THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY AND IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR NCDs.

January 5, 2023

InCred

Borrow. With Confidence.

INCRED FINANCIAL SERVICES LIMITED

InCred Financial Services Limited *(erstwhile known as KKR India Financial Services Limited)* ("**Company**" / "**Issuer**") was incorporated as Multiflow Financial Services Private Limited on February 3, 1995 as a private company incorporated under the Companies Act, 1956, as amended, with CIN U67190TN1995PTC030045 and was granted a certificate of incorporation by the Registrar of Companies, Chennai Tamil Nadu. The Company changed its name to KKR India Financial Services Private Limited and was issued fresh certificate of incorporation by Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands on August 13, 2010 consequent upon such change of name. Later on, a fresh certificate of incorporation was received from Registrar of Companies, Chennai, Tamil Nadu on July 24, 2019 upon conversion of Company from private company to public company under section 18 of Companies Act, 2013 and consequently name of the Company was changed to KKR India Financial Services Limited. The registered office of the Company was subsequently changed from office at Regus Citi Centre, Level 6, 10/11 Dr. Radhakrishna Salai, Chennai, Tamil Nadu – 600 004 to 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Mumbai City, Maharashtra, 400013 and a fresh certificate of incorporation was issued by RoC w.e.f. April 1, 2021 with revised CIN U67190MH1995PLC360817. Pursuant to a composite scheme of amalgamation and arrangement ("**Scheme**") as further described below, the name of our Company was changed from KKR India Financial Services Limited to InCred Financial Services Limited, and a fresh certificate of incorporation was granted by the RoC on August 3, 2022. Further our registered office was changed to Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051. Our Company is registered as a non-deposit accepting systemically important non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 bearing registration number B-13.02417 by way of a certificate of registration dated September 28, 2022. For more information about our Company including details regarding changes in Registered Office, please see "*General Information*" and "*History and Main Objects*" on pages 42 and 125 of the Prospectus, respectively.

Registered and Corporate Office: Unit No. 1203, 12th Floor, B Wing, The Capital, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051; **Tel:** +91 22 6844 6100
CIN: U67190MH1995PLC360817; **PAN**: AAACM7774Q; **Website:** www.incred.com; **Email:** incred.compliance@incred.com
Company Secretary and Compliance Officer: Gajendra Thakur; **Tel.:** +91 22 6844 6100; **Email:** incred.compliance@incred.com
Chief Financial Officer*:* Vivek Bansal; **Tel**: +91 22 6844 6100; **Email**: treasury@incred.com

CORRIGENDUM TO THE PROSPECTUS DATED DECEMBER 30, 2022
NOTICE TO INVESTORS (THE "CORRIGENDUM")

PUBLIC ISSUE BY THE COMPANY OF UPTO 35,00,000 SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE ₹ 1,000 EACH ("NCDs" OR "DEBENTURES"), FOR AN AMOUNT UP TO ₹ 17,500 LAKH ("BASE ISSUE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO ₹ 17,500 LAKH, AGGREGATING UP TO ₹ 35,000 LAKH ("ISSUE" / "ISSUE SIZE"). THE NCDS WILL BE ISSUED ON TERMS AND CONDITIONS AS SET OUT IN WITH THIS PROSPECTUS. THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON - CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED (THE "COMPANIES ACT, 2013") TO THE EXTENT NOTIFIED AND THE SEBI OPERATIONAL CIRCULAR, AS AMENDED FROM TIME TO TIME. THE ISSUE IS NOT UNDERWRITTEN.

Potential Bidders may note the following:

1. On pages F 397 to F 464 of the Prospectus, the Company included the audited consolidated financial statements of Incred Prime Finance Limited (erstwhile knows as InCred Financial Services Limited) for Fiscal 2022 instead of the audited consolidated financial statements of Incred Prime Finance Limited (erstwhile knows as InCred Financial Services Limited) for Fiscal 2021.

In this regard, please note the following:

The contents of the audited consolidated financial statements of Incred Prime Finance Limited (erstwhile knows as InCred Financial Services Limited) for Fiscal 2022 included in the Prospectus from pages F 397 to F 464 of the Prospectus shall be amended and replaced by the audited consolidated financial statements of Incred Prime Finance Limited (erstwhile known as InCred Financial Services Limited) for Fiscal 2021 as included in the ***Annexure A*** *to this Corrigendum.*

2. On pages 10, 272 and 287, of the Prospectus the term "Record Date" is defined to mean "*The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be* ***15 (fifteen) trading days*** *prior to the date on which interest is due and payable, and/or the date of redemption or such other date under this Prospectus as may be determined by the Company.*"

In this regard, please note the following:

The term "*15 (fifteen) trading days*" across all three references in the Prospectus shall be read as "***15 (fifteen) days***".

Pursuant to the amendment, on pages 10, 272 and 287 of the Prospectus the term "Record Date" shall be defined to mean "*The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be* ***15 (fifteen) days*** *prior to the date on which interest is due and payable, and/or the date of redemption or such other date under this Prospectus as may be determined by the Company.*"

The above changes should be read in conjunction with the Prospectus and accordingly their references in the Prospectus stand amended pursuant to this Corrigendum. The information in this Corrigendum supplements the Prospectus and updates the information in the Prospectus solely to the extent set out above, as applicable. This Corrigendum does not reflect all the changes that may have occurred between the date of filing of the Prospectus and the date hereof. All capitalised terms used in this Corrigendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.

All references to the Prospectus shall also include this Corrigendum. This Corrigendum is available on the websites of the Company at https://www.incred.com/Investor_Relations.html and the lead manager at www.jmfl.com and shall also be available on the websites of SEBI, BSE and NSE at www.sebi.gov.in, www.bseindia.com and www.nseindia.com, respectively.

For **InCred Financial Services Limited**
Sd/-
Bhupinder Singh
Wholetime Director & CEO
DIN : 07342318

Place : Mumbai
Date : January 5, 2023

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE TO THE ISSUE	REGISTRAR TO THE ISSUE
JM FINANCIAL LIMITED 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi Mumbai – 400 025 **Tel:** +91 22 6630 3030 **Fax**: +91 22 6630 3330 **E-mail:** incred.ncdissue2022@jmfl.com **Investor Grievance Email:** grievance.ibd@jmfl.com **Contact Person:** Prachee Dhuri	**CATALYST TRUSTEESHIP LIMITED*** GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud Pune – 411 038, Maharashtra, India **Tel**.: +91 22 4922 0555 **Email**: ComplianceCTL-Mumbai@ctltrustee.com **Investor Grievance Email**: grievance@ctltrustee.com **Contact Person**: Umesh Salvi	**LINK INTIME INDIA PRIVATE LIMITED** C- 101, 247 Park, LBS Marg, Vikhroli (West) Mumbai – 400 083, Maharashtra, India **Tel:** +91 810 811 4949 **Fax:** +91 22 4918 6060 **Email:** incred.ncd2@linkintime.co.in **Investor Grievance Email**: incred.ncd2@linkintime.co.in **Contact Person**: Shanti Gopalkrishnan **Website**: www.linkintime.co.in

CREDIT RATING AGENCIES	STATUTORY AUDITOR
CRISIL RATINGS LIMITED CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400 076 **Tel**: +91 22 3342 3000 (B) **Fax: +** 91 22 3342 3050 **Email**: crisilratingdesk@crisil.com **Contact Person**: Krishnan Sitaraman	**S. R. Batliboi & Associates LLP** Chartered Accountants, 12th Floor, Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, India **Tel**: +91 22 6819 8000 **Email**: srba@srb.in **Contact Person**: Sarvesh Warty

ISSUE PROGRAMME**	
ISSUE OPENS ON: MONDAY, JANUARY 9, 2023	**ISSUE CLOSES ON: FRIDAY, JANUARY 27, 2023**

**Catalyst Trusteeship Limited under regulation 8 of SEBI NCS Regulations has by its letter dated November 30, 2022 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to the Issue.*

***The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in this Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors or Finance Committee of our Company, subject to relevant approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. For further details please see "General Information" on page 42 of the Prospectus.*

