INCRED FINANCIAL SERVICES LIMITED

Corporate Identity No. (CIN): U74899MH1991PLC340312
Registered Office: Unit No. 1203, 12th floor, B Wing, The Capital Plot No. C - 70, G Block,
BKC Mumbai – 400051, Maharashtra, India.
Tel. No.: 022-40977000.
Email: incred.compliance@incred.com; Website: https://www.incred.com/

MEETING OF THE SECURED CREDITORS (INCLUDING SECURED NON-CONVERTIBLE DEBENTURE HOLDERS) OF INCRED FINANCIAL SERVICES LIMITED CONVENED BY THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

NOTICE TO SECURED CREDITORS

Day	Wednesday
Date	December 15, 2021
Time	04:30 p.m. (Indian Standard Time)
Mode of Meeting*	Through video conferencing / other audio-visual means.
Mode of Voting	Remote e-voting and e-voting at the Meeting
Cut-off Date	Tuesday, August 31, 2021
Remote e-voting start date and time	Saturday, December 11, 2021 11:00 a.m. (Indian Standard Time)
Remote e-voting end date and time	Tuesday, December 14, 2021 5:00 p.m. (Indian Standard Time)

**Please note that there shall be no meeting requiring physical presence at a common venue in view of the ongoing COVID-19 pandemic.*

INDEX

Form CAA2
[Pursuant to Section 230(3) and Rule 6 of
the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016]

IN THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH AT MUMBAI
CA (CAA) 222/MB-V/2021

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 – 232 read with Sections 66 and 234 of the Companies Act, 2013 and Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("**Company Scheme Application**");

And

In the matter of Composite Scheme of Amalgamation and Arrangement among Bee Finance Limited ("Transferor Company"), KKR Capital Markets India Private Limited ("Transferee Company" or "Applicant Company No.1"), InCred Financial Services Limited ("**Demerged Company**" or "**Applicant Company No.2"**), and KKR India Financial Services Limited ("Resulting Company" or "Applicant Company No.3"), and their respective shareholders

InCred Financial Services Limited, CIN: U74899MH1991PLC340312, a company, incorporated under the Companies Act, 1956 and having its registered office at Unit No. 1203, 12th floor, B Wing, The Capital Plot No. C - 70, G Block, BKC Mumbai – 400051, Maharashtra, India;))))))) …Applicant Company No.2 / Demerged Company

NOTICE CONVENING MEETING OF THE SECURED CREDITORS (INCLUDING SECURED NON-CONVERTIBLE DEBENTURE HOLDERS) OF INCRED FINANCIAL SERVICES LIMITED, THE APPLICANT COMPANY No.2/ DEMERGED COMPANY

To,

The Secured Creditors of InCred Financial Services Limited

NOTICE is hereby given that by an order dated November 10, 2021, in the above mentioned Company Scheme Application ("**Order**"), the Hon'ble National Company Law Tribunal, Mumbai Bench ("**Hon'ble Tribunal"** or **"NCLT**") has directed that a meeting of the secured creditors of InCred Financial Services Limited ("**Company**" or "**Demerged Company**"), be convened and held to consider, and if thought fit, to approve the proposed Composite Scheme of Amalgamation and Arrangement among Bee Finance Limited ("**Transferor Company**"), KKR Capital Markets India Private Limited ("**Transferee Company**"), Company and KKR India Financial Services Limited ("**Resulting Company**"), and their respective shareholders under Sections 230 to 232 read with Sections 66 and 234 of the Companies Act, 2013 ("**Scheme**").

In pursuance of the Order and as directed therein, further notice is hereby given that a meeting of the secured creditors will be held on Wednesday, 15 December 2021 at 04:30 p.m. (Indian Standard Time) ("**Meeting**"), through Video Conferencing ("**VC**") / Other Audio-Visual Means ("**OAVM**"), following the operational procedures (with the relevant modifications as may be required) referred to in Circulars No.14/2020 dated April 8, 2020, No.17/2020 dated April 13, 2020, No.22/2020 dated June 15, 2020, No.33/2020 dated September 28, 2020, No.39/2020 dated December 31, 2020 and No.10/2021 dated June 23, 2021 ("**MCA Circulars**"). Further, there shall be no meeting requiring physical presence at the common venue in view of the present circumstances on account of the Covid-19 pandemic. At such day, date and time the secured creditors are requested to attend the Meeting.

TAKE FURTHER NOTICE that a copy of the Scheme, Explanatory Statement under Section 230(3) and Section 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("**Company Arrangement Rules**") and other annexures as stated in the Index are enclosed herewith. Copies of the Scheme and the Explanatory Statement can be obtained free of charge at the registered office of the Company (provided herein below) between 09:30 a.m. (Indian Standard Time) to 06:30 p.m. (Indian Standard Time) on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting. On account of threat posed by COVID-19 pandemic situation and as permitted under the various MCA Circulars, the Company is sending the Notice in electronic form only via email addresses already registered with the Company.

TAKE FURTHER NOTICE that in compliance with the provisions of (i) Section 230 read with Section 108 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Company Arrangement Rules; (iii) Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; and (iv) applicable laws, the Company is providing the facility of casting votes through e-voting from any place other than voting at the Meeting ("**Remote E-voting**") so as to enable the secured creditors, to consider and approve the Scheme by voting on the below resolution. The Remote E-voting period commences from Saturday, December 11, 2021, 11:00 a.m. (Indian Standard Time) and ends on Tuesday, December 14, 2021, 5:00 p.m. (Indian Standard Time). The Company is also providing the facility of e-voting at the Meeting to the secured creditors attending the Meeting. The facility of appointment of proxies by the secured creditors will not be available for such Meeting. However, a body corporate is entitled to appoint a representative for the purposes of participating and or voting during the Meeting.

TAKE FURTHER NOTICE that each secured creditor can opt for only one mode of voting i.e. either Remote E-voting or e-voting at the meeting. In case of secured creditors exercising their right to vote via both modes, i.e. casting vote by Remote E-voting and also at the Meeting, then vote cast through Remote E-voting shall prevail over voting by the said secured creditor at the Meeting and the vote cast at the Meeting by the concerned secured creditor shall be treated as invalid.

TAKE FURTHER NOTICE that the secured creditors may refer to the notes to this notice for the details of Remote E-voting or e-voting at the meeting. The voting rights of the secured creditors shall be in proportion to the outstanding amount due to such secured creditors by the Company as appearing in the list of secured creditors as on closure of business hours on Tuesday, August 31, 2021. ('**Cut-off Date**'). A person who is not a secured creditor of the Company as on the Cut-off Date, should treat the Notice for information purpose only.

TAKE FURTHER NOTICE that the Hon'ble Tribunal has appointed Mr. Bhupinder Singh, Whole Time Director and Chief Executive Officer of the Company, failing him, Mr. Vivek Bansal, Whole Time Director and Chief Financial Officer of the Company, to be the Chairperson of the Meeting.

TAKE FURTHER NOTICE that the Hon'ble Tribunal has appointed Ms. Deepti Joshi, a Practicing Company Secretary having Membership Number: FCS – 9139 and CP – 10768 of M/s. Joshi Pahade & Associates, failing her, Mr. Nilesh Shah, a Practicing Company Secretary having Membership Number: FCS – 4554 and CP – 2631, of M/s Nilesh Shah & Associates, to be the Scrutinizer of the Meeting.

TAKE FURTHER NOTICE that the Scheme, if approved by the secured creditors at the Meeting, will be subject to the subsequent approval of the Hon'ble Tribunal.

TAKE FURTHER NOTICE that the secured creditors are requested to consider and if thought fit to pass, and with requisite majority, the following resolution under Sections 230 to 232 read with Sections 66 and 234 of the Companies Act, 2013 read with the Company Arrangement Rules (including any statutory modification(s) or re-enactment thereof for the time being in force):

***"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 read with Sections 66 and 234 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of the Companies Act, 2013, the rules, circulars, and notifications made thereunder (including any statutory modification or re-enactment(s) thereof for the time being in force) as may be applicable, and subject to provisions of the Memorandum and Articles of Association of the Company and subject to approval of the Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT') and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Hon'ble NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the Composite Scheme of Amalgamation and Arrangement among Bee Finance Limited ("**Transferor Company**"), KKR Capital Markets India Private Limited ("**Transferee Company**"), InCred Financial Services Limited ("**Demerged Company**"), and KKR India Financial Services Limited ("**Resulting Company**") and their respective shareholders ("**Scheme**"), be and is hereby approved.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the amalgamation and arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble NCLT while sanctioning the amalgamation and arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."*

Sd/-
Bhupinder Singh
Chairperson appointed for the Meeting

Dated this 12th day of November, 2021
Place: Mumbai, Maharashtra

Registered Office:

InCred Financial Services Limited
Unit No. 1203, 12th floor, B Wing,
The Capital Plot No. C - 70, G Block,
BKC Mumbai – 400051, Maharashtra, India
Email: incred.compliance@incred.com
Website: https://www.incred.com/

NOTES:

1. The Notice, together with all the documents listed in the Index, is being sent through electronic mode to the secured creditors (including secured non-convertible debenture holders), whose email addresses are registered with the Company. Secured creditors may note that the Notice will also be available on the Company's website, i.e., https://www.incred.com/, on the website of BSE Limited, i.e. https://www.bseindia.com/ and on the website of NSDL, i.e. https://www.evoting.nsdl.com/.

2. If so desired, secured creditors may obtain a physical copy of the Notice and the accompanying documents, i.e., Scheme and the explanatory statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 etc., free of charge. A written request in this regard, along with details of the debts due, may be addressed to the Company Secretary at incred.compliance@incred.com.

3. The Meeting is organized through Video Conferencing ("**VC**") or Other Audio-Visual Means ("**OAVM**"), following the operating procedures (with requisite modifications as may be required), referred to in the MCA Circulars read with the provisions of the Companies Act, 2013. As such, physical attendance of the secured creditors has been dispensed with. The deemed venue for the Meeting shall be the Registered Office of the Company.

4. Since the meeting will be held through VC/ OAVM in accordance with the Order and MCA Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

5. In terms of the directions contained in the Order, the quorum of the Meeting shall be 5 (five) secured creditors. The secured creditors attending the Meeting through VC/ OAVM shall be counted for the purpose of reckoning the quorum under applicable provisions of the Companies Act, 2013.

6. Secured creditors (including secured non-convertible debenture holders), whose name appears in the list of secured creditors as on the cut-off date, i.e., Tuesday, August 31, 2021 ("**Cut-off Date**") only shall be entitled to exercise his/her/its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not a secured creditor as on the Cut-Off Date, should treat the Notice for information purpose only. The value of the votes cast shall be reckoned and scrutinized with reference to the said Cut-off Date in accordance with the books and records of the Company and where entries in the books are disputed, the chairperson shall determine the value for purposes of the said meetings.

