	**825.22**
Exceptional gain	-	-	3,316.63	**3,316.63**
Profit before tax	500.41	236.40	3,405.03	**4,141.85**
Tax expenses	-	-	1,369.79	**1,369.79**
Segment profit for the year	500.41	236.40	2,035.24	2,772.06
Segment Assets	**83,254.70**	**93,011.22**	**15,578.86**	**1,91,844.78**
Segment Liabilities	**69,619.41**	**58,314.25**	**2,059.39**	**1,29,993.05**
Depreciation and Amortisation	**50.58**	**225.35**	-	**275.93**

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Notes to the Consolidated Financial Statements
50. Additional Information to the consolidated Financial Statements

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2020

(Rs. in lakhs)

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,03,686.24	99.65%	1,391.42	269.49%	26.00	90.51%	1,417.42	260.06%
Subsidiaries								
Incred Housing Finance Private Limited	(1,020.87)	-0.98%	(229.74)	-44.50%	2.73	9.49%	(227.01)	-41.65%
Incred Management and Technology Services Private Limited	(299.35)	-0.29%	(309.98)	-60.04%	-	0.00%	(309.98)	-56.87%
Booth Fintech Private Limited	1,684.38	1.62%	(335.39)	-64.96%	-	0.00%	(335.39)	-61.53%
Total	**1,04,050.40**	**100.00%**	**516.31**	**100.00%**	**28.73**	**100.00%**	**545.04**	**100.00%**

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2019

(Rs. in lakhs)

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	58,547.51	94.66%	(676.49)	-24.40%	38.35	71.63%	(638.13)	-22.58%
Subsidiaries								
Incred Housing Finance Private Limited	719.58	1.16%	858.84	30.98%	15.19	28.37%	874.02	30.93%
Incred Management and Technology Services Private Limited	(385.80)	-0.62%	(266.21)	-9.60%	-	0.00%	(266.21)	-9.42%
Booth Fintech Private Limited	2,970.44	4.80%	2,855.92	103.03%	-	0.00%	2,855.92	101.07%
Total	**61,851.73**	**100.00%**	**2,772.06**	**100.00%**	**53.54**	**100.00%**	**2,825.60**	**100.00%**

InCred Financial Services Limited
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Notes to the Consolidated Financial Statements

51. Investments in associates

The Groups interests in associates are:

Name of associate	Principal place of busines	Method of accounting	Proportion of stake
mValu Technology Services Private Limited	India	Equity Method	40.96%

Summarised financial information in respect of Group's associates is set out below:

(Rs. in lakhs)

Particulars	As at March 31, 2020
A) Summarised Statement of net assets	
Financial assets	2,870.62
Non-Financial assets	266.16
Total assets (I)	**3,136.78**
Financial liabilities	133.63
Non-Financial liabilities	92.89
Total liabilities (II)	**226.52**
Net assets (I - II)	**2,910.26**
Group's share %	40.96%
Group's share in amount	1,192.04
Carrying amount of Investment	4,047.55

(Rs. in lakhs)

Particulars	For the year ended March 31, 2020
B) Summarised Statement of Profit and Loss	
Revenue from operation	14.84
Other income	251.54
Total income (I)	**266.38**
Finance costs	9.95
Employee benefits expenses	1,129.09
Depreciation, amortization and impairment	46.30
Others expenses	271.88
Total expenses (II)	**1,457.22**
Loss before tax (III = I-II)	(1,190.84)
Tax expense	-
Loss after tax (V = III-IV)	(1,190.84)
Other Comprehensive income	-
Total Comprehensive income	(1,190.84)
Group's share %	40.96%
Group share in Amount in Profit and loss (A)	(487.77)
Group share in Amount in OtherComprehensive Income (B)	-
Total Group share in Amount (A+B)	(487.77)

52. Business Combination

(i) Booth Fintech Private Limited

On 12 June, 2019, the company acquired remaining 13.56 % of shares in Booth Fintech Private Limited for a consideration of Rs. 1,050.24 lakhs. As per Ind AS 110, the difference between the non-controlling interest and the fair value of the consideration paid have been recognised directly in equity and attribute it to the owners of the parent.

Below are the details of Business Combinations entered by the Group in the previous year ended March 31, 2019:
On 11 July, 2018, the company acquired 86.44 % of shares in Booth Fintech Private Limited.

(Rs. in lakhs)

Date of Acquisition	Proportion of voting equity interest acquired as on 31st March 2019	Consideration transferred
11-Jul-18	86.44%	367.11

(Rs. in lakhs)

(A)

Consideration Transferred	As at July 11, 2018
Consideration other than cash	367.11
Total Consideration	**367.11**

(Rs. in lakhs)

(B)

Identifiable assets and liabilities	As at July 11, 2018
Property, plant and equipment	0.97
Deferred tax assets	1.59
Cash and cash equivalents	279.83
Current tax assets (Net)	4.30
Other assets	1.26
Other financial liabilities	(16.53)
Other current liabilities	(0.76)
Non controlling interest	(36.70)
Net Worth	**233.96**

(C) Goodwill arising on acquisition is determined as follows:

(Rs. in lakhs)

Particulars	As at July 11, 2018
Consideration transferred (A)	367.11
Fair Value of identifiable assets (B)	233.96
Goodwill (A - B)	**133.15**

(ii) InCred Hosing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited)

On 21 March, 2018, the company acquired 100 % of shares in InCred Hosing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited).

(Rs. in lakhs)

Date of Acquisition	Proportion of voting equity interest acquired as on 31st March 2019	Consideration transferred
21-Mar-18	100.00%	1,097.10

(Rs. in lakhs)

(A)

Consideration Transferred	As at March 21, 2018
Cash	1,097.10
Total Consideration	**1,097.10**

(Rs. in lakhs)

(B)

Identifiable assets and liabilities	As at March 21, 2018
Property, plant and equipment	81.24
Loans	17,923.84
Cash and cash equivalents	27.79
Current tax assets (Net)	71.45
Other assets	78.31
Trade payables	(533.46)
Borrowings	(17,114.92)
Other financial liabilities	(36.17)
Other current liabilities	(232.06)
Net Worth	**266.02**

(C) Goodwill arising on acquisition is determined as follows:

(Rs. in lakhs)

Particulars	As at March 21, 2018
Consideration transferred (A)	1,097.10
Fair Value of identifiable assets (B)	266.02
Goodwill (A - B)*	**831.08**

* The said goodwill has been restated on account of the change in net worth due to transition into Ind AS.

Note: Refer note no 30 for details relating to business combination and subsequent loss of control of Booth's investment in mValu.

InCred Financial Services Limited

(Formerly known as Visu Leasing and Finance Private Limited)

Notes to the Consolidated Financial Statements

53. Non controlling interest ('NCI')

The Non controlling interest for the year ended March 31, 2020 is Rs. Nil. The following table summaries the information relating to the Group's subsidiaries that has material Non controlling interest for the year ended March 31, 2019:

NCI Percentage	13.56%

(Rs. In lakhs)

Particulars	For the year ended March 31, 2019
Non-Current Assets	2.56
Current Assets	285.39
Current Liabilities	(17.29)
Net Assets	270.66
Net Assets attributable to NCI	**36.70**
Total Income	4,149.91
Profit for the year	2,846.20
Total Comprehensive Income for the year	2,846.20
Total Comprehensive Income attributable to NCI	**318.85**
Loss on control of business combination	**77.82**
Net cash (used in) operating activities	(17.87)
Net cash (used in) investing activities	(391.39)
Net cash generated from financing activities	395.18
Net (decrease) in cash and cash equivalents	**(14.08)**

54. Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

The Group's financial statements were approved by the Parent's Board of Directors on August 31, 2020.