ANNEXURE A

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Balance Sheet as at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	2	1,457.92	3,843.63
(b) Bank balance other than cash and cash equivalents	3	588.46	735.88
(c) Receivables			
(I) Trade receivables	4	3.76	141.01
(II) Other receivables	5	-	4.75
(d) Loans	6	2,55,359.84	2,04,849.17
(e) Investments	7	12,457.43	5,051.35
(f) Other financial assets	8	1,852.48	773.70
(2) Non-financial assets			
(a) Current tax assets (net)		737.72	1,282.51
(b) Deferred tax assets (net)	9	1,857.39	1,118.43
(c) Property, plant and equipment	10	3,440.94	3,145.49
(d) Capital work-in-progress		14.49	125.06
(e) Goodwill		652.65	652.65
(f) Other intangible assets	11	547.43	308.00
(g) Other non-financial assets	12	1,482.78	1,178.31
Total assets		**2,80,453.29**	**2,23,209.94**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables			
(I)Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	23.13	58.11
(b) Debt securities	14	73,827.02	42,105.62
(c) Borrowings (other than debt securities)	15	93,021.85	70,321.28
(d) Other financial liabilities	16	4,272.27	3,345.35
(2) Non-financial liabilities			
(a) Provisions	17	169.90	158.41
(b) Deferred tax liabilities (net)	9	832.27	1,069.68
(c) Other non-financial liabilities	18	2,905.65	2,101.09
EQUITY			
(a) Equity share capital	19 (A)	38,624.42	38,615.30
(b) Other equity	19 (B)	66,776.78	65,435.10
Total liabilities and equity		**2,80,453.29**	**2,23,209.94**

Significant accounting policies and key accounting estimates and judgements **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

Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 23 July 2021

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

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 23 July 2021

InCred Financial Services Limited

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

(Rs. in lakhs)

	Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020
	Revenue From operations			
(i)	Interest income	20	37,723.45	31,091.36
(ii)	Fees and commission income	21	557.16	805.95
(iii)	Net (loss)/gain on fair value changes	22	268.91	465.01
(I)	**Total revenue from operations**		**38,549.52**	**32,362.32**
(II)	Other income	23	698.13	904.34
(III)	**Total income (I + II)**		**39,247.65**	**33,266.66**
	Expenses			
(i)	Finance costs	24	15,275.74	11,605.70
(ii)	Impairment on financial instruments	25	8,868.63	5,634.50
(iii)	Employee benefits expenses	26	9,448.81	9,174.99
(iv)	Depreciation and amortisation	10 & 11	1,015.98	1,160.68
(v)	Others expenses	27	3,936.45	4,485.49
(IV)	**Total expenses**		**38,545.61**	**32,061.36**
(V)	**Profit before share of loss of Associates (III - IV)**		**702.04**	**1,205.30**
(VI)	**Share of loss of associates**		349.57	491.55
(VII)	**Profit before tax (V - VI)**		**352.47**	**713.75**
(VIII)	**Tax Expense:**	28		
	(1) Current Tax		1,135.14	527.43
	(2) Deferred Tax		(999.71)	(329.99)
(IX)	**Profit for the year (VII - VIII)**		**217.04**	**516.31**
(X)	**Other comprehensive income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		(26.29)	29.03
	(b) Equity instruments through other comprehensive income		-	0.02
	(ii) Income tax relating to items that will not be reclassified to profit or loss		6.62	(0.32)
	Subtotal (A)		(19.67)	28.73
	(B) Items that will be reclassified to profit or loss			
	(a) Debt instruments through other comprehensive income		118.97	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(29.95)	-
	Subtotal (B)		89.02	-
	Other comprehensive income (A + B)		**69.35**	**28.73**
(XI)	**Total comprehensive income for the year (IX + X)**		**286.39**	**545.04**
	Profit is attributable to:			
	Shareholders of the Group		217.04	516.31
	Non controlling interests		-	-
	Other Comprehensive Income is attributable to:			
	Shareholders of the Group		69.35	28.73
	Non controlling interests		-	-
	Total Comprehensive Income is attributable to:			
	Shareholders of the Group		286.39	545.04
	Non controlling interests		-	-
(XIV)	**Earnings per equity share**	29		
	Basic (Rs.)		0.06	0.14
	Diluted (Rs.)		0.06	0.14

Significant accounting policies and key accounting estimates and judgements **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

Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 23 July 2021

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 23 July 2021

InCred Financial Services Limited

Consolidated Financial Statements
Consolidated Cash Flow Statement for the year ended March 31, 2021

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from operating activities		
Profit / (Loss) before tax	352.47	713.75
Adjustments to reconcile net profit to net cash generated from / (used in) operating activities		
Depreciation and amortisation	1,015.98	1,160.68
Net (gain) on fair value changes	(268.91)	(465.01)
Interest Income	(37,723.45)	(31,078.05)
Finance Cost	15,275.74	11,453.91
Impairment loss	8,868.63	5,634.50
Provision for employment benefits	(20.98)	32.28
Share based expense	1,027.90	583.88
Advertisement expense	28.02	30.61
Share in loss of associate	349.57	491.55
Interest expense on lease liability	156.73	151.78
Reversal of rent expense	(339.20)	(401.71)
Operating cash flow before working capital changes	**(11,277.50)**	**(11,691.83)**
Working capital adjustments		
(Increase) / decrease in other trade receivables	137.25	(127.83)
Decrease in other receivables	4.75	50.75
(Increase) in Loans	(59,183.00)	(36,677.02)
(Increase) in other financial assets	(1,078.78)	(205.92)
(Increase) in other non financial assets	(332.49)	(388.51)
(Decrease) in trade payables	-	(12.33)
(Decrease) / Increase in other payables	(34.98)	(284.99)
Increase in other financial liabilities	1,109.40	2,677.13
Increase in provisions	12.79	0.86
Increase in other non financial liabilities	804.56	88.71
Cash generated from operations	**(69,838.00)**	**(46,570.98)**
Interest received on loans	35,299.79	31,012.88
Interest paid on borrowings and debt	(17,585.83)	(13,157.80)
Income taxes paid	(567.01)	(912.13)
Net cash (used in) operating activities	**(52,691.05)**	**(29,628.03)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(959.91)	(2,754.37)
Purchase of intangibles assets	(590.93)	(107.53)
Capital work in progress	110.57	(125.06)
(Payment made) /Amount received for acquisition of subsidiary	-	(1,050.25)
Purchase of investments	(1,56,146.89)	(1,11,881.19)
Proceeds from sale of investments	1,48,749.18	1,12,051.78
Investment in term deposits	1,05,146.56	(16,814.26)
Proceeds from maturity of term deposits	(1,05,002.11)	16,332.53
Interest on investments	2,061.09	40.22
Interest on term deposits	166.27	38.26
Net cash (used in) investing activities	**(6,466.17)**	**(4,269.87)**
Cash flow from financing activities		
Issue of equity shares (including securities premium)	36.48	42,715.90
Security issue expenses	-	(595.97)
Proceeds from issue of debt securities	62,173.39	12,511.61
Proceeds from borrowings (other than debt securities)	72,265.00	55,339.32
Redemption of debt securities	(28,044.83)	(17,500.00)
Redemption of borrowings (other than debt securities)	(48,668.31)	(57,065.32)
Net cash generated from financing activities	**57,761.73**	**35,405.54**
Net increase / (decrease) in cash and cash equivalents	**(1,395.49)**	**1,507.64**
Cash and cash equivalents at the beginning of the year	884.34	(623.30)
Cash and cash equivalents at the end of the year	**(511.15)**	**884.34**

Notes:

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

(b) Cash and cash equivalents comprises of

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	2.84	8.11
Balances with banks		
- Current Accounts	1,455.08	3,835.52
Cash and cash equivalents (Refer note 2)	1,457.92	3,843.63
Less: Bank overdraft and cash credit (Refer note 15)	(1,969.07)	(2,962.25)
Add: Impairment loss allowance on deposits with bank	-	2.96
Cash and cash equivalents in cash flow statement	**(511.15)**	**884.34**

As per our report of even date

For 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

Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 23 July 2021

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 23 July 2021

InCred Financial Services Limited

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

A. Equity share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the year	30,763.67	30,762.93
Changes in equity share capital during the year	9.12	0.74
Balance as at the end of the year	30,772.79	30,763.67

B. Preference share capital

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the year	7,851.63	-
Changes in equity share capital during the year	-	7,851.63
Balance as at the end of the year	7,851.63	7,851.63

B. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Equity instruments through OCI	Loss on change in proportion held by NCI	Non Controlling interest	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
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)
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**	**3,096.25**	**-**	**15.36**	**(616.81)**	**-**	**65,435.10**
Profit for the year	-	-	-	-	217.03	-	-	-	-	217.03
Remeasurement benefit of defined benefit plans	-	-	-	-	(19.67)	-	-	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	89.03		-	-	89.03
Total comprehensive income for the year (net of tax)					**197.36**	**89.03**	**-**	**-**	**-**	**286.39**
Transfer / utilisations										
Additions during the period	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	(204.69)	-	-	-	-	-
Employee stock option expense	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**89.03**	**15.36**	**(616.81)**	**-**	**66,776.78**

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

Pranav Gune
Partner
Membership No: 121058

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 23 July 2021

Place: Mumbai
Date: 23 July 2021

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.)