7. Any secured creditor, that is a body corporate, intending to appoint an authorise representative to participate and/or vote in the Meeting, is required to send to the Company a certified copy of the relevant board resolution/ authority letter, together with the specimen signature of the duly authorised signatory(ies), through which such representative is authorised to participate and/or vote in the Meeting on behalf of the relevant secured creditor, to the scrutiniser at csjoshipahade@gmail.com, with a copy marked to evoting@nsdl.co.in and incred.compliance@incred.com, from the registered email address of the relevant secured creditor, no later than 48 hours before the schedule time of the Meeting.

8. Secured creditors: (i) whose email address is not registered with Company, can get their email address registered; or (ii) who may want to change their email ID registered with the Company, can get the same done; by sending an email to incred.compliance@incred.com.

9. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 the Scheme shall be acted upon only if a majority in number representing three fourths in value of the shareholders and secured creditors, agree to the Scheme.

10. Explanatory Statement under Section 230 and 232 read with Section 102 and other applicable provisions of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises,

Arrangements and Amalgamation) Rules, 2016 is annexed to this Notice.

11. Facility of joining the Meeting through VC/ OAVM will open 15 minutes before the scheduled time for the Meeting and will remain open for 15 minutes after the scheduled time for the Meeting.

12. The proceedings of the Meeting will be recorded, and the transcript thereof will be maintained in the safe custody of the Company. This transcript will be uploaded on the website of the Company, i.e., https://www.incred.com/

13. In terms of the directions contained in the Order, the notice convening the Meeting will be published by the Company through advertisement in Free Press Journal in English Newspaper and Navshakti in Marathi language, having circulation in Mumbai.

14. **Voting**

14.1 Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and the MCA Circulars, the Company is providing facility of remote e-voting to the secured creditors in respect of the business to be transacted at the Meeting. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by the secured creditor using remote e-voting system as well as venue e-voting on the date of the Meeting will be provided by NSDL.

14.2 As directed by the Hon'ble Tribunal, Ms. Deepti Joshi, a Practicing Company Secretary having Membership Number: FCS – 9139 and CP – 10768 of M/s. Joshi Pahade & Associates, failing her, Mr. Nilesh Shah, a Practicing Company Secretary having Membership Number: FCS – 4554 and CP – 2631, of M/s Nilesh Shah & Associates, shall act as the scrutinizer to scrutinize votes casted through remote e-voting or e-voting at the meeting, and shall submit a report on votes cast to the Chairperson of the Meeting or to the person so authorised by him. The scrutinizer's decision on the validity of the votes shall be final.

14.3 The results of the Meeting shall be announced by the Chairperson not later than 48 hours of the conclusion of the Meeting and upon receipt of the scrutinizer's report. The results of the Meeting will be displayed on the Company's website, i.e., https://www.incred.com/. Subject to receipt of the requisite number of votes, the resolution shall be deemed to have been passed, and the Scheme shall be deemed to have been approved, on the date of the Meeting, i.e., Wednesday, December 15, 2021.

14.4 All documents referred to in the notice and explanatory statement will be available for inspection by the secured creditors from the date of circulation of this notice up to the date of the Meeting at the registered office of the Company.

Additionally, documents will also be available for electronic inspection by the secured creditors during business hours. Secured creditors seeking to inspect such documents may send a request on the email id: incred.compliance@incred.com at least one working day before the date on which they intend to inspect the document.

15. **The instructions for secured creditors for remote e-voting and joining general meeting are as under:**

The remote e-voting period begins on Saturday, December 11, 2021, 11:00 a.m. (Indian Standard Time) and ends on Tuesday, December 14, 2021, 5:00 p.m. (Indian Standard Time). The remote e-voting module shall be disabled by NSDL for voting thereafter. The secured creditors (including secured non-convertible debenture holders), whose name appears in the list of secured creditors as on the Cut-off Date, i.e., Tuesday, August 31, 2021, may cast their vote electronically. The voting rights of the secured creditors shall be in proportion to the outstanding amount due to such secured creditors by the Company as appearing in the list of secured creditors as on the Cut-off Date, i.e., Tuesday, August 31, 2021.

16. **The details of the process and manner for remote e-voting are explained herein below:**

16.1 **How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

16.1.1 **Step 1: Access to NSDL e-Voting system**

A) Login method for e-Voting and joining virtual meeting for Individual secured creditors holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, individual secured creditors holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Secured Creditors are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual secured creditors holding securities in demat mode is given below:

Type of shareholders	**Login Method**
Individual secured creditors holding securities in demat mode with NSDL.	1. Existing **IdeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner"** icon under **"Login"** which is available under **'IdeAS'** section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IdeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IdeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and

	you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Secured Creditors can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual secured creditors holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual secured creditors (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Secured creditors who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Secured Creditors holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details

Individual secured creditors holding securities in demat mode with NSDL	Secured creditors facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual secured creditors holding securities in demat mode with CDSL	Secured creditors facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for secured creditors other than Individual secured creditors holding securities in demat mode and secured creditors holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding securities i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For secured creditors who hold securities in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For secured creditors who hold securities in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For secured creditors in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for secured creditors other than Individual secured creditors are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in **process for those secured creditors whose email ids are not registered.**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   a) Click on "**Forgot User Details/Password**?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) **Physical User Reset Password**?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
   d) Secured Creditors can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding outstanding amount and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. On the voting page, enter the outstanding amount as on the cut-off date under either "FOR" or "AGAINST" or alternatively, you may partially enter any number under "FOR" / "AGAINST", but the total number under "FOR"/ "AGAINST" taken together should not exceed your total outstanding amount as on the cut-off date. Secured Creditors holding outstanding amount under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts. You may then cast your vote by selecting an appropriate option and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for secured creditors

1. Institutional secured creditors (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csjoshipahade@gmail.com with a copy marked to evoting@nsdl.co.in and incred.compliance@incred.com .
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Anubhav Saxena, Assistant Manager at evoting@nsdl.co.in

Process for those secured creditors whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case securities are held in physical mode please provide Folio No., Name of secured creditor, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to incred.compliance@incred.com .
2. In case securities are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to incred.compliance@incred.com. If you are an Individual secured creditors holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A**) i.e. **Login method for e-Voting and joining virtual meeting for Individual secured creditors holding securities in demat mode**.
3. Alternatively, secured creditors may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual secured creditors holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Secured creditors are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

17. In case of any query/grievance with respect to remote E-Voting, Secured Creditors may refer to the Frequently Asked Questions (FAQs) for Shareholders and remote E-Voting User Manual for Shareholders available under the Downloads section of NSDL's e- voting website or contact Mr. Anubhav Saxena, Assistant Manager at toll free no. 11800 1020 990 / 1800 22 44 30 or at E-mail ID: evoting@nsdl.co.in.

Instructions for Secured Creditors for participating in the Meeting through Virtual Mode are as under:

a. A person, whose name appears in the list of Secured Creditors of the Company as on 31 August 2021, only shall be entitled to avail the facility of remote e-voting or for participation at the Meeting. A person who is not a Secured Creditor as on the aforementioned date, should treat the Notice for information purpose only

b. Secured Creditors will be required to use Internet with a good speed to avoid any disturbance during the meeting.

c. Please note that Secured Creditors connecting from mobile devices or tablets or through laptops, etc. connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

d. Secured Creditors who would like to express their views/have questions may send their questions in advance mentioning their name, email id, mobile number at incred.compliance@incred.com. The same will be replied by the company suitably.

e. Secured Creditors, who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request, mentioning their name, PAN, email ID, mobile number at incred.compliance@incred.com. Only those Secured Creditors who have pre-registered themselves as speakers will be allowed to express their views/ask questions during the Meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Meeting.

Instructions for Secured Creditors for e-Voting during the Meeting are as under:

a. Secured Creditors may follow the same procedure for e-Voting during the Meeting as mentioned above for remote E-Voting.

b. Only those Secured Creditors, who will be present in the Meeting through Virtual Mode Facility and have not cast their vote on the Resolution through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through E-Voting system in the Meeting.

c. The Secured Creditors who have cast their vote by remote E-Voting prior to the Meeting may also participate in the Meeting through Virtual Mode Facility but shall not be entitled to cast their vote again.

d. The Helpline details of the person who may be contacted by the Secured Creditors needing assistance with the use of technology, before or during the Meeting shall be the same persons mentioned for remote e-Voting.

Procedure for inspection of documents:

(i) Documents will also be available for electronic inspection by the secured creditors during business hours. Secured Creditors seeking to inspect such documents may send a request on the email id: incred.compliance@incred.com at least one working day before the date on which they intend to inspect the document.

(ii) Secured creditors are requested to carefully read all the Notes set out herein and in particular, instructions for joining the Meeting, manner of casting vote through remote e-voting or e-voting at the Meeting.

IN THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH AT MUMBAI
CA (CAA) 222/MB-V/2021

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 – 232 read with Sections 66 and 234 of the Companies Act, 2013 and Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("**Company Scheme Application**");

And

In the matter of Composite Scheme of Amalgamation and Arrangement among Bee Finance Limited ("Transferor Company"), KKR Capital Markets India Private Limited ("Transferee Company" or "Applicant Company No.1"), InCred Financial Services Limited ("**Demerged Company**" or "**Applicant Company No.2**"), and KKR India Financial Services Limited ("Resulting Company" or "Applicant Company No.3"), and their respective shareholders

InCred Financial Services Limited, CIN: U74899MH1991PLC340312, a company, incorporated under the Companies Act, 1956 and having its registered office at Unit No. 1203, 12th floor, B Wing, The Capital Plot No. C – 70, G Block, BKC Mumbai – 400051, Maharashtra, India;	)))))))	…Applicant Company No.2 / Demerged Company

EXPLANATORY STATEMENT UNDER SECTION 230(3) AND SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016, FOR THE MEETING OF THE SECURED CREDITORS (INCLUDING SECURED NON-CONVERTIBLE DEBENTURE HOLDERS) OF INCRED FINANCIAL SERVICES LIMITED CONVENED AS PER THE DIRECTIONS OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

1. This is a statement accompanying the Notice convening the meeting of the secured creditors of InCred Financial Services Limited ("**Company**"), pursuant to the order dated November 10, 2021 ("**Order**") passed by the Hon'ble National Company Law Tribunal, Mumbai Bench ("**Hon'ble Tribunal**" or "**NCLT**") in CA (CAA) 222/MB-V/2021, referred to hereinabove, to be held on Wednesday, December 15, 2021 at 04:30 p.m. (Indian Standard Time) ("**Meeting**"), for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed Composite Scheme of Amalgamation and Arrangement among Bee Finance Limited ("**Transferor Company**"), KKR Capital Markets India Private Limited ("**Transferee Company**", or "**Applicant Company No.1**"), InCred Financial Services Limited ("**Demerged Company**", or "**Applicant Company No.2**"), and KKR India Financial Services Limited ("**Resulting Company**", or "**Applicant Company No.3**") (collectively, "**Applicant Companies**"), and their respective shareholders under Sections 230 to 232 read with Sections 66 and 234 of the Companies Act, 2013 ("**Scheme**").