As per our report of even date

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

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

Sd /-
Kapil Goenka
Partner
Membership No: 118189

Place: Mumbai
Date: 31 August 2020

Sd /-
Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Sd /-
Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Sd /-
Nikita Hule
Company Secretary

Place: Mumbai
Date: 31 August 2020

1. Significant Accounting Policies and notes forming part of financial statements:

A. Corporate Information

Incred Financial Services Limited (the 'Parent') was incorporated in India on January 8, 1991, under the provisions of the Companies Act, 1956. The Parent together with its subsidiaries (hereinafter collectively referred to as the 'Group') has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India.

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

The registered office of the Company is Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C - 70, G Block, Bandra - Kurla Complex, Bandra East, Mumbai - 400 051 (erstwhile- 406, 4th Floor, Competent House , Middle Circle, F Block, Connaught Place, New Delhi -110001.)

The Board of Directors vide resolution dated 13 August 2019 and Shareholders of the Parent at the Annual General Meeting dated September 25, 2019 accorded its approval to shift the Registered Office of the Company from National Capital Territory of Delhi to State of Maharashtra. The Regional Director, Ministry of Corporate Affairs, New Delhi on March 6, 2020 passed an Order to shift the registered office of the Company from National Capital Territory of Delhi to State of Maharashtra. The said Order was made effective by the Board of Directors vide resolution dated 9 April 2020 and the Company has received approval from Registrar of Companies, Mumbai, Maharashtra dated June 5, 2020.

B. Basis of preparation and presentation

(a) Statement of compliance

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

The Group's consolidated financial statements were authorized for issue by the Parent's Board of Directors on August 31, 2020.

(b) Presentation of financial statements

The Consolidated financial statement of the Group are presented as per Schedule III ('Division III') of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs ('MCA'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Consolidated Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and RBI regulations to the extent applicable.

(c) Functional and presentation currency

The Consolidated financial statement are presented in Indian Rupees ('INR'), which is also the Group's functional currency. All the amounts have been rounded-off to the nearest lakhs as per the requirements of Schedule III, unless otherwise indicated.

(d) Basis of measurement

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

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

(e) Use of estimates and judgements

The preparation of Consolidated financial statement in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, reported amounts of revenues and expenses during the period. Actual results may defer from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in the accounting estimates are recognised prospectively.

- **Significant judgements**

(i) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long-term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. Further details are disclosed in Note 36.

(ii) Recognition of deferred tax assets / liabilities

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forward and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry forward and unused tax credits could be utilised. Further details are disclosed in Note 9.

(iii) Recognition and measurement of provisions and contingencies

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

(iv) Discounting of long-term financial assets / liabilities

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

(v) Fair valuation of employee stock options

The fair valuation of the employee stock options is based on the Black-Scholes option pricing model used for valuation of options. Key assumptions and inputs for fair value made with respect to expected volatility includes share price, expected dividends and discount rate, under the Black-Scholes option pricing model. These assumptions / inputs and models are disclosed in Note 37.

(vi) Effective Interest Rate (EIR) Method

The Group recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behavior and life cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument

(vii) Impairment of financial assets

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

(viii) Leases

The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options. The determination of the incremental borrowing rate used to measure lease liabilities.

(f) Basis of Consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date the control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed wherever necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

- **Equity method**

Under equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee and in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Change in ownership interests

The Group considers transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate or equity account for an investment because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in the other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(g) Business combination:

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the:

- Fair values of assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group and
- Fair value of any assets and liabilities resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at acquisition date. The Group recognizes any non-controlling interests in the acquired entity on acquisition-by-acquisition basis either at fair value or by non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of:

- Consideration transferred
- Any amount of non-controlling interest in the acquired entity and

- Acquisition date fair value of the previous entity interest in the acquired entity

Over the fair value of identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of identifiable assets , the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reason for carrying the business combination as a bargain purchase. In other cases, bargain purchase gain are recognized directly in equity as capital reserve.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss or other comprehensive income, as appropriate.

C. Significant Accounting Policies

(a) Revenue from operations

Recognition of interest income

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

Interest income or expense is recognised using the effective interest method.
The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

Fee and commission income:

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection. Commission and brokerage income earned for the services rendered are recognised as and when they are due. Other loan related charges such as cheque bounce charges, foreclosure charges, etc. are recognised only on receipt basis.

License income:

Revenue arising from licensing agreements is recognised on an accrual basis in accordance with the license agreement when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

Interest income on investments:

Interest income from on investments is recognised when it is certain that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(b) Financial instruments

- **Recognition and initial measurement**

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

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

- **Classification and subsequent measurement of financial assets:**

Financial assets

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

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

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

Financial assets measured at amortised cost

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

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

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

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

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

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

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

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

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments designated at FVOCI

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

Financial assets at FVTPL

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

- **Classification and subsequent measurement of financial liabilities**

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

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

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

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

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

- **Derecognition**

Financial assets

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

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

Financial liabilities

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

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

- **Offsetting of financial assets and liabilities**

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

- **Compound financial instruments**

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

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

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

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

- **Share capital**

  Ordinary shares

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

- **Impairment of financial assets**

  Overview of the Expected Credit Losses ('ECL') principles
  The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

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

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

  Stage 1
  All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances upto 30 days default under this category.

  Stage 2
  All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

  Stage 3

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

Credit-impaired financial assets:

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

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

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

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

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

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

Forward looking information

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

Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(c) Measurement of fair values

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

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

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

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

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

(d) Cash and cash equivalents

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

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

(e) Share-based payment arrangements

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Consolidated Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(f) Lease accounting

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

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

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

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

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

(g) Income Tax

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

(i) Current tax

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

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

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

(ii) Deferred tax

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

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

- Temporary differences related to investments in associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset only if:

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

Minimum Alternative Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the entity will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date.

(h) Property, plant and equipment

- **Recognition and measurement**

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

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

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

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

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

- **Subsequent expenditure**

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

- **Depreciation**

Depreciation is provided on straight-line method as per the useful life given under Schedule II of the Companies Act, 2013, and is generally recognised in the Consolidated Statement of Profit and Loss.

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

The useful life as per Schedule II are as follows:

Asset	Useful life as per Schedule II
Buildings	30 years
Furniture & fixtures	10 years
Office equipment	5 years
Computers and printers	3 years
Vehicles	8 years
Leasehold improvements	Over the lease period

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

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

(i) Intangible assets

- **Recognition and measurement**

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

- **Goodwill**

  Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, an is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

  Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

- **Subsequent expenditure**

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

- **Amortisation**

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

  The intangible assets are amortised over the estimated useful life of 3 years as per the management's estimate.

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

- **Impairment of non-financial assets**

  Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

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

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

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

(j) Foreign currency

Transaction and balances

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

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

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

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

(k) Finance Cost

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

(l) Earnings per share

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

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

(m) Statement of Cash flows

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

(n) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / Costs which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated Income / Costs.