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 July xx, 2021.

(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 33.

(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 34.

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

(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 and are not permitted to carry forward the leaves. Hence there is no liability towards compensated absence.

(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.

(r) Standards issued but not yet effective

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

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	2.84	8.11
Balances with banks	1,455.08	3,835.52
Total	**1,457.92**	**3,843.63**

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed deposit with bank*	588.46	738.84
Allowance for impairment loss	-	(2.96)
Total	**588.46**	**735.88**

** Earmarked for borrowings, bank guarantee and securitised transaction.*

4. Trade Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	-	141.67
Unsecured, considered doubtful	8.87	5.09
Allowance for impairment loss	(5.11)	(5.75)
Total	**3.76**	**141.01**

5. Other Receivables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	-	4.75
Allowance for impairment loss	-	-
Total	**-**	**4.75**

6. Loans

(Rs. in lakhs)

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

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

7. Investments

(Rs. in lakhs)

Particulars	As at March 31, 2021					As at March 31, 2020				
	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	2,120.56	-	6,652.06	-	8,772.62	-	-	-	-	-
Equity instruments										
-Associates*	-	-	-	3,697.97	3,697.97	-	-	-	4,047.55	4,047.55
Total - Gross (A)	**2,120.56**	**-**	**6,652.06**	**3,697.97**	**12,470.60**	**-**	**1,003.81**	**-**	**4,047.55**	**5,051.35**
Investments in India	2,120.56	-	6,652.06	3,697.97	12,470.60	-	1,003.81	-	4,047.55	5,051.35
Total - Gross (B)	**2,120.56**	**-**	**6,652.06**	**3,697.97**	**12,470.60**	**-**	**1,003.81**	**-**	**4,047.55**	**5,051.35**
Less: Allowance for impairment loss **(C)**	(0.05)	-	(13.12)	-	(13.17)	-	-	-	-	-
Less: Write off of investment **(D)**	-	-	-	-	-	-	-	-	-	-
Total - Net (A + C + D)	**2,120.51**	**-**	**6,638.94**	**3,697.97**	**12,457.43**	**-**	**1,003.81**	**-**	**4,047.55**	**5,051.35**

** For details of investment in associates, refer note 32 and note 50*

8. Other financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Other receivables	72.71	277.02
Loan to employees	8.62	43.51
Security Deposits	261.42	387.24
Advances to related parties (Refer Note 32)	15.45	16.96
Advances recoverable in cash	1,499.61	50.72
Less: Allowance for impairment loss	(5.33)	(1.75)
Total	**1,852.48**	**773.70**

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

9. Deferred tax

The major components of Deferred Tax Assets ('DTA') / Deferred Tax Liabilities ('DTL') arising on account of timing differences for the year ended March 31, 2021:

(Rs. in lakhs)

Particulars	As at April 1, 2020	Recognised in profit and loss	Recognised in OCI	As at March 31, 2021
Deferred tax assets				
Impairment on financial assets	1,193.91	890.67	-	2,084.58
Impairment on investments	25.17	(2.39)	-	22.78
Retirement benefit plans	37.68	(4.41)	6.62	39.89
Lease expense	29.82	24.36	-	54.18
Disallowance of expenses	-	119.56	-	119.56
Difference between book value of fixed assets as per the books of accounts and income tax	30.49	40.96	-	71.45
Total (A)	**1,317.07**	**1,068.75**	**6.62**	**2,392.44**
Deferred tax liabilities				
Net fair value gain on investment designated through FVOCI	-	-	(29.96)	(29.96)
EIR impact on financial instruments	(352.63)	(152.18)	-	(504.81)
Fair value of investments in associate	(920.25)	87.99	-	(832.26)
Others	4.56	(4.84)	-	(0.28)
Total (B)	**(1,268.32)**	**(69.03)**	**(29.96)**	**(1,367.31)**
Deferred tax assets (net) (A+B) *	**48.75**	**999.72**	**(23.34)**	**1,025.12**

** Movement in deferred tax has been disclosed on a net basis (DTA - DTL) i.e. (Rs 1,857.39 lakhs - Rs.860.21 lakhs)*

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

10. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computers & Printers	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2020								
At carrying cost at the beginning of the year	22.71	46.67	708.55	35.21	428.79	278.83	-	1,520.76
Additions during the year	-	44.78	263.30	86.64	180.73	52.84	2,128.88	2,757.17
Disposals	-	(1.46)	-	(0.44)	(1.19)	-	-	(3.09)
Gross carrying value as March 31, 2020	**22.71**	**89.99**	**971.85**	**121.41**	**608.33**	**331.67**	**2,128.88**	**4,274.84**
Accumulated depreciation as at the beginning of the year	0.40	2.51	0.40	6.88	151.65	49.26	-	211.10
Depreciation for the year	0.38	6.67	323.41	18.59	160.95	40.15	368.39	918.54
Disposals	-	(0.18)	-	(0.11)	-	-	-	(0.29)
Accumulated depreciation as at March 31, 2020	**0.78**	**9.00**	**323.81**	**25.36**	**312.60**	**89.41**	**368.39**	**1,129.35**
Net carrying value as at March 31, 2020	**21.93**	**80.99**	**648.04**	**96.05**	**295.73**	**242.26**	**1,760.49**	**3,145.49**
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	89.99	971.85	121.41	608.33	331.67	2,128.88	4,274.84
Additions during the year	-	94.14	359.63	91.59	154.82	19.53	392.55	1,112.26
Disposals	-	(22.97)	-	(19.11)	(3.06)	-	(131.39)	(176.52)
Gross carrying value as March 31, 2021	**22.71**	**161.16**	**1,331.48**	**193.89**	**760.09**	**351.20**	**2,390.04**	**5,210.57**
Accumulated depreciation as at the beginning of the year	0.78	9.00	323.81	25.36	312.60	89.41	368.39	1,129.35
Depreciation for the year	0.38	13.62	91.71	37.78	193.13	45.99	417.54	800.14
Disposals	-	(7.88)	-	(15.99)	(0.37)	-	(135.63)	(159.86)
Accumulated depreciation as at March 31, 2021	**1.16**	**14.74**	**415.52**	**47.15**	**505.36**	**135.40**	**650.30**	**1,769.63**
Net carrying value as at March 31, 2021	**21.55**	**146.42**	**915.96**	**146.74**	**254.74**	**215.79**	**1,739.75**	**3,440.94**

** Immovable properties have been pledged against debt securities issued. Refer Note 14*

*** Refer Note 35 for recognition of right-of-use assets*

Notes to the Consolidated Financial Statements

11. Other intangible assets

(Rs. in lakhs)

Particulars	Computer software
Year ended March 31, 2020	
At cost at the beginning of the year	580.57
Additions during the year	107.54
Gross carrying value as March 31, 2020 (A)	**688.11**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	137.97
Amortisation for the year	242.14
Accumulated amortisation as at March 31, 2020 (B)	**380.11**
Net carrying value as at March 31, 2020 (A-B)	**308.00**
Year ended March 31, 2021	
At cost at the beginning of the year	688.11
Additions during the year	590.92
Gross carrying value as March 31, 2021 (A)	**1,279.03**
Accumulated amortisation:	
Accumulated amortisation at the beginning of the year	380.11
Amortisation for the year	351.49
Accumulated amortisation as at March 31, 2021 (B)	**731.60**
Net carrying value as at March 31, 2021 (A-B)	**547.43**

12. Other non-financial assets

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	366.01	254.71
Advances recoverable in kind	201.49	77.67
Advance to employee	0.10	-
Goods and Service Tax ('GST') receivable	915.18	837.64
TDS receivable	-	8.29
Total	**1,482.78**	**1,178.31**

13. Other Payables

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues other than micro enterprises and small enterprises		
- Principal	23.13	58.11
- Interest due	-	-
Total	**23.13**	**58.11**

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

14. Debt Securities

(Rs. in lakhs)