2. A copy of the Scheme is enclosed herewith as **Annexure A.** The proposed Scheme is

envisaged to be effective from the Appointed Date (i.e., April 1, 2022) but shall be made operative from the Effective Date (*as defined in the Scheme*).

3. Secured creditors would be entitled to attend the meeting through Video Conferencing ("**VC**") or Other Audio-Visual Means ("**OAVM**") and the quorum of the Meeting shall be 5 (five) secured creditors.

4. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and the MCA Circulars, the Company is providing facility of remote e-voting to the secured creditors in respect of the business to be transacted at the Meeting. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by the secured creditor using remote e-voting system as well as venue e-voting on the date of the Meeting will be provided by NSDL.

5. The Hon'ble Tribunal has appointed Mr. Bhupinder Singh, Whole Time Director and Chief Executive Officer of the Company, failing him, Mr. Vivek Bansal, Whole Time Director and Chief Financial Officer of the Company, to be the Chairperson of the Meeting.

6. The Hon'ble Tribunal has appointed Ms. Deepti Joshi, a Practicing Company Secretary having Membership Number: FCS – 9139 and CP – 10768 of M/s. Joshi Pahade & Associates, failing her, Mr. Nilesh Shah, a Practicing Company Secretary having Membership Number: FCS – 4554 and CP – 2631, of M/s Nilesh Shah & Associates, to be the Scrutinizer of the Meeting.

7. This statement is being furnished as required under Sections 230(3) and 102 of the Companies Act, 2013 ("**Act**"), read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

8. In accordance with the provisions of Sections 230 to 232 of the Act, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the shareholders and secured creditors attending the meeting, agree to the resolution proposed in the Notice.

9. The Hon'ble Tribunal, by its Order, has held that if the entries in the records/books/list of secured creditors of the Company in relation to the number or value, as the case may be, of the secured creditors are disputed, the Chairperson of the Meeting shall determine the number or value of the secured creditors, as the case maybe, for the purposes of the Meeting.

10. The said Order will be available for inspection at the registered address of the Company from 09:30 a.m. (Indian Standard Time) to 06:30 p.m. (Indian Standard Time) on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting.

11. **List of the companies / parties involved in the Scheme**

11.1. KKR Capital Markets India Private Limited

11.2. Bee Finance Limited

11.3. InCred Financial Services Limited

11.4. KKR India Financial Services Limited

12. **Background of Companies**

Company/ Applicant Company No.2/ Demerged Company

12.1. Company/ Applicant Company No.2 is a public limited company. The Applicant Company No.2 was incorporated as a private company in the name and style of Visu Leasing and Finance Private Limited on January 8, 1991 in the National Capital Territory of Delhi under the provisions of the Companies Act, 1956 *vide* certificate of incorporation issued by Registrar of Companies, National Capital Territory of Delhi and Haryana. The name of the Applicant Company No.2 was changed to InCred Financial Services Private Limited in 2018. In this regard, a fresh certificate of incorporation dated August 30, 2018 was issued by Registrar of Companies, National Capital Territory of Delhi and Haryana. In or around November 2018, the Applicant Company No.2 was converted into a public limited company, and consequently the name was changed to 'InCred Financial Services Limited'. In this regard, a fresh certificate of incorporation consequent upon conversion from private company to public company dated November 1, 2018 was issued by Registrar of Companies, National Capital Territory of Delhi and Haryana. In or around March 2020, the registered office of the Applicant Company No.2 was shifted from National Capital Territory of Delhi to the State of Maharashtra. Consequent to the shifting of the registered office from National Capital Territory of Delhi to the State of Maharashtra, a certificate of registration of regional director order for change of state dated June 5, 2020 has been issued by the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number of the Applicant Company No.2 is U74899MH1991PLC340312. The PAN of the Applicant Company No.2 is AAACV3232G.Email address of the Applicant Company No.2 is incred.compliance@incred.com.

12.2. Applicant Company No.2 is *inter alia* engaged in the business of retail lending, SME lending, housing finance business and wealth business. Applicant Company No.2 is registered with the Reserve Bank of India ("**RBI**") as a systemically important non-deposit taking non-banking financial company, earlier in terms of the certificate of registration dated August 30, 2000, bearing registration number B-14.01801, having its registered office at National Capital Territory of Delhi. Subsequently, pursuant to the change in the registered office of the Applicant Company 2 from National Capital Territory of Delhi to the State of Maharashtra, the RBI issued a new certificate of registration dated November 4, 2020, bearing registration number B-13.02395. Applicant Company No.2 has its registered office at Unit No. 1203, 12th floor, B Wing, The Capital Plot No. C - 70, G Block, BKC Mumbai – 400051, Maharashtra, India.

12.3. The authorised, issued, subscribed and paid-up share capital of the Applicant Company No. 2 as on August 31, 2021 is as under:

Particulars	Amount in Rupees
Authorised Share Capital	
2,01,10,00,000 equity shares of Rs. 10/- each	20,11,00,00,000
9,50,00,000 preference shares of Rs. 10/ each	95,00,00,000
Total	**21,06,00,00,000**
Issued, Subscribed and Paid-Up Share Capital	
30,77,66,298 equity shares of Rs. 10/- each	3,07,76,62,980
7,85,16,289 preference shares of Rs. 10/- each	78,51,62,890
Total	**3,86,29,25,870**

12.4. The share capital of the Applicant Company No.2 has undergone a change post August 31,

2021. The authorised, issued, subscribed and paid-up share capital of the Applicant Company No. 2 as on date is as under:

Particulars	Amount in Rupees
Authorised Share Capital	
2,01,10,00,000 equity shares of Rs. 10/- each	20,11,00,00,000
9,50,00,000 preference shares of Rs. 10/ each	95,00,00,000
Total	**21,06,00,00,000**
Issued, Subscribed and Paid-Up Share Capital	
34,92,38,488 equity shares of Rs. 10/- each	3,49,23,84,880
3,84,79,524 preference shares of Rs. 10/- each	38,47,95,240
Total	**3,87,71,80,120**

12.5. The equity shares of the Applicant Company 2 are not listed on any stock exchange. The debt securities of Applicant Company No. 2 are listed on BSE Limited.

12.6. The details of the Promoters of the Applicant Company No. 2 along with their addresses are mentioned herein below:

Name of the Promoters	Address
Bhupinder Singh	Flat No. 3602/3701, Vivaria Tower A, Near Jacob Circle Sane Guruji Marg, Mahalaxmi Mumbai- 400011

12.7. The details of the Directors of the Applicant Company No. 2 along with their addresses are mentioned herein below:

Name of the Director	Designation	Address
Bhupinder Singh	Whole Time Director	Flat No. 3602/3701, Vivaria Tower A, Near Jacob Circle Sane Guruji Marg, Mahalaxmi Mumbai-400011
Vivek Bansal	Whole Time Director	C-23, Kalpataru Sparkle, MIG CHSL Group-II Ltd, MIG Colony, Dharmadhikari Road, Bandra East, Mumbai-400051
Rupa Rajul Vora	Director	8, Hyde Park 227 Sher E Punjab Soc, Mahakali Caves, Road Mumbai -400093

Name of the Director	Designation	Address
Vivekanand Suryaprakash Periayapatnam	Director	No. 19, National High School Road, VV Puram, Banglore- 560004
Antonius Bruijninckx	Director	Drossaardlaan 8, 1272 PP, Huizen, Netherlands
Debashish Dutta Gupta	Director	41, Windmills of Your Mind, EPIP Road 5b, Near Ktpo Whitefield, Bangalore North Karnataka- 560066

12.8. As on August 31, 2021, the amount due to the unsecured creditors of the Applicant Company No.2 is INR 119,46,67,664 (Rupees One Hundred Nineteen Crores Forty Six Lakhs Sixty Seven Thousand Six Hundred Sixty Four). Further, as on August 31, 2021, the amount due to the secured creditors of the Applicant Company No.2 is INR 1953,84,44,116 (Rupees One Thousand Nine Hundred Fifty Three Crores Eighty Four Lakhs Forty Four Thousand One Hundred Sixteen).

12.9. The main objects of the Company as set out in its Memorandum of Association are as follows:

"1. To lend and advance money and assets of all kinds or give credit on any terms or mode and with or without security to any individual, firm, body corporate or any other entity (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company whether or not associated in any way with, the company), to enter into guarantees, contracts of indemnity and surety ship of all kinds, to receive money on deposits or loan upon any terms, and to secure or guarantee, in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of or any other company associated in any way with, the company).

2. To purchase or otherwise, acquire, maintain, sell and give on hire purchase or finance all kinds of plant, machinery, all kinds of vehicles, engines, boats, trawlers, launches, ships airplanes and helicopters, hotel equipment's, medical equipment's, air-conditioning, plants, equipment's office equipment's, computers, cool storage, ice plants, construction machinery, furniture fixtures, television, refrigerators, VCR/VIE's all electronic and electrical items, household equipment's and appliances, building, agricultural or otherwise land plots and freehold/leasehold sheds, buildings or other assets/properties that the company may think fit.

3. To invest money on personal security or on the security of leasehold and freehold land, building, shares, securities, stock, merchandise and other property and assets and generally to advance money to such persons, firms or companies and upon such terms and subject to such conditions as may seem expedient.

4. To carry on the business of an Investment company and for that purpose to invest in acquire, undertake, subscribe for, hold shares, bonds, stocks, securities, debentures or guarantees, stocks, in trade and to draw, accept, endorse, discount, buy, sell and deal in Bills of Exchange, Promissory Notes, bounds, debentures, shares, stocks, obligations and other negotiable investments and securities.

5. To act as an origination or arranger platform for all kinds of loans, including but not limited to education, personal and SME loans to any individual, firm, body corporate or any other entity."

Applicant Company No.1 / Transferee Company

12.10. Applicant Company No.1 is a private company. The Applicant Company No.1 was incorporated in the name and style of KKR Capital Markets India Private Limited on January 3, 2011, in Mumbai, Maharashtra under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Mumbai. The Corporate Identification Number of Applicant Company No.1 is U67190MH2011PTC211738. The PAN of the Applicant Company No.1 is AAECK1977B. Email address of the Applicant Company No.1 is kkrindia@kkr.com.

12.11. Applicant Company No.1 is engaged in the business of providing investment advisory, investment management and finance arrangement services. Applicant Company No.1 is registered with Securities and Exchange Board of India ("**SEBI**") as a Category I Merchant Banker in terms of the certificate of registration dated October 19, 2016, bearing registration number INM000011880. The registered office of Applicant Company No.1 is at 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpat Rao Kadam Road, Lower Parel, Mumbai - 400013, Maharashtra, India.

12.12. The authorised, issued, subscribed and paid-up share capital of the Applicant Company No.1 as on August 31, 2021 is as under:

Particulars	**Amount in INR**
Authorised Share Capital	
20,00,00,000 equity shares of INR 10 each	2,00,00,00,000
Total	2,00,00,00,000
Issued, Subscribed and Paid-Up Share Capital	
19,25,24,809 equity shares of INR 10 each	1,92,52,48,090
Total	1,92,52,48,090

12.13. As on date, there has been no material change in the above-mentioned capital structure of the Applicant Company No.1. The equity shares of the Applicant Company No.1 are not listed on any stock exchange.