(o) Employee benefits

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

- **Contribution to provident fund and ESIC:**
  Group's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

- **Gratuity:**
  The Group's liability towards gratuity schemes is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
  The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the Statement of profit and loss.

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

- **Compensated absences**

The Group does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. The Group's liability towards compensated absence is based on an independent external actuarial valuation as at the balance sheet date using the projected unit credit method.

(p) Provisions, contingent liabilities and contingent assets

- **Provisions**

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

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

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

- **Onerous contracts**

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

- **Contingent liabilities**

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

- **Contingent assets**

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

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

(q) Exceptional items

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

Directors' Report

Dear Members,

Your Directors are delighted to present to you the **Twenty Eighth Annual Report** of the Company together with the Audited Statement of Accounts for the financial year ended on March 31, 2020.

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

FINANCIAL HIGHLIGHTS **(Rs. In Lakhs)**

PARTICULARS	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Income from Operations	32,169.40	29,056.65	32,617.32	31,580.00
Other Income	752.25	-	649.34	1,136.42
Total Income	**32,921.65**	**29,056.65**	**33,266.66**	**32,716.42**
Expenses	30,611.68	28,342.50	30,900.67	31,615.27
Depreciation & Amortization	1,077.41	153.10	1,160.68	275.93
Total Expenses	**31,689.10**	**28,495.60**	**32,061.36**	**31,891.20**
Profit before share of loss of associates	**1,232.55**	**561.05**	**1,205.30**	**825.22**
Share of loss of associates	-	-	495.55	-
Profit before exceptional items and tax	**1,232.55**	**561.05**	**713.75**	**825.22**
Exceptional Items	616.74	-	-	3,316.63
Profit after exceptional items and before tax	**615.81**	**561.05**	**713.75**	**4,141.85**
Tax Expense	182.10	183.59	197.44	1,369.79
Profit After Tax	**433.71**	**377.46**	**516.31**	**2,772.06**
Transfer to Special Reserve	86.74	75.49	89.04	120.57

BUSINESS AND OPERATIONS

Your Company offers personal loan, education loan, two wheelers loan under consumer segment 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 27 offices with an employee base of ~800 employees spread across various functions. The Company has loan assets of Rs.2069.36 as of March 2020. The net NPA of the Company is about 1.34% as on March 2020. Your Company has strong capital base of circa Rs.1020 Cr. The Debt Equity ratio of the Company stands at 1.10x as on 31st March, 2020. Your Company has a diversified portfolio comprising of consumer loans (58%) and MSME Business loans (42%).

Overview of the FY 2019-20:

- The Company's revenue was Rs. 32,921.65 lakhs and profit after tax increased to Rs. 433.71 lakhs during the year as against Rs. 377.46 lakhs in previous year;

- Assets under management grew to Rs. 2,09,430.03 lakhs as against Rs. 1,76,248.49 lakhs in previous year;

- Gross and Net NPAs were 2.83% and 1.34%;

CAPITAL ADEQUACY RATIO (CRAR)

The company maintains a healthy CRAR of 45.94%% 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	:	45.37%
CRAR- Tier II Capital	:	0.56%

CAPITAL AND DEBT RAISE

During the Financial Year 2019-20, the Company has allotted 78, 516,289 preference shares and 500 equity shares of Rs. 10 each at premium to certain identified investors of the Company. 6,924 equity shares were allotted pursuant to the Company's ESOP Scheme.

Further, the Company also issued and allotted 1250 secured market linked non-convertible debentures at par aggregating up to Rs. 125 crores through private placement offer.

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 three subsidiaries viz. InCred Management & Technology Services Private Limited, InCred Housing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited) and Booth Fintech Private Limited as on March 31, 2020. As on March 31, 2020, 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, 2020.

During the year under review, there has been no change business of the subsidiary companies and there were no additions / deletions in the number of subsidiaries / associates/ joint ventures of your Company.

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

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

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 Rs. 86.74 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 8 directors comprising of two Wholetime Directors, three Independent Directors, three Non-executive Non Independent Directors.

Following board changes took place during the year under review:

Cessation:

Due to other professional commitments and time constraints, Mr. Sunil Agarwal resigned from the office of Whole-Time Director with effect from May 16, 2019 and Mr. Hoshang Sinor resigned from the office of Non-Executive Independent Director of the Company with effect from December 5, 2019.

The Board of Directors place on record their sincere appreciation for the valuable contribution and guidance provided by Mr. Sunil Agarwal and Mr. Sinor 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 at their meeting held on November 6, 2019 had appointed Mr. Antonius Bruijninckx as Non-Executive Non-Independent Director, liable to retire by rotation and at their meeting held on March 4, 2020 appointed Mr. Deepak Narang and Dr. Parvinder Singh Pasricha as Non-Executive Independent Director, not liable to retire by rotation, subject to approval by the shareholders of the Company at the ensuing Annual General Meeting of the Company. However, Dr. Pasricha's first term as an additional Independent Director will expire on September 3, 2020 i.e. before the appointment could be approved by the shareholders of the Company.

The Company has received the requisite notice form the member in writing proposing the appointments of Mr. Antonius Bruijninckx and Mr. Deepak Narang.

A brief profile of the above-mentioned Directors has been included in the notice convening the ensuing Annual General Meeting.

DECLARATION FROM INDEPENDENT DIRECTORS

Mrs. Rupa Vora, Mr. Deepak Narang and Dr. Parvinder Singh Pasricha, 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, both 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 Anand PS. (DIN : 02363239) , 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 Anand P.S. 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 / continuing as Directors.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Bhupinder Singh has been appointed as the Whole Time Executive Director of the Company with effect from May 16, 2019

Mr. Sunil Lotke resigned as the Company Secretary of the company w.e.f August 13, 2019 and Ms. Nikita Hule was appointed as the Company Secretary of the company w.e.f. February 18, 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, 2020:

1. Mr. Bhupinder Singh, Whole Time Director & Chief Executive Officer
2. Mr. Vivek Bansal, Whole Time Director & Chief Financial Officer
3. Ms. Nikita Hule, Company Secretary

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of your company met nine times during the financial year.

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.**

Further, the there was no Independent director meeting conducted during the financial year

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.

STATUTORY COMMITTEES

Audit Committee

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 read with the Rules issued thereunder. The members of the Audit 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
2. Mr. Antonius Bruijninckx
3. Mr. Bhupinder Singh
4. Mr. Deepak Narang
5. Dr. Parvinder Singh Pasricha

Consequent to the resignation of Mr. Hoshang Sinor w.e.f December 5, 2019 and appointment of Mr. Antonius Bruijninckx w.e.f November 6, 2019 and Mr. Deepak Narang and Mr. Parvinder Pasricha w.e.f March 4, 2020, respectively, the Audit Committee was reconstituted on March 4, 2020 to comprise of the members mentioned above

The terms of reference of the Audit Committee are as per the Companies Act, 2013

The Audit committee met thrice in the financial year on May 16, 2019, August 13, 2019, November 6, 2019. All the recommendations made by the Audit Committee were accepted by the Board of Directors of the Company.

Nomination and Remuneration Committee

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

1. Mr. Deepak Narang
2. Mrs. Rupa Vora
3. Mr. Girish Nadkarni
4. Mr. Vivek Anand

The scope of activities / terms of reference of the Nomination and Remuneration Committee are as per the provisions of Section 178 of the Companies Act, 2013.