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

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2021	As at March 31, 2020
1	500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)	1. Non- Convertible Debentures issued by the group are secured by way of a first pari- passu charge over the receivables of the group to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the group in favour of the Debenture Trustee. 2. Additionally secured by way of a pari- passu charge with other debenture holders over the identified immovable property owned by the group.	Put date - September 20, 2019; Put price - Rs. 11,65,327 each Call date - September 20, 2019; Call price - Rs. 11,65,327 each Maturity date - June 22, 2020; Maturity price - Rs. 12,60,582 each	20-Sep-19	-	6,068.98
2	1500, 10.75% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 825 days from the date of allotment. Coupon to be paid annually.	22-Jun-20	-	15,047.83
3	750, 10.25% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each		Redeemable at par at the end of 1096 days from the date of allotment. Coupon to be paid annually.	26-Apr-21	8,213.51	8,208.86
4	1000, 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 545 days from the date of allotment. Coupon to be paid annually and on maturity.	20-Dec-21	10,687.30	-
5	500, 9.75% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	22-Jun-23	5,265.56	-
6	1000, 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 1095 days from the date of allotment. Coupon to be paid annually.	26-Jun-23	10,649.39	-
7	500, 9.50% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each	Non- Convertible Debentures issued by the group are secured by way of a first pari- passu charge over the receivables of the group to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the group in favour of the Debenture Trustee.	Redeemable at par at the end of 546 days from the date of allotment. Coupon to be paid semi-annually.	28-Jan-22	5,050.83	-
8	500, 9.40% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid annually and on maturity.	10-Feb-22	5,277.22	-
9	750, 9.40% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each		Redeemable at par at the end of 549 days from the date of allotment. Coupon to be paid semi-annually.	14-Mar-22	7,491.67	-
10	250, 9.10% Secured Rated Listed Redeemable Non Convertible Debentures of INR 10,00,000 each	Non- Convertible Debentures issued by the group are secured by way of a first exclusive charge over the specific book-debts / loan receivables of the group ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the	Redeemable at par at the end of 547 days from the date of allotment. Coupon to be paid quarterly.	04-Jun-22	2,502.24	-
11	156, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000	Non- Convertible Market- Linked Debentures issued by the group are secured by way of a first pari passu charge over the receivables of the group to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the group in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 451 days from the date of allotment.	18-Jan-21	-	1,621.98
12	192, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 428 days from the date of allotment.	03-Feb-21	-	1,967.73
13	158, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 730 days from the date of allotment.	30-Sep-21	1,849.04	1,653.72
13	348, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 732 days from the date of allotment.	14-Dec-21	3,977.66	3,553.81
14	502, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 729 days from the date of allotment.	18-Feb-22	5,630.14	3,982.71
15	550, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 911 days from the date of allotment.	03-Mar-23	5,744.54	-
16	150, Secured Redeemable Principal Protected - Market Linked Non-Convertible Debenture of INR 10,00,000		Redeemable with agreed coupon at the end of 910 days from the date of allotment.	28-Jul-23	1,487.92	-
	Total				**73,827.02**	**42,105.62**

Notes to the Consolidated Financial Statements

15. Borrowings (other than debt securities)

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
	Amortised cost	**Amortised cost**
(a) Term loans		
(i) from banks	62,464.65	50,699.91
(ii) from other parties	16,338.37	15,145.11
(b) Inter corporate borrowings from related parties	5,801.94	
(c) Inter corporate borrowings from other parties	1,000.25	
(d) Loans repayable on demand		-
(i) from banks	5,456.92	4,476.26
(ii) from other parties	-	-
(e) Commercial Papers	1,959.72	-
Total	**93,021.85**	**70,321.28**
Borrowings in India	93,021.85	70,321.28
Borrowings outside India		
Total	**93,021.85**	**70,321.28**

Terms and conditions

(Rs. in lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2021	As at March 31, 2020
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly installments with original tenure ranging from 3 to 60 months. Rate of Interest ("ROI") ranging from 6.32% p.a. to 11.00% p.a.	62,464.65	50,699.91
b) Others	Term Loan from Others are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding	Loans are repayable in monthly or quarterly installments with original tenure ranging from 33 to 39 months. ROI ranging from 10.35% p.a. to 12.45% p.a.	16,338.37	15,014.28
	Pass Through Certificate Borrowings are secured by way of charge on fixed deposits and receivable from the pool principal.	Based on the waterfall mechanism, the proceeds realised from the receivables shall be utilized for the purpose of repayment of borrowings.	-	130.83
Loans repayable on demand (WCDL and CC)	Working Capital Demand Loans ("WCDL") and Cash Credit ("CC") from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding	WCDL and CC facilities are repayable on demand. Interest is payable on a monthly basis. ROI ranging from 8.10% p.a. to 11.00% p.a.	5,456.92	4,476.26
Inter corporate borrowings from related parties (Refer Note 32)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis.	5,801.94	-
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month. Interest is payable on maturity. ROI - 10.00% p.a.	1,000.25	-
Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 364 days with coupon of 9.00% p.a.	1,959.72	-
Total			**93,021.85**	**70,321.28**

Notes to the Consolidated Financial Statements

16. Other financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability (Refer Note 35)	1,957.64	1,878.95
Advances from customers	2,273.22	1,432.21
Expense payable	23.43	18.97
Security deposits	10.57	10.57
Employee expenses payable	5.74	0.69
Others	1.67	3.96
Total	**4,272.27**	**3,345.35**

17. Provisions

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (Refer Note 33)	158.90	153.59
Expected credit loss provision on undrawn commitments	11.00	4.82
Total	**169.90**	**158.41**

18. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for expenses	2,389.07	1,402.69
Statutory dues payable	516.58	698.40
Total	**2,905.65**	**2,101.09**

Notes to the Consolidated Financial Statements

19 (A). Equity share capital

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

Terms/rights attached to equity shares

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

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

Terms/rights attached to preference shares

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

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

Equity shares held by holding company

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

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

Notes to the Consolidated Financial Statements
Details of shareholder(s) holding more than 5% of shares in the group :

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

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

Equity shares reconciliation

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

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

Preference shares reconciliation

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
At the beginning of the year	7,85,16,289	7,851.63	-	-
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**	**7,85,16,289**	**7,851.63**

Notes to the Consolidated Financial Statements

19 (B). Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Debt instruments through OCI	Equity instruments through OCI	Loss on change in proportion held by NCI	Non Controlling interest	Total
	Special reserve	Securities premium	Capital contribution from parent	Share based payment reserve	Retained earnings					
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)
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**	**3,096.25**	**-**	**15.36**	**(616.81)**	**-**	**65,435.10**
Profit for the year	-	-	-	-	217.03	-	-	-	-	217.03
Remeasurement benefit of defined benefit plans	-	-	-	-	(19.67)	-	-	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	89.03	-	-	-	89.03
Total comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**197.36**	**89.03**	**-**	**-**	**-**	**286.39**
Transfer / utilisations										
Additions during the period	-	27.36	-	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	(204.69)	-	-	-	-	-
Employee stock option expense	-	-	11.38	1,016.55	-	-	-	-	-	1,027.93
Transferred to reserve and on additional acquisition of shares	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2021	**656.72**	**61,729.95**	**62.28**	**1,751.33**	**3,088.92**	**89.03**	**15.36**	**(616.81)**	**-**	**66,776.78**

Description of nature and purpose of each reserve

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

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

Capital contribution from parent - The capital contribution from parent is the outcome of share 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.

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

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

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.

Notes to the Consolidated Financial Statements

20. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at amortised cost:		
-Interest on loans	35,496.09	31,012.88
-Interest income from investments	523.59	40.22
-Interest on deposits with banks	166.27	38.26
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	1,537.50	-
Total	**37,723.45**	**31,091.36**

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

21. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other fees and charges	501.16	749.95
Service fees (Refer Note 32 for related party transaction)	56.00	56.00
Total	**557.16**	**805.95**

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

(Rs. in lakhs)

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

23. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Service fee income	401.46	628.56
Marketing fees	195.00	255.00
Other income	101.67	20.78
Total	**698.13**	**904.34**

Notes to the Consolidated Financial Statements

24. Finance costs

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On financial liabilities measured at amortised cost	On financial liabilities measured at amortised cost
(i) Interest on borrowings	8,258.40	7,463.01
(ii) Discount on Commercial Paper	124.74	93.85
(iii) Interest on Debentures	6,499.73	3,801.05
(iv) Interest on Inter Corporate Debts ("ICD")	195.52	66.18
(v) Liability towards operating lease (Refer Note 35)	156.73	151.78
(vi) Other finance cost	40.62	29.83
Total	**15,275.74**	**11,605.70**

25. Impairment on financial instruments

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On Financial instruments measured at amortised cost		
- Loans	8,872.69	5,628.25
- Investments	0.05	(1.82)
- Other financial assets	(4.11)	8.07
Total	**8,868.63**	**5,634.50**

26. Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	8,072.43	8,085.02
Contribution to provident and other funds	227.81	260.68
Share based payment to employees	1,027.90	583.88
Staff welfare expenses	141.65	203.86
Retirement Benefit expenses	(20.98)	32.28
Others	(0.00)	9.27
Total	**9,448.81**	**9,174.99**

Notes to the Consolidated Financial Statements

27. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent (Refer Note 35)	275.89	275.89
Communication cost	78.64	94.04
Travelling and conveyance	129.70	344.41
Legal, professional and consultancy charges	434.57	350.68
IT expenses	672.66	657.32
Repairs and maintenance	20.62	25.01
Rating fees	104.25	47.84
Printing and stationary	5.76	30.08
Bank charges	32.23	28.57
Bureau charges	168.68	290.44
Directors' sitting fees	13.19	14.55
Payment to auditors	94.93	80.12
Advertisement, publicity and sales promotion expenses	389.18	477.95
Operation Cost	164.05	458.25
Office Expense	320.31	315.23
Postage & courier charges	12.07	62.45
Interest on statutory dues	14.41	5.53
Recruitment fees	32.51	126.88
Stamp Duty & Filing fees	10.64	86.65
Legal & Technical charges	25.64	88.74
Corporate Social responsibility (Refer Note 40)	20.05	16.93
Provision for diminution in the value of investment	-	-
Cost of collection	851.93	553.48
Miscellaneous expenses	64.54	54.45
Total	**3,936.45**	**4,485.49**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Auditor's remuneration		
- Audit fees	84.12	71.95
In other capacity		
- Certification services	10.81	8.17
- Taxation	-	-
Out of pocket expenses	-	-
Total	**94.93**	**80.12**

Notes to the Consolidated Financial Statements

28. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax expense		
Current year	1,135.14	527.43
Deferred tax expense		
Origination and reversal of temporary differences	(999.71)	(329.99)
Tax expense for the year	**135.43**	**197.44**

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021			Year ended March 31, 2020		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(26.29)	6.62	(19.67)	29.03	(6.62)	22.41
(b) Equity instruments through other comprehensive income				0.02	6.30	6.32
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	118.97	(29.95)	89.03	-	-	-
Total	**92.68**	**(23.33)**	**69.35**	**29.05**	**(0.32)**	**28.73**

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax as per Statement of profit and loss	352.47	713.75
Statutory tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	88.72	179.65
Tax effect of:		
Tax effect of amounts which are not deductible in calculating taxable income	198.43	36.66
Effect of income exempt from income tax	(42.11)	(104.73)
Impact of change in tax rate	-	(56.41)
Tax pertaining to prior year	(96.38)	2.15
Other adjustments	(13.23)	7.47
Impact of MAT reversal	-	132.65
Tax impact of lower tax rate for subsidiaries	-	-
Total income tax expense	**135.43**	**197.44**
Effective tax rate	**38.42%**	**27.66%**

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

Notes to the Consolidated Financial Statements

29. Earnings per share

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

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit attributable to equity holders of the Company used in calculating basic earnings per share	217.04	516.31
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	**217.04**	**516.31**

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2021	As at March 31, 2020
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,51,19,843	38,03,66,142
Add: Adjustments for calculation of diluted earnings per share	14,19,853	-*
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**38,65,39,696**	**38,03,66,142**
Basic earnings per share	**0.06**	**0.14**
Diluted earnings per share	**0.06**	**0.14**

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

Notes to the Consolidated Financial Statements

30. Fair value measurements

A. Accounting classification

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

(Rs. in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	1,457.92	-	-	3,843.63
Bank balance other than cash and cash equivalents	-	-	588.46	-	-	735.88
Receivables						
(I) Trade receivables	-	-	3.76	-	-	141.01
(II) Other receivables	-	-	-	-	-	4.75
Loans	-	-	2,55,359.84	-	-	2,04,849.17
Investments						
- Mutual funds	-	-	-	1,003.81	-	-
- Debt securities		6,638.94	2,120.51	-	-	-
- Strategic investment				-	-	-
Other financial assets	-	-	1,852.48	-	-	773.70
Total financial assets	**-**	**6,638.94**	**2,61,382.97**	**1,003.81**	**-**	**2,10,348.14**
Financial liabilities						
Payables						
- Other payables	-	-	23.13	-	-	58.11
Debt securities	-	-	73,827.02	-	-	42,105.62
Borrowings (other than debt securities)	-	-	93,021.85	-	-	70,321.28
Other financial liabilities	-	-	4,272.27	-	-	3,345.35
Total financial liabilities	**-**	**-**	**1,71,144.27**	**-**	**-**	**1,15,830.36**

B. Fair Value

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

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Equity instruments (strategic investments)	-	-	-	-	-	-	-	-
Investment in mutual funds	-	-	-	-	1,003.81	-	-	1,003.81
Investment in debt securities	-	-	6,638.94	6,638.94	-	-	-	
Total	**-**	**-**	**6,638.94**	**6,638.94**	**1,003.81**	**-**	**-**	**1,003.81**

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

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	1,457.92	-	-	1,457.92	3,843.63	-	-	3,843.63
Bank balance other than cash and cash equivalents	588.46	-	-	588.46	735.88	-	-	735.88
Receivables								
(I) Trade receivables	-	-	3.76	3.76	-	-	141.01	141.01
(ii) Other receivables	-	-	-	-	-	-	4.75	4.75
Investments								
-Debt securities	-	-	2,120.51	2,120.51	-	-	-	-
Loans	-	-	2,70,436.30	2,70,436.30	-	-	2,06,237.47	2,06,237.47
Other financial assets	-	-	1,852.48	1,852.48	-	-	773.70	773.70
Total	**2,046.38**	**-**	**2,74,413.05**	**2,76,459.43**	**4,579.51**	**-**	**2,07,156.93**	**2,11,736.44**
Financial Liabilities								
Payables								
- Other payables	-	-	23.13	23.13	-	-	58.11	58.11
Debt securities	-	-	74,320.09	74,320.09	-	-	42,112.57	42,112.57
Borrowings (other than debt securities)	-	-	93,038.76	93,038.76	-	-	70,306.94	70,306.94
Other financial liabilities	-	-	4,272.27	4,272.27	-	-	3,345.35	3,345.35
Total	**-**	**-**	**1,71,654.25**	**1,71,654.25**	**-**	**-**	**1,15,822.97**	**1,15,822.97**

Notes to the Consolidated Financial Statements

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	1,457.92	1,457.92	3,843.63	3,843.63
Bank balance other than cash and cash equivalents	588.46	588.46	735.88	735.88
Receivables				
(I) Trade receivables	3.76	3.76	141.01	141.01
(II) Other receivables	-	-	4.75	4.75
Loans	2,55,359.84	2,70,436.30	2,04,849.17	2,06,237.47
Investments				
- Mutual funds	-	-	1,003.81	1,003.81
- Debt securities	8,759.45	8,759.45	-	-
- Equity instruments (strategic investments)	-		-	-
Other financial assets	1,852.48	1,852.48	773.70	773.70
Total	**2,68,021.91**	**2,83,098.37**	**2,11,351.95**	**2,12,740.25**
Financial liabilities				
Payables				
- Other payables	23.13	23.13	58.11	58.11
Debt securities	73,827.02	74,320.09	42,105.62	42,112.57
Borrowings (other than debt securities)	93,021.85	93,038.76	70,321.28	70,306.94
Other financial liabilities	4,272.27	4,272.27	3,345.35	3,345.35
Total	**1,71,144.27**	**1,71,654.25**	**1,15,830.35**	**1,15,822.97**

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

C. Measurement of fair values

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

Notes to the Consolidated Financial Statements
Financial instruments held at amortised cost

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

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

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

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

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

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

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

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

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

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

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

The following table presents the change in level 3 items for the year ended March 31, 2021 and March 31, 2020.