12.14. The details of the Promoters of the Applicant Company No.1 along with their addresses are mentioned herein below:

Name of the Promoters	**Address**
KKR India Financial Investments Pte. Ltd	8 Marina View #33-04 Asia Square Tower 1 Singapore 018960

12.15. The details of the Directors of the Applicant Company No.1 along with their addresses are mentioned herein below:

Name of the Director	Designation	Address
Anil Nagu	Whole Time Director and Chief Financial Officer	C1A BDA Colony, Shivaji Nagar, Bhopal (MP) - 462016
Karthik Krishna	Non-Executive Director	95/58, Sathyadev Avenue, MRC Nagar, Opp Somerset, Raja Annamalaipuram, Chennai 600028
Richard James Holden	Non-Executive Director	Hidd al Saadiyat, Street 9, Villa 13, Abu Dhabi, UAE
Brain Wesley Dillard	Non-Executive Director	House 45, 56 Repulse Bay Road, Southern District, Hong Kong

12.16. As on August 31, 2021, the amount due to the unsecured creditors of the Applicant Company No.1 is INR 1,58,903/- (Rupees One Lakh Fifty Eight Thousand Nine Hundred Three). Further, as on August 31, 2021, the Applicant Company No.1 has no secured creditors.

12.17. The main objects of the Applicant Company No.1 as set out in its Memorandum of Association are as follows:

"1.To carry on the business in India and/ or abroad of merchant banking in all its aspects including underwriting and sub-underwriting, portfolio managers, corporate advisory services and for such purposes to inter alia act as managers (including as lead managers, comanagers and book-running lead managers) for issues and offers, whether by way of public offer or otherwise, of shares, stocks, debentures, bonds, units, participation certificates deposits, bills, warrants or any other securities or instruments whether or not transferable or negotiable, commercial or other paper or script (hereinafter collectively referred to as the "securities") and to act as a syndication arranger for funds through loans or bonds, to undertake corporate advisory services, research activities, financial consultancy, consultancy in investment and capital markets, advising and implementing mergers, acquisitions, amalgamations, rehabilitations of any undertakings and the like of business concerns, partnerships, firms or corporate bodies as well as managing portfolios of securities for the purposes of decision making, providing and procuring investment advisory services, business support services, marketing services, placement of funds, placements of securities, project counseling and advisory services, all types of information services, training and consultancy services, and to carry on the business of conducting marketing and media research, of gathering, collating, compiling, analyzing, processing, distributing, providing, selling, renting, publishing and marketing of information regarding economic, political and financial trends and factors and of providing access to information of business operations, financial status, governmental policies, credit worthiness, marketing and sales, distribution and management of businesses and operations. and to undertake placements of funds, placements of securities, loans, debt syndication and project counseling and t undertake any issue, public or private, of State, municipal or other loans or of shares, stock, debentures, debenture stock, securities of any company, corporation or association and to provide stand-by or procurement arrangements, in respect of securities, to issue guarantees or to give any other commitments for subscribing or agreeing to subscribe or procure or agreeing to procure subscription for securities, of any person or company, mutual fund, growth fund, income fund, risk fund, tax exempt fund or, pension/superannuation funds and to carry on in India or abroad any other business or activity which is necessary, advisable, convenient incidental or ancillary to obtain or provide the above

mentioned activities.

2. To carry on the business of or to act as investment advisors, investment managers, financial consultants, management consultants, wealth managers or portfolio managers and to render all services as are usually rendered or as may be required to be rendered by investment advisers, investment managers, financial consultants, management consultants, wealth managers or portfolio managers, on a discretionary or non discretionary basis, including research, administrative support, analytical services, investment monitoring, reporting, transaction management, transaction execution and all such ancillary, incidental and related services, to clients in India and abroad, including individuals, partnerships, bodies corporate, societies, non-banking finance companies, alternative investment funds, business trusts, investment trusts, mutual funds, pension funds, unit trusts, provident funds or any other public or private pooled investment vehicle.

3. To act as promoters, settlors, sponsors, trustees or administrators, as applicable, of bodies corporate, partnerships, trusts, societies, associations or any form of public or private pooled investment vehicles, including alternative investment funds, business trusts, investment trusts, mutual funds, pension funds, unit trusts, employee benefit trusts or provident funds and to do all acts, deeds or things necessary in relation to, in connection with or arising as a result of acting as a promoter, settlor, sponsor, trustee or administrator of any of the foregoing persons.

4. To acquire in its own name or on behalf of its clients, any form of eligible security, whether in India or abroad, including shares, stocks, debentures, debenture stocks, bonds, loans, obligations, land, units, government securities, pool or portfolio of securities, commodities, derivatives, money market instruments, securitized debt or instruments and commercial papers, whether quoted or unquoted, listed or unlisted"

Transferor Company

12.18. Transferor Company is a private company. The Transferor Company was incorporated in the name and style of Bee Finance Limited on December 1, 2015, in the Republic of Mauritius under the laws of Mauritius vide certificate of incorporation issued by the Registrar of Companies, Mauritius. The Registration Number of the Transferor Company is 134696. Email address of the Transferor Company is michael.wong@apex.mu.

12.19. Transferor Company primarily is undertaking investment holding activities. Transferor Company is holding a Category 1 Global Business Licence. Transferor Company has its principal place of business at 4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.

12.20. The authorised, issued, subscribed and paid-up share capital of the Transferor Company as on August 31, 2021 is as under:

Particulars	Amount in US Dollars
Issued, Subscribed and Paid-up Share Capital	
58,678 class A equity shares of par value of USD 1 each	58,678
9,866 class B equity shares of par value of USD 1 each	9,866
31,456 class C equity shares of par value of USD 1 each	31,456
Total	**100,000**

12.21. As on date, there has been no material change in the above-mentioned capital structure of the Transferor Company. The equity shares of the Transferor Company are not listed on any stock exchange.

12.22. The details of the Promoters of the Transferor Company along with their addresses are mentioned herein below:

Name of the Promoters	Address
B Singh Holdings	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius

12.23. The details of the Directors of the Transferor Company along with their addresses are mentioned herein below:

Name of the Director	Designation	Address
Tevina Ramasaha Gulab	Director	Morcellemant Pilot Lane, Royal Road, Forest side, Mauritius
Mahmad Hayder Amiran	Director	41, Doyen Avenue, Quatre Bornes, Mauritius
Bhupinder Singh	Director	Flat No. 3602/3701, Vivaria Tower A, Near Jacob Circle Sane Guruji Marg, Mahalaxmi Mumbai- 400011
Gyaneshwarnath Gowrea	Director	15, Rev Lebrun, St. Rose-Hill, Mauritius

12.24. As on August 31, 2021, the Transferor Company has no secured and/or unsecured creditors.

12.25. The main objects of the Transferor Company as set out in its Constitution Documents are as follows:

"1. To engage in global business as permitted under the Financial Services Act 2007, the Act and any other laws for the time being in force in the Republic of Mauritius;

2. Notwithstanding Article 2.1 (a), the Company has full capacity to carry on or undertake any business or activity or do any act that is not prohibited under any law for the time being in force in the Republic of Mauritius;

3. To borrow money and to mortgage or charge its undertakings and property or any part thereof, to issue debentures, debenture stocks and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company, and

4. To do all such other things as are incidental to, or the Company may think conducive to the conduct, promotion or attainment of the objects of the Company."

Applicant Company No.3/ Resulting Company

12.26. Applicant Company No.3 is a public limited company. The Applicant Company No.3 was incorporated as a private company in the name and style of Multiflow Financial Services Private Limited on February 3, 1995 in Tamil Nadu under the Companies Act, 1956 *vide* certificate of incorporation issued by the Registrar of Companies, Tamil Nadu. The name of the Applicant Company No.3 was changed to KKR India Financial Services Private Limited in 2010. In this regard, a fresh certificate of incorporation dated August 13, 2010 was issued by Assistant Registrar of Companies, Tamil Nadu, Chennai and Nicobar Islands. In or around July 2019, the Applicant Company No.3 was converted into a public limited company, and consequently the name was changed to 'KKR India Financial Services Limited'. In this regard, a fresh certificate of incorporation consequent upon conversion from private company to public company dated July 24, 2019 was issued by Registrar of Companies, Chennai. In or around May 2021, the registered office of the Applicant Company No.3 was shifted from Chennai, Tamil Nadu to the State of Maharashtra. Consequent to the shifting of the registered office from State of Tamil Nadu to State of Maharashtra, a certificate of registration of regional director order for change of state dated May 21, 2021 has been issued by the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number of Applicant Company No.3 is U67190MH1995PLC360817. The PAN of the Applicant Company No.3 is AAACM7774Q. Email address of the Applicant Company No.3 is kkrindia@kkr.com.

12.27. Applicant Company No.3 is engaged in the business of providing structured and wholesale finance to Indian corporates. Applicant Company No.3 is registered with the RBI as a Systemically Important Non-Deposit Taking Non-Banking Financial Company, earlier in terms of the certificate of registration dated November 14, 2019 bearing registration number B-07.00498, having its registered office at Chennai, Tamil Nadu. Subsequently, pursuant to the change in the registered office of the Applicant Company No.3 from Chennai, Tamil Nadu to the State of Maharashtra, the RBI issued a new certificate of registration bearing number B-13.02417. Applicant Company No.3 has its registered office at 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpat Rao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra, India.

12.28. The authorised, issued, subscribed and paid-up share capital of the Applicant Company No. 3 as on August 31, 2021 is as under:

Particulars	**Amount in Rupees**
Authorised Share Capital	
50,00,00,000 equity shares of INR 10 each	5,000,000,000
Total	5,000,000,000
Issued, Subscribed and Paid-Up Share Capital	
46,02,26,538 equity shares of INR 10 each	4,602,265,380
Total	**4,602,265,380**

12.29. As on date, there has been no material change in the above-mentioned capital structure of the Applicant Company No.3. The equity shares of the Applicant Company No. 3 are not listed on any stock exchange.