Consequent to resignation of Hoshang Sinor w.e.f . 05.12.2019 and appointment of Mr. Deepak Narang w.e.f March 4, 2020 the committee was reconstituted on March 4, 2020 to comprise of the members mentioned above.

The committee met five times in the financial year on May 16, 2019, August 13, 2019, November 6, 2019 and February 18, 2020 and March 4, 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.

During the year under review two complaints were received and both complaints were investigated. Employees against whom complaints were lodged have exited from the Company.

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
2. Mr. Vivek Bansal
3. Mrs. Rupa Vora

The scope of activities / terms of reference of the Corporate Social Responsibility Committee are as per the provisions of Section 135 of the Companies Act, 2013.

The Corporate Social Responsibility committee met twice in the financial year on August 13, 2019 and March 4, 2020.

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 Rs 14,92,861 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, KMP 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.

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 a Performance 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 directors individually as well as the evaluation of the working 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 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, 2020 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 ensuing i.e. 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.

The Auditors' Report for the financial year ended March 31, 2020 does not contain any qualification, reservation, adverse remark.

The notes to the accounts referred to in Auditor's Report are self-explanatory and therefore, in the opinion of the directors, do not call for any further comments.

The Auditors' Report along with the financial statements of the company for the financial year ended March 31, 2020 form part of 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 Aashish K Bhatt & Associates LLP, practicing company secretaries to undertake the secretarial audit of the Company for the financial year 2019-20 . 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 Regional Director, Northern Region vide its Order dated March 6, 2020 had approved the shifting of the Registered Address of the Company from 406, 4th Floor, Competent house, Middle Circle , F-block, Connaught Place, New Delhi -110001 to 1502-A, The Capital, C- 70, G Block, Bandra Kurla Complex, Mumbai – 400051. The said Order was made effective from April 9, 2020 and a fresh certificate of incorporation was issued by the Registrar of Companies, Mumbai, Maharashtra on June 5, 2020.

Subsequent to the year under review, the Company shifted its Registered Office within the local limits of city, town and village from 1502-A, The Capital, C- 70, G Block, Bandra Kurla Complex, Mumbai – 400051 to 1203, B Wing The Capital, C- 70, G Block, Bandra Kurla Complex, Mumbai – 400051 w.e.f August 1, 2020.

EXTRACT OF ANNUAL RETURN

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the extract of Annual Return as at financial year ended March 31, 2020 in the prescribed Form MGT-9 has been provided at **Annexure H** to this Board's Report and is also available on the website of the Company athttps://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	CARE A; Stable (Single A; Outlook Stable)
Non- Convertible Debentures	CARE A; Stable (Single A; Outlook Stable)
Secured Redeemable Principal Protected -Market Linked Non-Convertible Debenture (PP-ML-NCD)	CARE PP-MLD A; Stable [PP-MLD Single A; Outlook: Stable]
Commercial Paper	CARE A1 (A One)

In June 2020, CARE Ratings has reaffirmed the rating i.e CARE A, however the outlook has been revised to Negative from Stable.

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, 2020.

TRANSACTIONS WITH RELATED PARTIES

The Company has entered into transactions with its subsidiaries in normal course of business and on an arm's length basis. The particulars of such contracts or arrangements with related parties referred to Section 188(1), as prescribed in Form AOC – 2 under Rule 8(2) of the Companies (Accounts) Rules, 2014, are specified in the **Annexure I** 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 https://www.incred.com/related-party-policy.html. 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 J** 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 2019-2020 therefore there are no disclosures to be provided herein.

Details of remuneration/ sitting fees paid to executive director and independent directors is provided in MGT 9.

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 Rs. 5.89 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.

During FY 2019-20, one case was reported under the Vigil Mechanism which was appropriately addressed by the Audit Committee.

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. Your Directors are thankful to the Shareholders for their patronage.

For InCred Financial Services Limited

Sd/-	Sd/-
Bhupinder Singh	**Vivek Bansal**
Whole Time Director and CEO	Whole Time Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: August 31, 2020

ANNEXURE A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

InCred Financial Services Limited ('the Company') is a non-deposit taking Non-banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI). It 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 Pvt. Ltd. InCred Housing Finance Private Limited and Booth Fintech Private 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. With over 315,000 deaths, enormous human suffering, even 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. And while the number of infected people are 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 another three months from June 01, 2020 1 to August 31, 2020 from the earlier 3 months 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 H 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.

IFSL 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.

NBFCs have again outperformed SCBs on asset quality. While the importance of NBFCs in credit intermediation continued to grow, COVID has accentuated the Asset Liability Mismatch (ALM) challenges for some NBFCs.

The two moratoriums extended by RBI for customers is likely to put additional stress on many NBFCs. To ease liquidity pressure on NBFCs, the RBI has taken multiple actions including a Targeted Long-Term Repo Operation (TLTRO) for the sector of H 50,000 crore and a special financing window through SIDBI, NABARD and National Housing Bank (NHB) of another H 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) :

- ✓ Number of Employees as on March 31, 2020 was 788.
- ✓ Loans and Advances grew to Rs. 2,04,172.53 lakhs as against Rs. 1,73,310.29 lakhs in the previous year.

- ✓ Net Interest Income – Rs. 19,136.20 lakhs
- ✓ Total Costs to Income ratio – 67.89%
- ✓ Impairment - - Rs. 5530.23 lakhs
- ✓ Profit before Tax – Rs. 615.81 lakhs
- ✓ Profit after Tax – Rs. 433.71 Lakhs

The Company is present in over 27 offices in 9 states across the country.

IFSL is well capitalised with a capital-to-risk weighted asset ratio (CRAR) of 45.94% as at 31 March 2020. It remains one of the most capitalised among new NBFCs in India.

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 1.34% 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 2.83% for the year ended March 2020. 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 risk 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 metrices 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, two-wheeler loans, personal loans. Correspondingly, it also offers unsecured business loans to small businesses, secured loan to K12 Indian schools for their expansion plans, supply chain financing, Financial Institution lending to profitable micro finance companies and structured finance through its SME vertical.

Our guiding principal 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.

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:

- ✓ We have funded over 2041 talented Indian students who have gone to over 600 plus universities across 25 countries
- ✓ Over 15535 students applied for InCred education loan
- ✓ 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 2 students are 90+ overdue and as per their co-applicants and students, those too become regular soon

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, 2020 were 1,12,101
- ✓ Gross deployment in FY 2020 were Rs. 793 crore a growth of 170% over previous year
- ✓ PL business was fuelled by growing customer franchise, strategic partnerships, investment in advanced analytics and customer centric processing capabilities

Two-Wheeler Loans:

This is our one of the most competitive businesses, and because of high operating costs, it not only requires operating rigour but also tight risk management through collections effectiveness. InCred cutting edge technology application for customer onboarding is changing the conventional ways of doing this business.

InCred financed over 63,781 bikes up by 55.07% over the last FY

- ✓ Rationalized the manpower to improve productivities and operating efficiencies

Business Loans (unsecured):

Along with Two wheelers, this is also a space that is fiercely competitive with a lot of NBFCs and banks are offering this product. Once again our understanding of various risks in this business has kept us ahead.