(Rs. in lakhs)

Particulars	Equity	Debt
As at March 31, 2019	**121.63**	**-**
Net Acquisitions/(Disposal)	(121.61)	-
Gains recognised in other comprehensive income	(0.02)	-
As at March 31, 2020	**-**	**-**
Acquisitions/(Disposal)	-	6,519.96
Gains recognised in other comprehensive income	-	132.10
As at March 31, 2021	**-**	**6,652.06**

Notes to the Consolidated Financial Statements

31. Financial risk management

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

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

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

Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

A. Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	2,120.56	0.05	2,120.51
	Investments at FVOCI			
	- Debt securities	6,652.06	13.12	6,638.94
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	2,29,929.27	1,866.31	2,28,062.96
	Bank balance other than cash and cash equivalents	588.46	-	588.46
	Loan commitments	8,975.03	11.00	8,964.03
	Other financial assets	1,857.81	5.33	1,852.48
Loss allowance measured at life-time expected credit losses, not credit impaired (Stage 2)	Loans - Term Loans and Loans repayable on demand	24,329.43	2,008.79	22,320.64
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans - Term Loans and Loans repayable on demand	10,206.03	5,229.79	4,976.24

As at March 31, 2020

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	-	-	-
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,99,017.36	1,345.71	1,97,671.65
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,880.07	4.82	9,875.25
	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 - Term Loans and Loans repayable on demand	4,355.24	317.58	4,037.66
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans - Term Loans and Loans repayable on demand	6,815.66	3,675.81	3,139.85

Maximum exposure to credit risk

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

(Rs. in lakhs)

Particulars	Gross Exposure as at March 31, 2021	Gross Exposure as at March 31, 2020
Cash and cash equivalent	1,457.92	3,843.63
Balances with Banks	588.46	735.88
Trade receivables	3.76	141.01
Other receivables	-	4.75
Loans	2,55,359.84	2,04,849.17
Investment securities	8,772.62	-
Other financial assets	1,857.81	775.44
Total credit risk exposure	**2,68,040.41**	**2,10,349.88**

Collateral held

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

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

Notes to the Consolidated Financial Statements

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

Secured Loans

(Rs. in lakhs)

LTV Ratio	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020	As at March 31, 2020
Less than 50%	53,647.27	39.96%	47,097.54	47.09%
51-70%	18,554.37	13.82%	22,742.80	22.74%
71-90%	11,474.72	8.55%	8,264.25	8.26%
91-100%	46,912.45	34.94%	18,791.63	18.79%
More than 100%	3,663.67	2.73%	3,117.75	3.12%
Total	**1,34,252.48**	**100.00%**	**1,00,013.97**	**100.00%**

Value of security of secured credit Impaired assets

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

(Rs. in lakhs)

Particulars	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020	As at March 31, 2020
Value of Security	3,639.95	6,498.64	1,541.35	3,050.38

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

iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

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

(Rs. in lakhs)

Reconciliation of Loan exposure	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)
Loan exposure as on March 31, 2019	**1,66,754.11**	**3,902.16**	**3,178.89**
Remeasurement of net exposure	(76,016.63)	(2,301.48)	725.22
Assets originated or purchased	1,15,443.82	1,398.54	753.99
Transferred to 12-month ECL	858.10	(826.50)	(31.60)
Transferred to Lifetime ECL not credit impaired	(2,748.25)	2,750.49	(2.24)
Transferred to Lifetime ECL credit impaired	(4,204.36)	(694.28)	4,898.64
Write – offs	-	-	(3,579.84)
Loan exposure on March 31, 2020	**2,00,086.79**	**4,228.93**	**5,943.06**
Remeasurement of net exposure	(1,11,619.89)	(7,901.73)	(5,362.11)
Assets originated or purchased	1,60,934.35	17,437.99	6,845.50
Transferred to 12-month ECL	720.84	(710.69)	(10.15)
Transferred to Lifetime ECL not credit impaired	(12,243.37)	12,245.97	(2.60)
Transferred to Lifetime ECL credit impaired	(4,879.72)	(1,233.84)	6,113.56
Write – offs	-	-	(4,474.73)
Loan exposure on March 31, 2021	**2,32,999.00**	**24,066.63**	**9,052.53**

For Loan loss allowance:

(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	(28.60)	(69.93)	2,627.76
Write – offs	-	-	(3,539.21)
Loss allowance on March 31, 2020	**1,345.71**	**317.58**	**3,675.81**
Remeasurement of loss allowance	(629.25)	(576.12)	(698.54)
Assets originated or purchased	1,384.79	1,561.99	3,431.52
Transferred to 12-month ECL	5.20	(25.23)	(8.09)
Transferred to Lifetime ECL not credit impaired	(121.88)	881.42	(3.86)
Transferred to Lifetime ECL credit impaired	(118.89)	(150.23)	3,307.70
Write – offs	-	-	(4,474.73)
Loss allowance on March 31, 2021	**1,865.68**	**2,009.41**	**5,229.81**

Notes to the Consolidated Financial Statements

For investments

(Rs. in lakhs)

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

For loan commitments

(Rs. in lakhs)

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

Concentration of credit risk

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

(Rs. in lakhs)

Particulars	Loans and advances to customers		Loan commitments	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Concentration by region				
North	45,263.88	30,112.17	985.91	1,215.32
South	1,27,616.29	1,00,098.22	4,251.67	4,456.38
East	9,525.25	9,254.90	491.33	574.73
West	82,059.31	70,722.97	3,246.12	3,633.64
Total	**2,64,464.73**	**2,10,188.26**	**8,975.03**	**9,880.07**

Offsetting financial assets and financial liabilities

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

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of Covid-19 pandemic, RBI announced resolution plan framework vie circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 - Resolution Framework for COVID-19-related Stress for personal loan customers and extended RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances for SME loans. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower specific. We continue to monitor the recoverability of loans granted in accordance with these circulars. The on-going and future performance of such loans remains an area of uncertainity as March 31, 2021. The relevant details in respect of these loans have been presented under note no. 48 and 49.

Impact of COVID-19

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

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

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

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

Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

B. Liquidity risk

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Expiring within one year	10,090.93	11,038.25
Expiring beyond one year	-	-
Total	**10,090.93**	**11,038.25**

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

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Other payables	13	23.13	(23.13)	(23.13)	-	-	-
Debt securities	14	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings	15	93,021.85	(1,06,339.41)	(54,087.87)	(41,538.58)	(10,712.96)	-
Other financial liabilities	16	4,272.27	(4,272.27)	(4,272.27)	-	-	-
Loan commitments	36	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		**1,80,119.30**	**(2,02,070.32)**	**(1,17,458.54)**	**(73,898.82)**	**(10,712.96)**	**-**

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Other payables	13	58.11	(58.11)	(58.11)	-	-	-
Debt securities	14	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings	15	70,321.28	(99,576.75)	(41,614.51)	(34,684.90)	(23,270.90)	-
Other financial liabilities	16	3,345.35	(3,345.34)	(26.77)	(3,318.57)	-	-
Loan commitments	36	9,880.07	(9,880.07)	(5,430.48)	(4,420.62)	(14.49)	(14.48)
Total		**1,25,710.43**	**(1,58,658.72)**	**(73,563.59)**	**(61,788.82)**	**(23,285.39)**	**(14.48)**

Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

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

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	1,457.92	1,457.92	1,457.92	-	-	-
Bank deposits	3	588.46	588.46	588.46	-	-	-
Trade receivables	4	3.76	3.76	3.76	-	-	-
Other receivables	5	-	-	-	-	-	-
Loans	6	2,55,359.84	3,55,624.03	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments	7	8,759.45	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	8	1,852.48	-	-	-	-	-
Total		**2,68,021.91**	**3,66,970.94**	**1,61,761.80**	**99,022.60**	**39,082.15**	**67,104.40**

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,843.63	3,843.63	3,843.63	-	-	-
Bank deposits	3	735.88	735.88	735.88	-	-	-
Trade receivables	4	141.01	141.01	141.01	-	-	-
Other receivables	5	4.75	4.75	4.75	-	-	-
Loans	6	2,04,849.17	2,92,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments	7	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	8	773.70	773.70	380.71	392.99	-	-
Total		**2,11,351.95**	**2,98,983.97**	**1,13,869.94**	**80,285.47**	**36,729.10**	**68,099.46**

Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

C. Interest rate risk

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

Exposure to interest rate risk

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

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2021	As at March 31, 2020
Loans		
Fixed rate loans	1,30,872.89	1,08,509.09
Variable rate loans	1,32,493.60	99,181.42
Bank balance other than cash and cash equivalents	586.06	723.06
Investment in debentures	8,533.21	-
Total	**2,72,485.76**	**2,08,413.57**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(94,222.18)	(47,092.03)
Variable rate Debt and Borrowings	(69,420.64)	(64,278.82)
Total	**(1,63,642.82)**	**(1,11,370.85)**

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

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

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2021				
Variable-rate instruments	382.71	(382.71)	382.71	(382.71)
Cash flow sensitivity (net)	**382.71**	**(382.71)**	**382.71**	**(382.71)**
March 31, 2020				
Variable-rate instruments	349.03	(349.03)	349.03	(349.03)
Cash flow sensitivity (net)	**349.03**	**(349.03)**	**349.03**	**(349.03)**