12.30. The details of the Promoters of the Applicant Company No. 3 along with their addresses are mentioned herein below:

Name of the Promoters	Address
KKR Capital Markets India Private Limited	2nd Floor, Piramal Tower, Peninsula Corporate, Park, Ganpat Rao Kadam Road, Lower Parel, Mumbai 400013

12.31. The details of the Directors of the Applicant Company No. 3 along with their addresses are mentioned herein below:

Name of the Director	Designation	Address
Anil Nagu	Executive Director and Chief Financial Officer	C1A BDA Colony, Shivaji Nagar, Bhopal (MP) - 462016
Karthik Krishna	Independent Director	95/58, Sathyadev Avenue, MRC Nagar, Opp Somerset, Raja Annamalaipuram, Chennai 600028
Aparna Ravi	Independent Director	16th Cross 12th Malleshwaram Near Mes College Bangalore North, Bengaluru, Karnataka - 560055
Jigar Dineshchandra Shah	Whole Time Director	Flat 2004, Ruparel Ariana, Dadar Naigaon Division Sewree Wadala Estate, Jerbai Wadia Road, Parel, Mumbai - 400015
Brian Wesley Dillard	Non-Executive Director	House 45, 56 Repulse Bay Road, Southern District, Hong Kong

12.32. As on August 31, 2021, the amount due to the unsecured creditors of the Applicant Company No.3 is INR 74,78,697 (Rupees Seventy Four Lakhs Seventy Eight Thousand Six Hundred Ninety Seven). Further, as on August 31, 2021, the amount due to secured creditors of Applicant Company No. 3 is INR 1080,93,35,744 (Rupees One Thousand Eighty Crores Ninety Three Lakhs Thirty Five Thousand Seven Hundred Forty Four).

12.33. The main objects of the Applicant Company No.3 as set out in its Memorandum of Association are as follows:

"(i)To act as and carry on the business of Consultants, Brokers, Dealers, Agents, Intermediaries dealing in sharebroking and trading in shares, debenture stocks, bonds and Government Securities.

(ii) To provide all types of Services of managing of issues of various securities financial instruments by Companies/Institutions, making arrangements regarding selling, buying or subscribing to securities/financial instruments, managing, consulting, advising and for rendering corporate advisory services in relation to such issue management, arranging, procuring or obtaining short/long term finance by way of project finance, term loans, deposits, venture capital finance, asset credits, lease, hire purchase, bills of exchange for and on behalf of Government undertaking, companies and corporations, individuals and firms from various agencies, institutions, corporates, firms, individuals and others.

(iii) To engage in business of rendering corporate advisory service / manage portfolio of securities.

(iv) To borrow or raise money in such manner as the Company shall think fit including by way of issue of debentures and to secure the repayment of any money borrowed, raised or owed, create a mortgage, charge or lien upon all or any of the Company's property (present and future) including on its uncalled capital and also to secure and guarantee the performance by the Company of any obligation undertaken by the Company.

(v) To promote, sponsor and/or manage any funds, schemes, companies or other bodies to carry on any business of asset management, portfolio management, merchant banking, advisory services, venture capital, private equity and/or lending and to undertake any and all activities in connection with such management, promotion and sponsorship.

(vi) To undertake and carry on the business of advancing, depositing or lending money, securities and properties to or with any company, body corporate, firm, trust, person, association or other entity whether falling under the same management or otherwise, in accordance with and to the extent permissible under the provisions of the Companies Act, 1956, with or without security and on such terms as may be determined from time to time, including by way of subscribing to debentures, bonds or other securities of any nature.

(vii) To undertake (a) the financing, whether by way of making loans or advances or otherwise, of any activity other than its own; (b) the acquisition of shares, stock bonds, debentures or securities issued by a Government or local authority or other marketable securities of a like nature; (c) letting or delivering of any goods to a hirer under a hire-purchase agreement; (d) any class of insurance business; (e) managing, conducting or supervising, as foreman, agent or in any other capacity, of chits or kuries as defined in any law which is for the time being in force in any State, or any business, which is similar thereto; (f) collecting, for any purpose or under any scheme or arrangement by whatever name called, monies in lump sum or otherwise, by way of subscriptions or by sale of units, or other instruments or in any other manner and awarding prizes or gifts, whether in cash or kind, or disbursing monies in any other way, to persons from whom monies are collected or to any other person."

13. **Relationship subsisting between the companies who are parties to the Scheme**

13.1. The Applicant Company No.1 and the Applicant Company No.3 are part of the same group company. The Applicant Company No.3 is the wholly owned subsidiary of the Applicant Company No.1. Mr. Anil Nagu, Mr. Karthik Krishna and Mr. Brian Wesley Dillard are the common directors in both the Applicant Company No.1 and the Applicant Company No.3.

13.2. The Transferor Company holds 59.39% of the issued, subscribed and paid up capital of the Company/ Applicant Company No.2 and hence the Transferor Company is the holding company of the Company/ Applicant Company No.2.

14. **Salient Features of the Scheme**

14.1. **This Scheme provides for:**

(i) the merger of the Transferor Company with the Applicant Company No.1, in the manner set out in Part II of the Scheme. As consideration for the merger, the Applicant Company No.1 shall issue shares (as described under Clause 8 of the Scheme) to the shareholders of the Transferor Company;

(ii) immediately after the merger of the Transferor Company with the Applicant Company No.1, the InCred Demerged Undertaking of the Applicant Company No.2 shall demerge into the Applicant Company No.3, in the manner set out in Part III of this Scheme. As consideration for the Demerger, the Applicant Company No.1, which is the holding company of the Applicant Company No.3, shall issue shares (as described under Clause 16 of the Scheme) to the shareholders (excluding the Applicant Company No.1) of the Applicant Company No.2.

(iii) The merger of the Transferor Company with the Applicant Company No.1, and the Demerger of the InCred Demerged Undertaking of the Applicant Company No.2 into the Applicant Company No.3, pursuant to and in accordance with this Scheme, shall take place sequentially with effect from the Appointed Date and in accordance with the provisions of Sections 230 to 232 read with Sections 66 and 234 of the Act, applicable provisions of the Income Tax Act, 1961 and other applicable provisions of applicable law.

14.2. **Rationale of the Scheme**

Demerger of the InCred Demerged Undertaking from Applicant Company No.2 into the Applicant Company No.3

(i) To consolidate the non-banking financing business related to retail and SME lending and ancillary financing activities undertaken by the Applicant Company No.2 with the non-banking financing business of the Applicant Company No.3 to achieve greater economies of scale, operational rationalization and organizational efficiency, wider market reach and customer base, pooling of knowledge and expertise, and to reduce redundant costs.

(ii) To aid in future growth of the InCred Demerged Undertaking by leveraging on the strength and capabilities of the Applicant Company No.3.

(iii) To allow the Applicant Company No.2 to focus on the Remaining Business and grow these businesses independently.

(iv) To aim towards creation of a single unified entity with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively.

(v) To enable access to business relationships and other intangible benefits that the Applicant Company No.1 and the Applicant Company No.3 have built over decades.

(vi) The InCred Demerged Undertaking and the non-banking financing business of the Applicant Company No.3 have significant complementarities and the consolidation of the businesses carried on by them is strategic in nature and will generate significant business synergies thereby enhancing stakeholders' value.

(vii) To allow the shareholders of the Applicant Company No.2 to own and participate in the merchant banking and investment advisory, investment management as well as finance arrangement services business of Applicant Company No.1 and to grow this business in future.

Merger of the Transferor Company with the Applicant Company No.1

(i) The merger of the Transferor Company, a major shareholder in the Applicant Company No.2, with the Applicant Company No.1 is proposed to streamline the post Scheme shareholding structure of the Applicant Company No.1 by reducing the number of layers of shareholding, and thereby optimising value to the shareholders.

The Scheme is in the interest of the shareholders, creditors and all other stakeholders of the

Applicant Companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

14.3. The material provisions of the proposed Scheme are detailed hereunder:

*"**Appointed Date**" shall mean 1 April 2022, or such other date as may be agreed by the Boards of the respective Parties;*

*"**Effective Date**" shall mean the Appointed Date or the last of the dates on which the conditions specified in Clause 27 of this Scheme are complied with, whichever is later. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme being effective" shall mean the Effective Date;*

3 Date of taking effect and operative date

The Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal or made as per Clause 28 of the Scheme, shall become effective from the Appointed Date, but shall be operative from the Effective Date.

4.1 Transfer and vesting of assets and liabilities and entire business of the Transferor Company

With effect from the Appointed Date and pursuant to Sections 230 to 232 read with Section 234 and other applicable provisions of the Act and Applicable Law, and subject to the provisions of this Scheme, the Transferor Company shall stand merged with the Transferee Company as a going concern and all assets and liabilities of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the assets and liabilities of the Transferee Company by virtue of operation of law, and in the manner provided in this Scheme.

8 Consideration

Upon the Scheme becoming effective and in consideration of the merger of the Transferor Company with the Transferee Company, the Transferee Company shall, without further application or deed, issue and allot CCPS credited as fully paid-up to the extent indicated below, to the shareholders of the Transferor Company holding shares and whose name appear in the register of members of the Transferor Company as on the Record Date in the following proportion:

4,500 (Four thousand and five hundred) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 1 (One) share of Transferor Company of USD 1 (One US Dollar) each fully paid up.

15.1 Transfer and vesting of the InCred Demerged Undertaking from the Demerged Company into the Resulting Company

With effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions of the Act, and subject to the provisions of this Scheme, the InCred Demerged Undertaking along with all its estate, assets, properties, rights, Claims, title and interest shall, without any further act, deed, matter or thing, stand transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on a going concern basis.

16 Consideration for demerger

Upon the Scheme becoming effective and in consideration of transfer and vesting of the InCred Demerged Undertaking of the Demerged Company in the Resulting Company in terms of this Scheme, the Transferee Company (which is the holding company of the Resulting Company) shall, without further application or deed, issue and allot CCPS credited as fully paid-up to the extent indicated below, to the shareholders (excluding the Transferee Company itself) of the Demerged Company holding fully paid-up equity and preference shares, as the case may be, and whose name appear in the register of members of the Demerged Company as on the Record Date in the following ratio:

194 (One hundred and ninety-four) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 100 (One hundred) fully paid-up equity shares of INR 10 (Ten) each and for every 100 (One hundred) fully paid-up preference shares (which is convertible into equity shares in the ratio of 1:1 as per existing terms) of INR 10 (Ten) each of Demerged Company.

27 Conditions precedent to the Scheme

27.1 Unless otherwise decided and agreed by and between the Board of each of the Parties, this Scheme shall be conditional upon and subject to:

(i) the Scheme being approved by the requisite majorities in number and value of such classes of Persons including the shareholders and/or creditors of the Parties as may be required under the Applicable Law and/or directed by the Tribunal/Governmental Authority;

(ii) the Scheme being sanctioned by the Tribunal as required under Applicable Law;

(iii) the Scheme being approved by the SEBI and RBI as required under Applicable Law, in each case, in a form agreed between the Parties in writing;

(iv) satisfaction (or waiver in writing) of such other conditions precedent as mutually agreed between the Parties in writing; and

(v) the certified copy/(ies) of the order of the Tribunal/Governmental Authority sanctioning the Scheme being filed with the RoC/ Governmental Authority (including the Mauritius RoC and the Financial Services Commissions, Mauritius) by each of the Parties, as may be applicable...

14.4. The features set out above are only an extract of the Scheme. Secured creditors are advised to read the entire text of the Scheme annexed hereto as **Annexure A**, to get fully acquainted with the provisions thereof.