- ✓ Business loans AUM moderated by 16 in FY 2020 (INR 202 crores) as against Rs. 241 crores in FY 2019
- ✓ Risks are contained because of proactive monitoring of portfolio and regular evaluation of cash flows of borrowers
- ✓ Part of business loans was covered under the Credit Guarantee Fund Trust for Micro and Small Enterprises scheme which was set by Government of India and SIDBI

SME Lending:

School Financing (secured):

Another business vertical where InCred is dominant player because of its specific expertise is lending to K12 schools in few states of India.

- ✓ Financed 294 schools vis-à-vis 244 in FY 2019
- ✓ School loans AUM grew by 5% over Rs.424 crores in FY 2019 to INR 446 crores ending March 31, 2020.
- ✓ Predominantly spread across South and West because of the prevailing culture of education and more transparent fees structures

Financial Performance and operational performance (Standalone):

- During the year, the Company's total income amounted to Rs.32,921.65lakhs, as compared to Rs. 29,056.65 lakhs in 2018-19.
- The Company's profit after Tax Increased to Rs. 433.71 lakhs, from Rs. 377.46 lakhs.
- The Gross NPAs and net NPAs for the year under review stood at 2.83% and 1.34% respectively.
- Capital Adequacy Ratio (CRAR): The Company maintained a CRAR of 45.94% during 2019-20 against a minimum 15% as required by RBI norms.
- Assets under Management (AUM): The total Assets under Management (AUM) as on March 31, 2020 stood at Rs. 2,09,430.03. lakhs as against Rs. 1,76,248.49 lakhs as at March 31, 2019.

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, 2020 the Company had 788 employees. During financial year 2019-20. 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 focussing on building skills for employees. The Company tracks employee morale and engagement on a monthly basis 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 where ever 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: August 31, 2020

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 (Rs in lakhs)				
1	S.No.	1	2	3
2	Name of the Subsidiary	Incred Management and Technology Services Pvt. Ltd. (formerly known as Bee Fintech Pvt. Ltd.)	InCred Housing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited)	Booth Fintech Private Limited
3	Registered Office	Unit No. 1203, 12th Floor, The Capital Building, C-70, G Block, Bandra Kurla Complex, Bandra (East) Mumbai-400 051*	Unit No. 1203-A, 12th Floor, The Capital Building, C-70, G Block, Bandra Kurla Complex, Bandra (East) Mumbai-400 051*	406 Competent House, 4th Floor, Connaught Place, Middle Circle, New Delhi – 110 001
4	Nature of Business	Support services	Housing Finance Company	Advisory and Consultancy services company
5	No. Of Branches	Nil	Nil	Nil
6	Reporting period	31 March 2020	31 March 2020	31 March 2020
7	Reporting currency	Indian Rupee	Indian Rupee	Indian Rupee
8	Exchange rate on the last day of the financial year	Not applicable, since it is an Indian entity	Not applicable, since it is an Indian entity	Not applicable, since it is an Indian entity
9	Share Capital	490	1,858.33	2.04
10	Reserves and Surplus	(526.98)	3,568.86	438.34
11	Total assets (Fixed assets + Investments + Other assets)	1,072.51	5,488.11	458.35
12	Total liabilities (Deposits + Borrowings + Other liabilities + Provisions)	1,109.49	60.92	17.97
13	Investments	-	-	391.39
14	Turnover	368.94	490.70	5.26
15	Profit/ (Loss) Before Tax	(59.50)	54.79	(12.82)
16	Provision for tax	105.18	46.00	-
17	Profit/ (Loss)After Tax	(164.68)	8.79	(12.82)

18	Proposed dividend	Nil	Nil	Nil
19	% of shareholding	100%	100%	100%

**Registered office address has changed w.e.f. August 1, 2020*

Notes:
The following information shall be furnished at the end of the statement:

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

Part "B": Associates & Joint Ventures

	Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures	**Amount (Rs. In lakhs)**
1	Latest audited balance sheet date	31st March 2020
2	Shares of Associate/joint Ventures held by the company on the year end	
	Number (No. of shares)	1,95,694 Class B CCPS
	Amount of investment in associates/ joint venture	391.39
	Extent of holding %	40.96% (diluted basis)
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	1192.04
6	Profit/ loss for the year (includes other comprehensive income)	-1198.16
i	Considered in consolidation	-490.77
ii	Not considered in consolidation	-707.39

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: August 31, 2020

ANNEXURE C

Details of Board Meeting held during FY 2019-20

Quarter	No. of meetings held	Date of meeting(s)
April 2019 to June 2019	4	April 8, 2019, April 26, 2019, May 8, 2019 and May 16, 2019
July 2019 to September 2019	1	August 13, 2019
October 2019 to December 2019	2	November 6, 2019 and November 22, 2019.
January 2020 to March 2020	2	February 18, 2020 and March 4, 2020

Details of General meetings

Type of meeting	Date of meeting(s)
Annual General meeting	25-09-2019
Extra ordinary General meeting	9th April 2019 26th April 2019 8th May 2019 31st May 2019

Attendance of Board of Directors for the meetings held during the financial year 2019-20

Name of Director	08.04.2019	26.04.2019	08.05.2019	16.05.2019	13.08.2019	06.11.2019	22.11.2019	18.02.020	04.03.2020	AGM 25.09.2019
Bhupinder Singh	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Vivek Bansal	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hoshang Sinor**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	NA	NA
Girish Nadkarni	No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes
Rupa Vora	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA
Vivekanand P S	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Deepak Narang*	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Parvinder Pasricha*	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Antonius Bruijninckx #	NA	NA	NA	NA	NA	NA	No	No	Yes	NA

****Mr.Hoshang Sinor has ceased to be a Director of the Company w.e.f. December 5, 2019*

 # Mr Antonius Brujninckx is appointed w.e.f. November 6, 2019

** Mr. Deepak Narang and Dr. Parvinder Pasricha were appointed as Additional Independent Directors w.e.f March 4,2020*

For InCred Financial Services Limited

Sd/-	Sd/-
Bhupinder Singh	**Vivek Bansal**
Whole time Director and CEO	Whole Time Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: August 31, 2020

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:

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

3. **Average net profit of the company for last three financial years**: Rs. 802.64 lakhs

4. **Prescribed CSR Expenditure**: Rs. 16.05 lakhs

5. **Details of CSR spent during the financial year:**

(a) Total amount spent for the financial year: Rs 14.93 lakhs

(b) Amount unspent, if any along with reasons: Rs. 1.12lakhs
Note: The amount remaining unspent has been completely spent as on the date of this report.

(c) Manner in which the amount spent during the financial year is detailed below

Sr. No	**CSR Project or activity identified**	**Sector in which the project is covered**	**Projects or program**		**Amount outlay (budget) project or programs wise**	**Amounts spent on the projects or programs**		**Cumulative expenditure up to the reporting period**	**Amount spent: Direct or through implementation agency**
			Local area or other	**Specify the State and District**		**Direct Expenditure**	**Overheads**		
1.	Mother foundation	Education	Pune		60000	60000		60000	Direct

2.	Nanhi Kali	Education	Mumbai	272000	272000		272000	Direct
3	United way of Mumbai	Education	Mumbai	28000	28000		28000	Direct
4.	Gift a Smile	Education	Mumbai	150000	150000		150000	Direct
5.	Vyakti Vikas Kendra India	Environment	Mumbai	450000	450000		450000	Direct
6.	Goonj	Daily wage earner	Pan India	300000	300000		300000	Direct
7.	Kolhapur and Sangli Flood relief fund	Flood relief	Kolhapur and Sangli	132861	132861		132861	Direct
8	Vision Foundation	Health care	Mumbai	100000	100000		100000	Direct

6. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Director's Report:

Your Company considers social responsibility as an integral part of its business activities and endeavours to utilize allocated CSR budget for the benefit of society.