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

D. Price risk

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

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

Notes to the Consolidated Financial Statements

32. Related party disclosures

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the KMP	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director (upto June 11, 2021)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director (w.e.f December 1, 2020)
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria Bruijninckx	Nominee Director
Mr. Girish Dinanath Nadkarni	Nominee Director (upto June 13, 2021)
Mr. Vivek Anand PS	Nominee Director

Enterprises where key management personnel exercises control

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

A. Names of related parties and nature of relationship

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

Associate of Booth Fintech Private Limited

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

Transactions with key management personnel

i. Key management personnel compensation

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Employee benefit expenses	575.33	570.22
Directors' sitting fees	13.19	14.55

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

Notes to the Consolidated Financial Statements

32. Related party disclosures (continued)

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

(Rs. in lakhs)

Nature of transactions	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Associate of subsidiary	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance Sheet transactions								
Purchase of equity shares of subsidiary company	-	1,050.25	-	-	-	-	-	-
Security Deposit received	-	-	-	3.20	-	-	-	-
ICD taken	-	-	-	-	4,500.00	-	3,275.00	-
Repayment of ICD taken (including interest)	-	-	-	-	-	-	2,053.29	-
Purchase of Loan Portfolio	-	-	-	-	12,738.68	-	-	-
Proceeds from sale of Fixed Assets	-	-	-	-	1.88	-	-	-
Issue of MLD	-	-	-	-	830.00	-	-	-
Proceeds from redemption of MLDs	-	-	-	-	295.27	-	-	-
Reimbursement of credit loss	-	-	-	-	-	-	57.31	-
Proceeds from sale of Debentures	-	-	-	-	6,505.59	-	-	-
Income transactions								
License fees	-	-	-	-	-	-	56.00	56.00
Service fee	-	-	-	-	404.03	91.85	0.15	14.34
Profit on sale of Debentures	-	-	-	-	20.70	-	-	-
Expense transactions								
Interest on ICD	-	-	-	-	1.76	-	84.99	-
Fee and commission	-	-	-	-	187.63	19.01	14.90	-

Note: During the current year the Company and the Holding Company has issued employee stock options to its own and subsidiary employees (*Refer Note 34 for further details).*

Notes to the Consolidated Financial Statements
32. Related party disclosures (continued)

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

(Rs. in lakhs)

Sr. No.	Balance outstanding	Holding Company		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by Key Managerial Personnel		Associate of subsidiary	
		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Advances/Receivables	-	-	-	-	31.74	99.19	15.47	17.11
2	ICD Payable	-	-	-	-	4,501.63	-	1,300.33	-
3	Other Payables	-	-	-	-	-	19.01	0.44	-
4	Security deposit payable	-	-	3.20	3.20	-	-	-	-
5	Number of options outstanding	241	248	-	-	-	-	-	-

For terms and conditions of transactions on payables to related parties, refer Note No 15

Notes to the Consolidated Financial Statements

33. Employee benefits

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

(Rs. in lakhs)

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Provident fund	227.38	235.48

2. Gratuity

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

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	88.90	65.07
Interest cost	4.49	4.41
Current Service cost	39.23	48.46
Liability Transferred In/Acquisition	-	-
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	-	(38.03)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	4.98	2.11
Actuarial Losses on Obligations - Due to Experience	21.32	6.88
Liability at the end of the year	**158.92**	**88.90**

Amount recognized in the Balance Sheet (Rs. in lakhs)

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Present value of benefit obligation at the end of the year	(158.92)	(88.90)
Fair value of plan assets at the end of the year		-
Funded Status (Deficit)	(158.92)	(88.90)
Net (Liability) Recognized in the Balance Sheet	**(158.92)**	**(88.90)**

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Current service cost	39.23	48.45
Net Interest cost	4.49	4.41
Expenses recognised	**43.72**	**52.86**

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

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

Notes to the Consolidated Financial Statements

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

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	4.25%	5.21%
Salary escalation rate	5% for next 1 year and 7% thereafter	5% - 7%
Expected Rate of return on Plan Assets	N.A	N.A.
Rate of Employee Turnover	35.00%	35.00%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

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

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening net liability	88.90	65.07
Expenses recognized in Statement of Profit and Loss	43.72	52.86
Expenses recognized in OCI	26.29	(29.03)
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	**158.91**	**88.90**

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Projected benefits payable in future years from the date of reporting		
1st following year	0.73	0.55
2nd following year	32.15	0.41
3rd following year	38.22	20.52
4th following year	33.79	24.07
5th following year	25.33	20.49
Sum of years 6 To 10	47.54	38.84
Sum of years 11 and above	7.87	6.86

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Projected benefit obligation on current assumptions	158.91	88.89
Delta effect of +1% change in rate of discounting	(5.20)	(3.56)
Delta effect of -1% change in rate of discounting	5.52	3.79
Delta effect of +1% change in rate of salary increase	4.96	3.62
Delta effect of -1% change in rate of salary increase	(4.83)	(3.50)
Delta effect of +1% change in rate of employee turnover	(4.15)	(3.44)
Delta effect of -1% change in rate of employee turnover	4.24	3.55

Notes to the Consolidated Financial Statements
Qualitative disclosures

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

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

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

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

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

3. Compensated absences

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

Particulars	**As at March 31, 2021***	**As at March 31, 2020**
Total actuarial liability		
Assumptions:		
Discount rate	NA	5.21%
Salary escalation rate	NA	5% - 7%
Rate of Employee Turnover	NA	35.00%
Mortality Rate during employment	NA	Indian Assured lives mortality (2006-08)

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

Notes to the Consolidated Financial Statements

34. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

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

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

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

A. Measurement of fair values

Equity-settled share-based payment arrangements

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

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

The model inputs for options granted during

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

B. Reconciliation of outstanding share options

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

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

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

Notes to the Consolidated Financial Statements

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

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

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

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

A. Measurement of fair values

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

The model inputs for options granted during the year ended March 31, 2021:
No fresh grants have been given during the year ended March 31, 2021 and year ended March 31, 2020

B. Reconciliation of outstanding share options

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

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance	**48,033.52**	**248.00**	**53,031.00**	**549.00**
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	55,650.73	(7.00)	55,363.75	(301.00)
Options outstanding as at the year end	**47,728.27**	**241.00**	**48,033.52**	**248.00**
Weighted average remaining contractual life of options outstanding at end of period			11.2 years	

C. Expenses arising from share-based payment transactions

Refer Note 26 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

35. Lease accounting

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	**1,760.49**	**930.97**
Addition during the year	392.55	1,197.91
Disposals during the year	(131.39)	-
Depreciation for the year	(281.91)	(368.39)
Balance as at the end of the year	**1,739.74**	**1,760.49**

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	**1,878.95**	**930.97**
Addition during the year	247.56	1,197.91
Finance cost accrued during the year	156.73	151.78
Payment of Lease liabilities made during the year	(325.59)	(401.71)
Balance as at the end of the year	**1,957.65**	**1,878.95**

iii. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	261.42	424.93
Between one and five years	1,302.84	1,456.00
More than five years	221.24	713.46
Total	**1,785.50**	**2,594.39**

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation expense on right-of-use assets (Refer Note 10)	281.91	368.39
Interest expense on lease liabilities (Refer Note 24)	156.73	151.78
Expense relating to short-term leases (Refer Note 27)	275.89	275.89
Expense relating to leases of low value assets	-	-

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

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total cash outflow for leases	325.59	401.71

Notes to the Consolidated Financial Statements

36. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Commitments		
Commitments relating to loan sanctioned but undrawn	8,975.03	9,880.07
Total	**8,975.03**	**9,880.07**

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

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

37. Securitisation

Transfer of financial assets that do not result in derecognition

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

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

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

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

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

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

(Rs. in lakhs)

As at March 31, 2021	Loan receivables	Credit enhancements
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

(Rs. in lakhs)