15. **Interest of Directors, Key Managerial Personnel, their relatives and Debenture Trustee**

15.1. None of the Directors, Key Managerial Personnels of the Company and their respective relatives (as defined under the Companies Act, 2013 and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Company, if any. Save as aforesaid, none of the said Directors or the Key Managerial Personnels or their respective relatives has any material interest in the Scheme. The debenture trustee of the Company has no interest in the Scheme.

15.2. None of the Directors, Key Managerial Personnels of the Applicant Company No.1 and their respective relatives (as defined under the Companies Act, 2013 and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Applicant Company No.1, if any. Save as aforesaid, none of the said Directors or the Key Managerial Personnels or their respective relatives has any material interest in the Scheme. The Applicant Company No.1 has no outstanding debentures and hence, does not have debenture trustee.

15.3. None of the Directors of the Transferor Company and their respective relatives has any interest in the Scheme except to the extent of their shareholding in the Transferor Company, if any. Save as aforesaid, none of the said Directors or their respective relatives has any material interest in the Scheme. The Transferor Company has no outstanding debentures and hence, does not have debenture trustee.

15.4. None of the Directors, Key Managerial Personnels of the Applicant Company No.3 and their respective relatives (as defined under the Companies Act, 2013 and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Applicant Company No.3, if any. Save as aforesaid, none of the said Directors or the Key Managerial Personnels or their respective relatives has any material interest in the Scheme.

16. **Effect of the Scheme on various parties**

16.1. **For Company/ Applicant Company No.2**

Sr No	**Category of stakeholder**	**Effect of Scheme**
1.	Key managerial personnel and employees	Under Clause 19 of the Scheme, upon the Scheme becoming effective, all employees of the Applicant Company No.2 in relation to the InCred Demerged Undertaking (i.e. permanent and contract employees, staff and workmen of the Applicant Company No.2 engaged in its Retail NBFC Business as identified by the Board of Directors of the Applicant Company No.2) shall become employees of the Applicant Company No.3, on terms and conditions no less favourable than those on which they are engaged by the Applicant Company No. 2 as on the Effective Date. Additionally, such employees would also be given employee stock options in the Applicant Company No.1 (parent entity of the Applicant Company No.3) under the KCM ESOP Plan (in the manner as set out under the Scheme), at no less favourable terms than employee stock options granted by the Applicant Company No.2 under the InCred ESOP Scheme.
2.	Directors	Whilst the Scheme does not contemplate any change in board of directors of Applicant Company No.2, appropriate changes in directors will be made pursuant to business and statutory requirements.
3.	Promoters	Upon the effectiveness of the Scheme and in consideration of transfer and vesting of the InCred Demerged Undertaking of the Applicant Company No.2 in the Applicant Company No.3, the Applicant Company No.1 shall issue and allot CCPS credited as fully paid-up to the shareholders (excluding the Applicant Company No.1 itself) of the Applicant Company No.2 holding fully paid-up equity shares and preference shares, as the case may be, and whose name appear in the register of members of the Applicant Company
4.	Non promoter members	

Sr No	Category of stakeholder	Effect of Scheme
		No.2 as on the Record Date in the following proportion: 194 (One hundred and ninety-four) fully paid-up CCPS of Applicant Company No. 1 of INR 10 (Ten) each for every 100 (One hundred) fully paid-up equity shares of INR 10 (Ten) each and for every 100 (One hundred) fully paid-up preference shares (which is convertible into equity shares in the ratio of 1:1 as per existing terms) of INR 10 (Ten) each of Applicant Company No.2. Further, the Scheme contemplates reduction of share capital of the Applicant Company No.2 (in the manner as set out under the Scheme) consequent to the transfer and vesting of the InCred Demerged Undertaking of the Applicant Company No.2 in the Applicant Company No. 3.
5.	Depositors, Deposit trustee	Not Applicable
6.	Creditors	Scheme does not envisage any compromise or arrangement with creditors. The liability of the creditors of Applicant Company No.2, under the Scheme, is neither being reduced nor being extinguished. The creditors of Applicant Company No.2 would in no way be affected by the Scheme.
7.	Debenture holders	Scheme is not expected to have any adverse impact on the debenture holders or debenture trustee.
8.	Debenture trustee	

16.2. For Applicant Company No.1

Sr No	Category of stakeholder	Effect of Scheme
1.	Employees and Key managerial personnel	Under Clause 5 of the Scheme, upon the Scheme becoming effective, all the employees of the Transferor Company shall become the employees of the Applicant Company No.1, on terms and conditions no less favourable than those on which they are engaged as on the Effective Date. Additionally, for employees who would be transferred as part of the InCred Demerged Undertaking (i.e. all permanent and contract employees, staff and workmen of the Applicant Company No.2 engaged in its Retail NBFC Business as identified by the Board of Directors of the Applicant Company No.2) from Applicant Company No.2 to the Applicant Company No.3, such employees would also be given employee stock options in the Applicant Company No.1 under the KCM ESOP Plan (in the manner as set out under the Scheme), at no less favourable terms than employee stock options granted by the Applicant Company No.2 under the InCred ESOP Scheme. On and from the Effective Date, the key managerial personnel of the Applicant Company No.1 shall be appointed and replaced from time to time in the manner agreed in

Sr No	Category of stakeholder	Effect of Scheme
		writing inter alios the Company, Applicant Company No. 1 and Applicant Company No.3 and Transferor Company.
2.	Directors	Whilst the Scheme does not contemplate any change in board of directors of the Company, appropriate changes will be made in the board of directors as per business and statutory requirements.
3.	Promoters	No equity shares are proposed to be issued to the shareholders of the Applicant Company No.1 pursuant to the Scheme.
4.	Non promoter members	No equity shares are proposed to be issued to the shareholders of the Applicant Company No.1 pursuant to the Scheme.
5.	Depositors and Deposit trustee	Not applicable. As on date Applicant Company No.1 does not have any outstanding public deposits.
6.	Creditors	Scheme does not envisage any compromise or arrangement with creditors. The liability of the creditors of Applicant Company No.1, under the Scheme, is neither being reduced nor being extinguished. The creditors of Applicant Company No.1 would in no way be affected by the Scheme.
7.	Debenture holders	Not Applicable. As on date, Applicant Company No.1 does not have any outstanding debentures and therefore the effect of the Scheme on any such debenture holders and debenture trustees does not arise.
8.	Debenture trustee	

16.3. For Transferor Company

Sr No	Category of stakeholder	Effect of Scheme
1.	Key managerial personnel and employees	Not applicable, as the Transferor Company does not have any key managerial personnel and/or employees.
2.	Directors	Upon the effectiveness of the Scheme, the Transferor Company shall stand dissolved and consequently the Board of Directors and any committees thereof of the Transferor Company shall without any further act, instrument or deed shall stand dissolved.
3.	Promoters	Upon the effectiveness of the Scheme and in consideration of the merger of the Transferor Company with the Applicant Company No.1, the Applicant Company No.1 shall issue and allot CCPS credited as fully paid-up to the shareholders of the Transferor Company holding shares and whose name appear in the register of members of the Transferor Company as on the Record Date in the following proportion: 4,500 (Four thousand and five hundred) fully paid-up
4.	Non promoter members	

Sr No	Category of stakeholder	Effect of Scheme
		CCPS of Transferee Company of INR 10 (Ten) each for every 1 (One) share of Transferor Company of USD 1 (One US Dollar) each fully paid up.
5.	Depositors, Deposit trustee	Not Applicable
6.	Creditors	Not applicable, as the Transferor Company does not have any secured and/or unsecured creditors.
7.	Debenture holders	Not Applicable
8.	Debenture trustee	Not Applicable

16.4. For Applicant Company No. 3

Sr No	Category of stakeholder	Effect of Scheme
1.	Key managerial personnel and employees	Under Clause 19 of the Scheme, upon the Scheme becoming effective, all persons employed by the Applicant Company No.2 in relation to the InCred Demerged Undertaking (i.e. all permanent and contract employees, staff and workmen of the Demerged Company engaged in its Retail NBFC Business as identified by the Board of Directors of the Applicant Company No.2) shall become the employees of the Applicant Company No.3, on terms and conditions no less favourable than those on which they are engaged as on the Effective Date. Additionally, such employees would also be given employee stock options in the Applicant Company No.1 (parent entity of the Applicant Company No.3) under the KCM ESOP Plan (in the manner as set out under the Scheme), at no less favourable terms than employee stock options granted by the Applicant Company No.2 under the InCred ESOP Scheme. On and from the Effective Date, the key managerial personnel of the Applicant Company No.3 shall be appointed and replaced from time to time in the manner agreed in writing inter alios the Company, Applicant Company No.1, Applicant Company No.3 and Transferor Company.
2.	Directors	Whilst the Scheme does not contemplate any change in board of directors of Applicant Company No.3, appropriate changes in directors will be made pursuant to business and statutory requirements.
3.	Promoters	No impact as no shares shall be issued to the shareholders of Applicant Company No.3 pursuant to the Scheme.
4.	Non promoter members	Not applicable
5.	Depositors, deposit trustee	Not applicable. As on date Applicant Company No.3 does not have any outstanding public deposits.
6.	Creditors	Scheme does not envisage any compromise or

Sr No	Category of stakeholder	Effect of Scheme
		arrangement with creditors. The liability of the creditors of Applicant Company No.3, under the Scheme, is neither being reduced nor being extinguished. The creditors of Applicant Company No.3 would in no way be affected by the Scheme.
7.	Debenture holders	Scheme is not expected to have any adverse impact on the debenture holders or debenture trustee.
8.	Debenture trustee	

17. **Disclosure about effect of Scheme on material interests of directors, key managerial personnel and debenture trustee**

Please refer to point no. 16 above for the effect of the Scheme on material interests of Directors, Key Managerial Personnel and Debenture Trustee.

18. **Valuation Report, Accounting Certificate and Approvals:**

18.1. A valuation report for the Scheme, dated September 3, 2021, which sets out the valuation of shares and recommendation of share exchange ratio for the merger and share entitlement ratio for the demerger has been issued by Mr. Vikrant Jain, registered valuer (IBBI Registration No.: IBBI/RV/05/2018/10204) to Applicant Companies, ("**Valuation Report**"). Copy of the Valuation Report is enclosed herewith as **Annexure B**, and is also available for inspection at the registered office of the Company.

The valuation methodologies, as may be applicable which have been used to arrive at the value attributable to the shareholders of Companies, are discussed hereunder:

Market Price ("MP") Method:
The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are available from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

Comparable Companies Market Multiple ("CCM") Method:
Under this method, fair value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Discounted Cash Flow ("DCF") Method:
The discounted cash flow method is a modern valuation method which relates the value of an asset to the present value of the expected future cash flows on those assets. Here the projected cash flow is discounted with the weighted average cost of capital to arrive at the fair value.

Book Value / Net Assets Value ("NAV") Method:
In case of Net Assets Method, the value is determined by dividing the Net Assets of the Company by the number of shares. The underlying asset approach represents the value with reference to the historical cost of the assets owned by the company and liabilities as at the valuation date.