Your Company's CSR initiatives are on the focus areas approved by the CSR committee of the board. However, the company has just embarked on the journey of ascertained CSR programs. In order to ensure that CSR projects undertaken are selected, implemented and monitored in a strategic and systematic manner, the Company's efforts for the financial year 2019-20 included building up systems and processes For this reason, during the FY 2019-20, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable with few new initiatives that may be considered in future and moving forward the Company will endeavour to spend the complete amount on CSR activities in accordance with the statutory requirements.

7. Responsibility Statement of the CSR Committee
The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The Board of the company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. The CSR policy is available on the website of the Company https://www.incred.com.

For Incred Financial Services Limited

Sd/-
Bhupinder Singh
Whole time Director & CEO
DIN: 07342318

Sd/-
Rupa Vora
Independent Director
DIN: 01831916

Place: Mumbai
Date: August 31, 2020

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 2020 and percentage increase in remuneration**

Name	Designation	Ratio of remuneration to the median employees' remuneration	percentage increase in remuneration
Mr. Bhupinder Singh	Whole Time Director and CEO (from 16 May 2019 to 31 March 2020)	75:1	N.A
Mr. Vivek Bansal	Whole Time Director and CFO (from 1 April 2019- 31 March 2020)	35:1	N.A
Mr. Girish Nadkarni	Director	N.A.	N.A
Mrs. Rupa Vora	Independent Director	1.2:1	
Mr. Vivek Anand	Director	N.A.	N.A
Mr. Antonius Bruijninckx#	Director	0.1:1	N.A.
Dr. Parvinder Singh Pasricha	Independent Director	N.A.	N.A.
Mr. Deepak Narang	Independent Director	N.A.	N.A.
Mr. Hoshang Sinor*	Independent Director	0.72:1	N.A

**Mr. Hoshang Sinor resigned w.e.f December 5, 2019*
 # Mr. Antonius Bruijninckx appointed w.e.f November 6, 2019

b) **Percentage increase in the remuneration of key managerial personnel in FY 2020**

Name	Designation	percentage increase in remuneration
Mr. Sunil Lotke	Company Secretary (from 1 April 2019 to 14 August 2019)	N.A.
Ms. Nikita Hule	Company Secretary (from 18 Feb 2020 to 31 March 2020)	N.A.
Mr. Sunil Agarwal	Whole Time Director (from 1 April 2019- 16 May 2019)	N.A.

c) **Percentage increase in the median remuneration of employees in FY 2020**
The percentage increase in the median remuneration of employees in FY 2020 stood at **14%**.

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; NA – there was no increase in managerial remuneration during the FY 2019-20

e) There were 633 permanent employees on the rolls of Company as on March 31, 2020

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.

ANNEXURE F

Disclosure under the VLFPL 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, 2020

Particulars	**Disclosures**
Number of options granted (in FY 19-20)	85,86,300
Number of options vested (in FY 19-20)	11,70,236
Number of options exercised (in FY 19-20)	6,924
Total number of shares arising as a result of exercise of options	6,924
Number of options lapsed / cancelled (in FY 19-20) – includes both vested and unvested	13,35,033
Exercise Price	INR 40/- per share
Variation of terms of options	NA
Money realised by the exercise of options	INR 2,76,960 (exercise amount)
Total number of options in force	1,25,05,584

Details of options granted to Key Managerial Personnel ("KMP")

Sr. No	**Name**	**Designation**	**Options Granted**
1.	Vivek Bansal	CFO	12,00,000
2.	Nikita Hule	CS	7,500

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.	Rahul Bhargava	Chief Product & Technology Officer	17,00,000
2.	Saurabh Jhalaria	CEO – SME	12,50,000
3.	Vivek Bansal	CFO	12,00,000
4.	Prithvi Chandrasekhar	Head of Risk & Analytics	6,00,000

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

ANNEXURE G

Form no. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by **Incred Financial Services Limited** (hereinafter called "the Company"). 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 31st March, 2020, 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 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;

    iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;

    v. Overseas Direct Investment and External Commercial Borrowings – Not Applicable;

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

    vii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not applicable;

a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 except revision, approval and intimation of Code of Fair Disclosure under regulation 8(2).

   The Company had closed the trading window for year ended March 31, 2019, half year ended September 30, 2019 as per the code of conduct for prevention of insider trading and fair disclosure of unpublished price sensitive information adopted by the Company on 11 December 2018.

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable;

c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – Not applicable;

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

e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – Not Applicable;

f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable; and

g) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 - Not applicable.

Based on the compliance mechanism established by the Company, which has been verified on test checked basis and the Compliance Report submitted to and taken on record by the Board of Directors of the Company, we are of the opinion that the Company has complied with the provisions of following laws applicable specifically to the Company:

(a) Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs.

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

(i) Secretarial Standards issued by the Institute of the Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

- The Company had unspent amount of Rs. 1.12 lacs on Corporate Social Responsibility upto March 31, 2020.

On account of pandemic "COVID 2019" and nationwide lockdown imposed by governments, the audit process has been modified, wherein certain documents /records etc were verified in electronic mode and have relied on the representations received from the Company.

We further report that:

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance including shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board Meetings and Committee Meetings are carried out and recorded in the minutes of the Board of Directors and Committee of the Board accordingly.

We have relied on the representation made by the Company and its Officers for adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
We further report that during the audit period the Company has following specific event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) Constitution and re-constitution of various Committee's;
(ii) Issuance, allotment and redemption of debentures;
(iii) Issuance of Equity Shares and Cumulative Compulsorily Convertible Preference Shares on preferential basis;
(iv) Issue of commercial papers;
(v) Increase in Authorized share capital of the Company;
(vi) Approval of grant stock options Employee Incentive Scheme of the Company;
(vii) Acquisition of shares of Booth Fintech Private Limited;
(viii) Incremental investment in Incred Management Technology Services Private Limited;
(ix) Appointment and Resignation of Key Managerial Personnel(s);
(x) Appointment and resignation of Director(s);
(xi) Shifting of registered office of the Company within the local limits of the city
(xii) Approval of various policies adopted by the Company;
(xiii) Approval and adoption of Restated Articles of Association;
(xiv) Alteration of Memorandum of Association and restated Articles of Association;
(xv) Withdrawal of members resolution passed in Extra Ordinary General Meeting held on 28.01.2019 for shifting of registered office of the Company from National Capital Territory of Delhi to the State of Maharashtra;
(xvi) Approval for shifting of registered office of the Company from National Capital Territory of Delhi to the State of Maharashtra;
(xvii) Approval of board for merger of Incred Housing Finance Private Limited and Incred Management and Technology Services Private Limited with the Company;
(xviii) Approval of board for revised scheme of merger for the proposed merger of Incred Housing Finance Private Limited with the Company;
(xix) As on 06.11.2019, company had 2 Independent directors instead of 3 and as on 05.12.2019, company had 1 Independent director instead of 2, the vacancy of same was filled on 04.03.2020.
(xx) On resignation of Mr. Sunil Lotke on 13.08.2019, Ms. Nikita Hule was appointed on 18.02.2020 as Company Secretary and Compliance Officer.
(xxi) Partial repurchase of Non Convertible Debentures.