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

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

38. Current and Non-Current Maturity

(Rs. in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,457.92	-	1,457.92	3,843.63	-	3,843.63
Bank Balance other than cash and cash equivalents	588.46	-	588.46	735.88	-	735.88
Receivables	-	-	-			
(I) Trade receivables	3.76	-	3.76	141.01	-	141.01
(II) Other receivables	-	-	-	4.75	-	4.75
Loans	1,23,300.54	1,32,059.30	2,55,359.84	84,580.33	1,20,268.84	2,04,849.17
Investments	7,664.75	4,792.67	12,457.42	1,003.80	4,047.55	5,051.35
Other Financial assets	1,590.59	261.89	1,852.48	380.71	392.99	773.70
Sub total	**1,34,606.02**	**1,37,113.87**	**2,71,719.89**	**90,690.11**	**1,24,709.38**	**2,15,399.49**
Non-financial assets						
Current Tax assets (Net)	17.11	720.58	737.69	426.64	855.87	1,282.51
Deferred Tax assets (Net)	-	1,857.39	1,857.39	-	1,118.43	1,118.43
Property, plant and equipment	-	3,440.94	3,440.94	-	3,145.49	3,145.49
Capital work-in-progress	-	14.49	14.49	-	125.06	125.06
Goodwill	-	652.65	652.65	-	652.65	652.65
Other intangible assets	-	547.43	547.43	-	308.00	308.00
Other non-financial assets	677.23	805.55	1,482.78	591.96	586.35	1,178.31
Sub total	**694.34**	**8,039.03**	**8,733.37**	**1,018.60**	**6,791.85**	**7,810.45**
Total assets	**1,35,300.36**	**1,45,152.90**	**2,80,453.26**	**91,708.71**	**1,31,501.23**	**2,23,209.94**
LIABILITIES						
Financial liabilities						
Payables				-	-	-
(I) Trade payables				-	-	-
(i) Total outstanding dues of creditors other than micro and small enterprises				-	-	-
(II) Other payables				-	-	-
(i) total outstanding dues of micro enterprises and small enterprises				-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	23.13	-	23.13	58.11	-	58.11
Debt securities	51,024.47	22,802.55	73,827.02	24,700.66	17,404.96	42,105.62
Borrowings (Other than Debt Securities)	47,210.12	45,811.73	93,021.85	35,358.69	34,962.59	70,321.28
Other Financial liabilities	292.29	3,979.98	4,272.27	26.77	3,318.58	3,345.35
Sub total	**98,550.01**	**72,594.26**	**1,71,144.27**	**60,144.23**	**55,686.13**	**1,15,830.36**
Non-Financial liabilities						
Current tax liabilities (Net)	-	-	-	-	-	-
Provisions	-	169.90	169.90	25.72	132.69	158.41
Deferred tax liabilities (Net)	-	832.27	832.27	-	1,069.68	1,069.68
Other non-financial liabilities	2,905.65	-	2,905.65	2,101.09	-	2,101.09
Sub total	**2,905.65**	**1,002.16**	**3,907.81**	**2,126.81**	**1,202.37**	**3,329.18**
Total liabilities	**1,01,455.66**	**73,596.42**	**1,75,052.09**	**62,271.04**	**56,888.50**	**1,19,159.54**

Notes to the Consolidated Financial Statements

39. Foreign Currency Transactions

(Rs. in lakhs)

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

40. Corporate social responsibility

(Rs. in lakhs)

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

** Paid in the month of April, 2020*

41. Micro, Small and Medium Enterprises Development

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

42. Share issue expenses

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Stamp duty	-	52.87
Legal and professional charges	-	543.10
Total	**-**	**595.97**

Notes to the Consolidated Financial Statements

43. Capital Management

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

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

Capital Management

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Common Equity Tier 1 (CET1) capital	1,01,900.06	1,01,648.11
Other Tier 2 capital	1,261.64	1,261.64
Total capital	**1,03,161.71**	**1,02,909.75**

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and loss. Certain adjustments are made to Ind AS–based results and reserves. The other component of regulatory capital is other Tier 2 Capital, which also includes hybrid debt instruments.

44. During the current year, the Parent company has reported frauds to RBI aggregating to Rs. 739.00 lakhs (previous year: Rs. 72.28 lakhs)

Notes to the Consolidated Financial Statements

45. Segment information

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, 2021, 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, 2021			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	18,952.75	19,307.76	289.01	**38,549.52**
Other Income	172.79	423.67	101.67	**698.13**
Total Segment Income	**19,125.54**	**19,731.43**	**390.68**	**39,247.65**
Segment results	**366.10**	**88.92**	**(102.55)**	**352.47**
Profit before tax	**366.10**	**88.92**	**(102.55)**	**352.47**
Tax expenses	-	-	135.43	**135.43**
Segment profit for the year	**366.10**	**88.92**	**(237.98)**	**217.04**
Segment Assets	**1,42,978.71**	**1,27,435.97**	**10,038.57**	**2,80,453.26**
Segment Liabilities	**92,584.99**	**81,011.31**	**1,455.77**	**1,75,052.09**
Depreciation and Amortisation	**383.66**	**632.32**	**-**	**1,015.98**

(Rs. in lakhs)

Particulars	Year ended March 31, 2020			Total
	SME Finance	Retail Finance	Unallocable	
Segment Income from Operations	12,878.64	19,349.20	389.48	**32,617.32**
Other Income	-	-	649.34	**649.34**
Total Segment Income	**12,878.64**	**19,349.20**	**1,038.82**	**33,266.66**
Segment results	**336.38**	**143.04**	**234.33**	**713.75**
Profit before tax	**336.38**	**143.04**	**234.33**	**713.75**
Tax expenses	-	-	197.44	**197.44**
Segment profit for the year	**336.38**	**143.04**	**36.90**	**516.31**
Segment Assets	**85,044.00**	**1,25,002.81**	**13,163.13**	**2,23,209.94**
Segment Liabilities	**52,470.07**	**64,771.57**	**1,917.88**	**1,19,159.53**
Depreciation and Amortisation	**262.89**	**897.79**	**-**	**1,160.68**

46. Additional Information to the consolidated Financial Statements

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2021:

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated profit or loss
Parent								
Incred Financial Services Limited	1,06,692.64	101.23%	1,026.40	472.90%	69.35	100.00%	1,095.76	382.62%
Subsidiaries								
Incred Management and Technology Services Private Limited	(1,461.98)	-1.39%	(536.54)	-247.21%	-	0.00%	(536.54)	-187.35%
Booth Fintech Private Limited	170.51	0.16%	(272.83)	-125.70%	-	0.00%	(272.83)	-95.27%
Total	**1,05,401.20**	**100.00%**	**217.04**	**100.00%**	**69.35**	**100.00%**	**286.39**	**100.00%**

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for year ended March 31, 2020:

(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%**

* Incred Housing Finance Private Limited has been merged with the Parent under a Scheme of Amalgamation which is approved by National Company Law Tribunal ("NCLT"), Mumbai bench vide order no 'CP(CAA)/1094/MB/2020 Connected with CA(CAA)/1105/MB /2020' on March 11, 2021 from the Appointed Date of April 1, 2020.

InCred Financial Services Limited

Notes to the Consolidated Financial Statements

47. Investments in associates

The Groups interests in associates are:

Name of associate	Principal place of 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, 2021	As at March 31, 2020
A) Summarised Statement of net assets		
Financial assets	2,136.84	2,870.62
Non-Financial assets	332.31	266.16
Total assets (I)	**2,469.15**	**3,136.78**
Financial liabilities	105.32	133.63
Non-Financial liabilities	36.57	92.89
Total liabilities (II)	**141.89**	**226.52**
Net assets (I - II)	**2,327.26**	**2,910.26**
Group's share %	40.96%	40.96%
Group's share in amount	953.24	1,192.04
Carrying amount of Investment	3,697.97	4,047.55

(Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
B) Summarised Statement of Profit and Loss		
Revenue from operation	6.85	14.84
Other income	215.88	251.54
Total income (I)	**222.73**	**266.38**
Finance costs	65.69	9.95
Employee benefits expenses	757.26	1,129.09
Depreciation, amortization and impairment	49.16	46.30
Others expenses	204.07	271.88
Total expenses (II)	**1,076.18**	**1,457.22**
Loss before tax (III = I-II)	(853.45)	(1,190.84)
Tax expense		-
Loss after tax (V = III-IV)	(853.45)	(1,190.84)
Other Comprehensive income		-
Total Comprehensive income	(853.45)	(1,190.84)
Group's share %	40.96%	40.96%
Group share in Amount in Profit and loss (A)	(349.57)	(487.77)
Group share in Amount in Other Comprehensive Income (B)	-	-
Total Group share in Amount (A+B)	(349.57)	(487.77)

Notes to the Consolidated Financial Statements

48. Reversal of Compound Interest

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

49. Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

The Group's financial statements were approved by the Parent's Board of Directors on 23 July, 2021.

As per our report of even date

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

Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 23 July 2021

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

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 23 July 2021

DECLARATION

We, the Directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including the all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be, been complied with and no statement made in this Corrigendum to the Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We further certify that all statements made in this Corrigendum are rue, correct and complete in all material respects.

Signed on behalf of the Board of Directors of the Company

Bhupinder Singh
Wholetime Director & CEO

Place : Mumbai
Date : January 5, 2023