18.2. A certificate has been issued by the statutory auditors of the Company/ Applicant Company No. 2 (i.e., M/s. S.R. Batliboi & Associates LLP, Chartered Accountants) stating that the accounting treatment specified in the Scheme is in compliance with the accounting standards prescribed under Section 133 of the Act ("**Accounting Treatment Certificate 1**"). Copy of the Accounting Treatment Certificate 1 is enclosed herewith as **Annexure C** and is also available for inspection at the registered office of the Company/ Applicant Company No.2.

18.3. A certificate has been issued by the statutory auditors of the Applicant Company No. 1 (i.e., M/s. MSKA & Associates, Chartered Accountants) stating that the accounting treatment specified in the Scheme is in compliance with the accounting standards prescribed under Section 133 of the Act ("**Accounting Treatment Certificate 2**"). Copy of the Accounting Treatment Certificate 2 is enclosed herewith as **Annexure D** and is also available for inspection at the registered office of the Applicant Company No.1.

18.4. A certificate has been issued by the statutory auditors of the Applicant Company No.3 (i.e., M/s. MSKA & Associates, Chartered Accountants) stating that the accounting treatment specified in the Scheme is in compliance with the accounting standards prescribed under Section 133 of the Act ("**Accounting Treatment Certificate 3**"). Copy of the Accounting Treatment Certificate 3 is enclosed herewith as **Annexure E** and is also available for inspection at the registered office of the Applicant Company No.3.

18.5. Applicant Company No.2 and Applicant Company No.3 have jointly made an application to the RBI for seeking approval in relation to the Scheme and approval of RBI is awaited. Further, the Applicant Company No.1 has made an application to SEBI for seeking approval in relation to the Scheme and approval of SEBI is awaited.

18.6. The Company, the Applicant Company No.1 and the Applicant Company No.3 have made a joint Application before Hon'ble National Company Law Tribunal, Mumbai Bench for the sanction of the Scheme under applicable provisions of the Companies Act, 2013.

18.7. A copy of the Scheme along with the necessary statement under Section 230 read with Rules 6 and 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, is also being forwarded to the Registrar of Companies and other regulatory authorities, in terms of the order dated November 10, 2021 of the Mumbai Bench of the Hon'ble National Company Law Tribunal.

18.8. The Scheme is pending for approval of the shareholders, secured creditors, regulatory authorities such as the Registrar of Companies, Regional Director and the Hon'ble National Company Law Tribunal, Mumbai Bench.

18.9. If the Scheme is approved by way of a resolution by persons representing three fourths in value of the respective shareholders and secured creditors of the Company, then the Company will make a petition under Sections 230 - 232 read with Sections 66 and 234, and other applicable provisions, of the Act to the Hon'ble Tribunal for sanctioning of the Scheme.

18.10. The Scheme is conditional and subject to necessary sanctions and approvals as set out in the Scheme.

19. **Board Approvals:**

19.1. The board of directors of the Company/ Applicant Company No. 2 at its board meeting held on September 3, 2021 *inter alia:* (i) approved the Scheme, and (ii) adopted a report under Section 232(2)(c) of the Act, explaining the effect of the proposed Scheme on each class of shareholders, promoter and non-promoter shareholders, key managerial personnel, and laying out in particular, the share exchange ratio, specifying any special valuation difficulties etc., enclosed herewith as **Annexure F**. Details of Directors the Company who voted in favour / against / did not participate on resolution passed at the meeting of the board of directors of the Company are given below:

Name of the Director	Voted in favour / Against / Did not participate
Bhupinder Singh	Voted in favour
Vivek Bansal	Voted in favour
Rupa Rajul Vora	Voted in favour
Vivekanand Suryaprakash Periayapatnam	Voted in favour
Antonius Bruijninckx	Voted in favour
Debashish Dutta Gupta	Voted in favour

19.2. The board of directors of the Applicant Company No. 1 at its board meeting held on September 9, 2021 *inter alia:* (i) approved the Scheme, and (ii) adopted a report under Section 232(2)(c) of the Act, explaining the effect of the proposed Scheme on each class of shareholders, promoter and non-promoter shareholders, key managerial personnel, and laying out in particular, the share exchange ratio, specifying any special valuation difficulties etc., enclosed herewith as **Annexure G**. Details of Directors of the Applicant Company No. 1 who voted in favour / against / did not participate on resolution passed at the meeting of the board of directors of the Applicant Company No. 1 are given below:

Name of the Director	Voted in favour / Against / Did not participate
Anil Nagu	Voted in favour
Karthik Krishna	Voted in favour
Richard James Holden	Voted in favour
Brain Wesley Dillard	Voted in favour

19.3. The board of directors of the Transferor Company at its board meeting held on September 3, 2021 approved the Scheme. Details of Directors of the Transferor Company who voted in favour / against / did not participate on resolution passed at the meeting of the board of directors of the Company are given below*:*

Name of the Director	Voted in favour / Against / Did not participate
Tevina Ramasaha Gulab	Voted in favour
Mahmad Hayder Amiran	Voted in favour
Bhupinder Singh	Voted in favour
Gyaneshwarnath Gowrea	Voted in favour

19.4. The board of directors of the Applicant Company No.3 at its board meeting held on September 9, 2021 *inter alia:* (i) approved the Scheme, and (ii) adopted a report under Section 232(2)(c) of the Act, explaining the effect of the proposed Scheme on each class of shareholders, promoter and non-promoter shareholders, key managerial personnel, and laying out in particular, the share exchange ratio, specifying any special valuation difficulties etc., enclosed herewith as **Annexure H**. Details of Directors of the Applicant Company No.3 who voted in favour / against / did not participate on resolution passed at the meeting of the board of directors of the Applicant Company No.3 are given below:

Name of the Director	Voted in favour / Against / Did not participate
Anil Nagu	Voted in favour
Karthik Krishna	Voted in favour
Aparna Ravi	Voted in favour
Jigar Dineshchandra Shah	Voted in favour
Brian Wesley Dillard	Voted in favour

20. **Financial statements**

20.1. Copy of the: (i) audited financial statement of the Company/ Applicant Company No. 2 as on March 31, 2021, including the director's report and the auditor's report, is enclosed herewith as **Annexure I**, and (ii) unaudited financial results of the Company as on September 30, 2021, is enclosed herewith as **Annexure M.**

20.2. Copy of the: (i) audited financial statement of the Applicant Company No.1 as on March 31, 2021, including the director's report and the auditor's report, is enclosed herewith as **Annexure J**, and (ii) unaudited financial results of the Applicant Company No.1 as on August 31, 2021, is enclosed herewith as **Annexure N.**

20.3. Copy of the: (i) audited financial statement of the Transferor Company as on March 31, 2020, including the auditor's report, is enclosed herewith as **Annexure K**, and (ii) unaudited financial results of the Transferor Company as on September 30, 2021, is enclosed herewith as **Annexure O.**

20.4. Copy of the: (i) audited financial statement of the Applicant Company No. 3 as on March 31, 2021, including the director's report and the auditor's report, is enclosed herewith as **Annexure L**, and (ii) unaudited financial results of the Applicant Company No.3 as on August 31, 2021, is enclosed herewith as **Annexure P.**

21. **No investigation / winding up proceedings**

21.1. There is no winding up proceedings admitted against the Company, Applicant Company No.1, Applicant Company No.3 as of date. No investigation proceedings are pending or are likely to be pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of the Company, Applicant Company No.1, Applicant Company No.3.

22. **Details of debt restructuring**

22.1. The Scheme does not involve any capital or debt restructuring and therefore the requirement to disclose details of capital or debt restructuring is not applicable.

23. **Inspection:**

23.1. The following documents shall be available for obtaining extract from, or for making/ obtaining copies of, or for inspection by the secured creditors at the registered office of the Company at InCred Financial Services Limited, Unit No. 1203, 12th floor, B Wing, The Capital Plot No. C - 70, G Block, BKC Mumbai – 400051, Maharashtra, India, between 09:30 a.m. (Indian Standard Time) to 06:30 p.m. (Indian Standard Time) on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting.

(i) Copy of the Order of the Hon'ble Tribunal dated November 10, 2021 passed in CA (CAA): 222/MB-V/2021 directing the Company to, *inter alia*, convene the Meeting of Company's secured creditors.
(ii) Copy of the memorandum of association and articles of association of the Company, Applicant Company No.1, Applicant Company No.3 and Transferor Company.
(iii) Copy of the audited financial statement of the Company as on March 31, 2021 (including the directors' report and the auditors' report).
(iv) Copy of the audited financial statement of the Transferor Company as on March 31, 2020.
(v) Copy of the audited financial statement of the Applicant Company No. 1 as on March 31, 2021 (including the directors' report and the auditors' report).
(vi) Copy of the audited financial statement of the Applicant Company No. 3 as on March 31, 2021 (including the directors' report and the auditors' report).
(vii) Copy of Accounting Treatment Certificate 1.
(viii) Copy of Accounting Treatment Certificate 2.
(ix) Copy of Accounting Treatment Certificate 3.
(x) Contracts or agreements material to the Scheme.
(xi) Copy of the Scheme.

24. This Statement may be treated as an Explanatory Statement under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016. A copy of the Scheme and Explanatory Statement may be obtained free of charge on any working day (except Saturdays, Sundays and public holidays) prior to the date of the Meeting, from the Registered Office of the Company.

Sd/-
Bhupinder Singh
Chairperson appointed for the Meeting

Dated this 12th day of November, 2021
Place: Mumbai, Maharashtra

COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT

AMONG

BEE FINANCE LIMITED,
(the Transferor Company)

AND

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED,
(the Transferee Company)

AND

INCRED FINANCIAL SERVICES LIMITED,
(the Demerged Company)

AND

KKR INDIA FINANCIAL SERVICES LIMITED,
(the Resulting Company)

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 230 TO 232 READ WITH SECTIONS 66 AND 234 AND OTHER APPLICABLE PROVISIONS OF THE (INDIAN) COMPANIES ACT, 2013

(A) PREAMBLE

This Scheme (*as defined hereinafter*) provides:

(a) for the merger of Bee Finance Limited (Registration Number: 134696) with KKR Capital Markets India Private Limited (Corporate Identification Number: U67190MH2011PTC211738); and thereafter;

(b) the Demerger (*as defined hereinafter*) of the InCred Demerged Undertaking (*as defined hereinafter*) of InCred Financial Services Limited (Corporate Identification Number: U74899MH1991PLC340312) into KKR India Financial Services Limited (Corporate Identification Number: U67190MH1995PLC360817).

(B) DESCRIPTION OF PARTIES

1. **Bee Finance Limited** is a private company incorporated under the laws of Mauritius (Registration Number 134696), holding a Category 1 Global Business Licence and having its principal place of business at 4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius (hereinafter referred to as the "**Transferor Company**"). The Transferor Company primarily is undertaking investment holding activities.