For Bhatt & Associates Company Secretaries LLP

Aashish Bhatt
Designated Partner
ACS No.: 19639
COP No.: 7023
UDIN: A019639B000635507

Place: Mumbai
Date: August 31, 2020

This Report is to be read with our letter annexed as Appendix A, which forms integral part of this report.

APPENDIX A

To,
The Members,
Incred Financial Services Limited

My report of even date is to be read along with this letter.

1. The responsibility of maintaining Secretarial record is of the management and based on our audit, we have expressed my opinion on these records.
2. I am of the opinion that the audit practices and process adopted to obtain assurance about the correctness of the Secretarial records were reasonable for verification.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. The management is responsible for compliances with corporate and other applicable laws, rules, regulations, standards etc. Our examination was limited to the verification of procedure and wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations etc.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Bhatt & Associates Company Secretaries LLP

Aashish Bhatt
Designated Partner
ACS No.: 19639
COP No.: 7023
UDIN: A019639B000635507

Place: Mumbai
Date: August 31, 2020

ANNEXURE H

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U74899MH1991PLC340312
2.	Registration Date	08/01/1991
3.	Name of the Company	InCred Financial Services Limited
4.	Category/Sub-category of the Company	Non-Banking Financial Company (NBFC)
5.	Address of the Registered office & contact details	Unit No. 1203, 12th Floor,B Wing, The Capital Plot No. C - 70, G Block, Bandra Kurla Complex Mumbai 400051* incred.compliance@incred.com
6.	Whether the shares of the Company are listed	Yes. Equity shares of the Company are not listed. However, debt securities of the Company are listed on the Wholesale Debt Segment of BSE.
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000

** The Registered Office mentioned above is as on the date of signing this report.*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated.

SN.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Other financial service activities, except insurance and pension funding activities	64990	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN.	Name and address of the company	CIN	Holding/ Subsidiary/ Associate	% of share held	Applicable section
1	InCred Housing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited) Regd office Address: Unit No. 1203-12th Floor, B Wing The	U65923MH2015PTC271359	Subsidiary	100%	2(87)

	Capital Building, C-70, G Block, Bandra Kurla Complex, Bandra (East) Mumbai-400 051*				
2.	Incred Management and Technology Services Pvt. Ltd. (formerly known as Bee Fintech Pvt. Ltd.) Address: Unit No. 1203, 12th Floor, B Wing The Capital Building, C-70, G Block, Bandra Kurla Complex, Bandra (East) Mumbai-400 051*	U72900MH2016PTC273211	Subsidiary	100%	2(87)
3.	Booth Fintech Private Limited Address: 406, 4th Floor, Competent House, Middle Circle, Connaught Place, New Delhi-110001	U67190DL2015PTC282441	Subsidiary	100%	2(87)
4.	Bee Finance Limited Address: 4th floor 19 Bank Street, Cybercity, Ebene 72201, Republic of Mauritius	NA	Holding	59.66%	2(46)

** The Registered Office mentioned above is as on the date of signing this report.*

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the end of the year [As on 31-March-2020]				No. of Shares held at the beginning of the year [As on 31-March-2019]				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	25,08,675	-	25,08,675	0.82	4,747,924	1	4,747,925	1.54	-0.72
b) Central Govt.	-	-	-	-					-
c) State Govt(s)	-	-	-	-					-
d) Bodies Corp.	-	-	-	-					-
e) Banks / FI	-	-	-	-					-
f) Any other	-	-	-	-					-
Sub Total A (1)	25,08,675	-	25,08,675	0.82	4,747,924	1	4,747,925	1.54	-0.72
(2) Foreign									
a) NRI/Individuals	-	-	-	-					-

b) Other Individuals	-	-	-	-					-
c) Bodies Corp.	230,373,125	-	230,373,125	74.88	-	230,373,125	230,373,125	74.89	-0.01
d) Any other	-	-	-	-					-
Sub Total A (2)	230,373,125	-	230,373,125	74.88	-	230,373,125	230,373,125	74.89	-0.01
Total shareholding of Promoter (A)	23,28,81,800	-	23,28,81,800	75.70	4,747,924	230,373,126	235,121,050	76.43	-0.73
B Public Shareholding.									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	300	-	300	Negligible	-	-	-	-	Negligible
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Institutions)	-	-	-		37,777,340	9,628,069	47,405,409	15.41	-15.41
Sub-total (B)(1):-	300	-	300	Negligible	37,777,340	9,628,069	47,405,409	15.41	-15.41
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4,66,17,649	1,08,36,944	5,74,54,593	18.68	7,425,945	1,036,179	8,462,124	2.75	15.93
ii) Overseas	-	-	-	-					
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	16,924	-	16,924	0.01	-	-	-	-	0.01
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,42,95,672	29,87,438	1,72,83,110	5.62	12,755,836	3,884,884	16,640,720	5.41	0.21
c) Others (Including NRI's)									-

Non Resident Indians	-	-	-	-					-
Overseas Corporate Bodies	-	-	-	-					-
Foreign Nationals	-	-	-	-					-
Clearing Members	-	-	-	-					-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	6,09,30,245	1,38,24,382	7,47,54,627	24.30	20,181,781	4,921,063	25,102,844	8.16	16.14
Total Public Shareholding (B)=(B)(1)+ (B)(2)	6,09,30,545	1,38,24,382	7,47,54,927	24.30	57,959,121	14,549,132	72,508,253	23.57	0.73
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	29,38,12,345	1,38,24,382	30,76,36,727	100	62,707,045	244,922,258	307,629,303	100	-

B. Shareholding of Promoter-

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Bhupinder Singh	4,747,925	1.54	-	25,08,675	0.65*	-	-0.89
2.	Bee Finance Limited (Mauritius)	23,03,73,125	74.89	-	23,03,73,125	59.66*	-	-15.23

** After taking into account shares held through Compulsorily Convertible Preference Shares*

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**BHUPINDER SINGH** At the beginning of the year less: Shares transferred At the end of the year	 47,47,925 2,239,250 25,08,675	 1.54 0.89 0.65	25,08,675	0.65
2.	**Bee Finance Limited (Mauritius)** At the beginning of the year Increase/Decrease At the end of the year	 23,03,73,125 23,03,73,125	 74.89 59.66	23,03,73,125	59.66

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

1. **IDFC PRIVATE EQUITY FUND IV**

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	28,782,735	9.36	2,87,82,735	7.45
B.	Increase	0	0.00		
C.	At the end of the year	28,782,735	7.45		

2. **Dalmia Enterprise Holdings**

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	96,28,069	3.13	96,28,069	2.49
B.	Increase/ Decrease	0	0.00		
C.	At the end of the year	96,28,069	2.49		

3. **PARAGON PARTNERS GROWTH FUND A/C PARAGON PARTNERS GROWTH FUND-I**

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	8,994,605	2.92	89,94,605	2.33
B.	Increase	0	0.00		
C.	At the end of the year	89,94,605	2.33		

4. **NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR O NTWIKKELINGSLANDEN N.V.**

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	0	0	4,50,36,765	11.66
B.	Increase/ Decrease Equity CCPS	 100 4,50,36,665	11.66		
C.	At the end of the year	4,50,36,765	11.66		

5. **V'Ocean Investments Limited**

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	0	0	40,45,419	1.05
B.	Increase/ Decrease Equity CCPS	 100 40,45,319	1.05		
C.	At the end of the year	40,45,419	1.05		

6. **Innovative Quest LLP**

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	24,17,749	0.79	24,17,749	0.63

B.	Increase/ **Decrease**	0	0		
C.	At the end of the year	24,17,749	0.63		

7. Mukund Narasimhan

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	16,84,912	0.55	16,84,912	0.44
B.	Increase/ Decrease	0	0.00		
C.	At the end of the year	16,84,912	0.44		

8. Moksh Finvest & Advisors LLP

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	0	0	13,54,264	0.35
B.	Increase/ Decrease	13,54,264	0.35		
C.	At the end of the year	13,54,264	0.35		

9. PINK GINGER ARTS LLP.

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	6,90,786	0.22	6,90,786	0.18
B.	Increase/ **Decrease**	0	0		
C.	At the end of the year	6,90,786	0.18		

10.SAVE POWER LLP

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	6,90,786	0.22	6,90,786	0.18
B.	Increase/ **Decrease**	0	0		
C.	At the end of the year	6,90,786	0.18		

E) Shareholding of Directors and Key Managerial Personnel:

1. **Sunil Agarwal**

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	9,00,000	0.29	7,00,000	0.18
B.	Increase/ **Decrease**	2,00,000	-0.11		
C.	At the end of the year	7,00,000	0.18		

Note: Mr. Sunil Agarwal ceased to be a Director w.e.f May 16, 2019

2. **Bhupinder Singh**

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	4,747,925	1.54	25,08,675	0.65
B.	Increase/ **Decrease**	2,239,250	-0.89		
C.	At the end of the year	25,08,675	0.65		

3. Vivek Bansal

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A.	At the beginning of the year	-	-	22,50,000	0.58
B.	**Increas**e/ Decrease	22,50,000	0.58		
C.	At the end of the year	22,50,000	0.58		

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,22,488.38	-	-	1,22,488.38
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,289.40	-	-	3,289.40
Total (i+ii+iii)	**1,25,777.78**	**-**	**-**	**1,25,777.78**
Change in Indebtedness during the financial year	-	-	-	-
* Addition	68,522.54	9,800.00	-	78,322.54
* Reduction	(79,640.01)	(5,540.00)	-	(85,180.01)
Net Change	(11,117.47)	4,260.00	-	(6,857.47)
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	1,11,370.91	4,260.00	-	1,15,630.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,469.98	34.38	-	2,504.37
Total (i+ii+iii)	**1,13,840.89**	**4,294.38**	**-**	**1,18,135.27**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL FOR FY 2019-20-

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

(Amount in Lakhs)

SNo.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Vivek Bansal (WTD and CFO)	**Mr. Bhupinder Singh (WTD and CEO)#**	**Mr. Sunil Agarwal (WTD)***	
	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	138.57	294.31	0	432.88
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	41.98	95.37	0	137.35
1	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-		
2	Stock Option	12,00,000 ESOPs at INR 40 each			
3	Sweat Equity				
4	Commission - as % of profit - others, specify…				
5	Others, please specify				
	Total (A)	**180.55**	**389.68**		**570.23**
	Ceiling as per the Act		The remuneration paid to the Wholetime Directors is as per requisite approvals obtained from the shareholders as per Companies Act, 2013		

** Mr. Sunil Agarwal was Wholetime Director from 1 April 2019 to 16 May 2019*
 # Mr. Bhupinder Singh appointed as Wholetime Director from 16 May 2019.

B. REMUNERATION TO OTHER DIRECTORS

(Amount in Lakhs)

SN	Particulars of Remuneration	Name of Directors					
		Mrs. Rupa Vora	**Mr. Hoshang Sinor***	**Dr. Parvinder Singh Pasricha#**	**Mr. Deepak Narang#**	**Mr. Antonius Bruijninckx#**	**Total**
1	Independent Directors						
	Fees for attending board / committee meetings	6.20	3.70	N.A	N.A	**-**	**9.90**
	Commission	-	-	-	-	**-**	**-**

	Others, please specify	-	-	-	-	-	-
	Total (1)	**6.20**	**3.70**	-	-	-	**9.90**
2	Other Non-Executive Directors	-	-	-	-	-	
	Fees for attending board / committee meetings	-	-	-	-	0.50	**0.50**
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	**0.50**	**0.50**
	Total (B)-= (1+2)	**6.20**	**3.70**	-	-	**0.50**	**10.40**
	Ceiling as per Act	1% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013, exclusive of sitting fees paid to Independent Directors					
	Total Managerial Remuneration (A+B)						**580.63**
	Overall Ceiling as per Act	11% of net profits of the Company calculated as per Section 198 of the Act read with Schedule V of the Companies Act, 2013. The remuneration paid to the Wholetime Directors is as per requisite approvals obtained from the shareholders as per Companies Act, 2013					

**Mr. Hoshang Sinor resigned w.e.f December 5, 2019*

 # Mr. Antonius Bruijninckx appointed as Non-Executive Director w.e.f November 6, 2019 and Dr. Parvinder Singh Pasricha and Mr. Deepak Narang were appointed as Independent Directors w.e.f March 4, 2020, respectively.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amounts in Lakhs.)

SN	Particulars of Remuneration	Key Managerial Personnel				
		CEO (Refer Note)	**CFO (Refer Note)**	**Mr. Sunil Lotke (CS) ***	**Ms. Nikita Hule (CS)#**	**Total**
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			23.24	1.71	**24.95**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			-	-	-
2	Stock Option			-	7500 ESOPS at INR 40 each	-
3	Sweat Equity			-	-	-
4	Commission			-	-	-
	- as % of profit			-	-	-
	others, specify…			-	-	-
5	Others, please specify			-	-	-

	Total			**23.24**	**1.71**	**24.95**

** Mr. Sunil Lotke was Company Secretary from 1 April 2019 till 14 August 2019*

 # Ms. Nikita Hule appointed as Company Secretary from 18 February 2020

Note: The remuneration details of CEO and CFO is disclosed under Table A above.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

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: August 31, 2020

ANNEXURE I

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/transactionns 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/-	Sd/-
Bhupinder Singh	**Vivek Bansal**
Whole time Director and CEO	Whole Time Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: August 31, 2020

ANNEXURE J

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

Disclosures of amounts as on March 31, 2020 and the maximum amount of loans/ advances/ Investments outstanding during the year.

Particulars		**Loans and advances in the nature of loans to subsidiaries**		
	Nature of Loan	**Amount (Rs. In Lakhs)**		
		Opening Balance as on April 1, 2019	**During the year 2019-20**	**As on March 31, 2020**
InCred Management & Technology Services Private Limited	NA	-	-	-
InCred Housing Finance Private Limited (formerly known as Bee Secure Home Finance Private Limited)	NA	-	-	-
Booth Fintech Private Limited	Inter corporate debt	382.64	382.64	-

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/-	Sd/-
Bhupinder Singh	**Vivek Bansal**
Whole time Director and CEO	Whole Time Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: August 31, 2020