2. **KKR Capital Markets India Private Limited** is a company incorporated under the Companies Act, 1956 having its registered office at 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpat Rao Kadam Road, Lower Parel, Mumbai, Maharashtra – 400013 (hereinafter referred to as the "**Transferee Company**"). The Transferee Company is registered with SEBI as a Category I Merchant Banker and is engaged in the business of providing investment advisory, investment management and finance arrangement services.

3. **InCred Financial Services Limited** is a company incorporated under the Companies Act, 1956 having its registered office at Unit No. 1203, 12th floor, B Wing, The Capital Plot No. C - 70, G Block, BKC Mumbai, Maharashtra - 400051 (hereinafter referred to as the "**Demerged Company**"). The Demerged Company is a Systemically Important Non-Deposit Taking Non-Banking Financial Company and has its debt securities listed on BSE Limited.

4. **KKR India Financial Services Limited** is a company incorporated under the Companies Act, 1956 having its registered office at 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpat Rao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra, India (hereinafter referred to as the "**Resulting Company**"). The Resulting Company is a Systemically Important Non-Deposit Taking Non-Banking Financial Company.

(C) RATIONALE FOR THE SCHEME

The key objectives for the Scheme are:

Demerger of the InCred Demerged Undertaking into the Resulting Company

- To consolidate the non-banking financing business related to retail and SME lending and ancillary financing activities undertaken by the Demerged Company with the non-banking financing business of the Resulting Company to achieve greater economies of scale, operational rationalization and organizational efficiency, wider market reach and customer base, pooling of knowledge and expertise, and to reduce redundant costs.

- To aid in future growth of the InCred Demerged Undertaking by leveraging on the strength and capabilities of the Resulting Company.

- To allow the Demerged Company to focus on the Remaining Business and grow these businesses independently.

- To aim towards creation of a single unified entity with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively.

- To enable access to business relationships and other intangible benefits that the Transferee Company and the Resulting Company have built over decades.

- The InCred Demerged Undertaking and the non-banking financing business of the Resulting Company have significant complementarities and the consolidation of the businesses carried on by them is strategic in nature and will generate significant business synergies thereby enhancing stakeholders' value.

- To allow the shareholders of the Demerged Company to own and participate in the merchant banking and investment advisory, investment management as well as finance arrangement services business of Transferee Company and to grow this business in future.

Merger of the Transferor Company with the Transferee Company

- The merger of the Transferor Company, a major shareholder in the Demerged Company, with the Transferee Company is proposed to streamline the post Scheme shareholding structure of the Transferee Company by reducing the number of layers of shareholding, and thereby optimising value to the shareholders.

The Scheme is in the interest of the shareholders, creditors and all other stakeholders of the Parties and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

(D) OPERATION OF THE SCHEME

This Scheme provides for:

(i) the merger of the Transferor Company with the Transferee Company, in the manner set out in Part II of this Scheme. As consideration for the merger, the Transferee Company shall issue shares (*as described under Clause 8 below*) to the shareholders of the Transferor Company; and

(ii) immediately after the merger of the Transferor Company with the Transferee Company, the InCred Demerged Undertaking (*as defined hereinafter*) of the Demerged Company shall demerge into the Resulting Company, in the manner set out in Part III of this Scheme. As consideration for the Demerger, the Transferee Company, which is the holding company of the Resulting Company, shall issue shares (*as described under Clause 16 below*) to the shareholders (excluding the Transferee Company) of the Demerged Company.

(iii) The merger of the Transferor Company with the Transferee Company, and the Demerger of the InCred Demerged Undertaking of the Demerged Company into the Resulting Company, pursuant to and in accordance with this Scheme, shall take place sequentially with effect from the Appointed Date (*as defined hereinafter*) and in accordance with the provisions of Sections 230 to 232 read with Section 234 of the Act (*as defined hereinafter*), applicable provisions of the IT Act (*as defined hereinafter*), and other applicable provisions of Applicable Law (*as defined hereinafter*).

(E) PARTS OF THE SCHEME:

This Scheme is divided into the following parts:

PART I deals with the definitions, interpretations, share capital of the Transferor Company, the Transferee Company, the Demerged Company and the Resulting Company and operation of the Scheme;

PART II deals with the merger of the Transferor Company with the Transferee Company and other related matters;

PART III deals with the Demerger of the InCred Demerged Undertaking of the Demerged Company into the Resulting Company and other related matters; and

PART IV deals with the general terms and conditions that would be applicable to this Scheme.

PART I

DEFINITIONS, INTERPRETATIONS, SHARE CAPITAL AND OPERATION OF SCHEME

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context thereof (i) terms defined in Para B (*Description of Parties*) above shall have the same meanings throughout this Scheme; (ii) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; and (iii) the following expressions, wherever used (including in Para B (Description of Parties) above) shall have the meanings ascribed hereunder:

"**Accounting Standards**" shall mean the generally accepted accounting standards and principles which are recommended by the Institute of Chartered Accountants of India and required to be used or adopted by a company in the preparation of its financial statements from time to time and consistently applied and shall also include such other accounting standards and principles as may be made applicable from time to time, including Indian Accounting Standards;

"**Act**" shall mean the (Indian) Companies Act, 2013, as amended from time to time;

"**Applicable Law(s)**" shall mean applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any Governmental Authority, (b) any Governmental Approvals, (c) orders, decisions, directions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority, (d) rules of any stock exchange, (e) international treaties, conventions and protocols, and (f) Accounting Standards or any other generally accepted accounting principles;

"**Appointed Date**" shall mean 1 April 2022, or such other date as may be agreed by the Boards of the respective Parties;

"**BFPL**" shall mean Booth Fintech Private Limited, a company incorporated under the laws of India (CIN U67190MH2015PTC355907), and having its registered office at Unit No. 1203, 12th Floor, B-Wing, The Capital, Bandra Kurla Complex Mumbai, Maharashtra - 400051;

"**Board**" in relation to the Parties, shall mean the Board of Directors of such Party, and shall include a committee of directors or any person authorized by such Board of Directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto;

"**Calculation Date**" shall mean 31 March 2022;

"**CCPS**" shall mean fully and compulsorily convertible preference shares of face value of INR 10 (Indian Rupees Ten only) each, to be issued and allotted by the Transferee Company, to the shareholders of the Transferor Company and the Demerged Company in consideration for the merger of the Transferor Company with the Transferee Company and the Demerger of the InCred Demerged Undertaking of the Demerged Company into the Resulting Company (as the case may be), convertible into such number of equity shares of the Transferee Company determined basis the CCPS Conversion Ratio contemplated under **Schedule I**, and carrying such terms and conditions as set out in **Schedule I**;

"**Claims**" shall mean in relation to a Person, any action, demand, legal action, claim, proceeding, suit, litigation, prosecution, mediation or arbitration whether civil, criminal, administrative or investigative and whether formal or informal, made or brought by or against the Person;

"**Consent**" shall mean any notice, consent, approval, authorization, waiver, permit, grant, concession, clearance, license, certificate, exemption, order, registration, declaration, filing, report or notice, of, with or to, as the case may be, by any Person (including any Governmental Authority);

"**Demerger**" shall mean (a) the transfer and vesting of the InCred Demerged Undertaking on a going concern basis from the Demerged Company to the Resulting Company in accordance with the terms and conditions set out in this Scheme; and (b) the consequent issue of shares (*as described under Clause 16 below*) by the Transferee Company to the shareholders (excluding the Transferee Company) of the Demerged Company as set out in this Scheme, and as approved by the Tribunal;

"**Effective Date**" shall mean the Appointed Date or the last of the dates on which the conditions specified in Clause 27 of this Scheme are complied with, whichever is later. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme being effective" shall mean the Effective Date;

"**Encumbrance**" shall mean (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, (b) any voting agreement, interest, option, right of first offer, right of first refusal or transfer restriction, including any non-disposal of undertaking or lock-in, in favour of any Person, and (c) any adverse Claim as to title, possession or use and the term "**Encumber**" shall be construed accordingly;

"**Execution Date**" shall mean 16 August 2021;

"**Fair Value of Business of KCM**" shall mean the fair value of business of the Transferee Company determined pursuant to and in accordance with such method of computation as mutually agreed between the Parties;

"**Fair Value of Business of KIFS**" shall mean the fair value of business of the Resulting Company determined pursuant to and in accordance with such method of computation as mutually agreed between the Parties;

"**Fair Value of InCred Demerged Undertaking**" shall mean the fair value of the InCred Demerged Undertaking determined pursuant to and in accordance with such method of computation as mutually agreed between the Parties;

"**Governmental Approval**" shall mean any Consent, grant, franchise, concession, agreement, license, certificate, exemption, order, registration, declaration, of, with or to, as the case may be, any Governmental Authority;

"**Governmental Authority(ies)**" shall mean any government (local, provincial, state, national or supranational (including the European Union and its successor entities)), any department, agency, instrumentality, officer or minister of any government, quasi-governmental or private body exercising any regulatory or governmental authority, judicial authority, quasi-judicial authority, arbitrator or such other law, rule or regulation making entity having jurisdiction including any Tax authority, court, tribunal and any securities exchange or body or authority regulating such securities exchange;

"**Identified Demerged Company Agreements**" shall mean all agreements/ documents (including subscription agreements and shareholders' agreement) governing the Demerged Company, executed in relation to investments made into the Demerged Company (whether by way of subscription or purchase) and/ or governing the relationship *inter se* its respective security-holders, and each document executed in terms thereof;

"**IMTSPL**" shall mean InCred Management and Technology Services Private Limited having its corporate identification number U72900MH2016PTC273211 and registered office at Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C – 70, G Block, BKC, Mumbai 400051 India;

"**Incred.AI**" shall mean Incred.AI Limited having its corporate identification number U74999MH2021PLC358271 and registered office at Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C – 70, G Block, Behind ICICI Bank, BKC, Mumbai, Maharashtra 400 051, India;

"**InCred Demerged Undertaking**" shall mean the undertaking of the Demerged Company comprising the businesses of retail lending, SME lending, housing finance business and ancillary activities undertaken by the Demerged Company, as a going concern, comprising of all relevant business activities and services, assets, liabilities, operations, intangibles, employees ("**Retail NBFC Business**"), and including but not limited to the following, as on the Appointed Date:

(a) all assets, wherever situated, whether movable or immovable, leasehold or freehold, tangible or intangible, including all capital work-in-progress, equipment, intellectual property rights (including all registered/unregistered brands owned by the Demerged Company in relation to the Retail NBFC Business) other movable properties, in possession or reversion, present of whatsoever nature belonging to the Demerged Company in relation to the Retail NBFC Business, powers, authorities, allotments, approvals, Consents, letters of intent, registrations, contracts, engagements, arrangements, requests for proposals, bids, responses to expression of interest, memorandum of understanding, settlements, rights, credits, titles, interests, benefits, advantages, other intangibles, other Consents, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses (but excluding the Demerged Company's registration as a non-banking financial institution with the RBI), privileges concerning the Retail NBFC Business and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Retail NBFC Business as on the Appointed Date;

(b) any and all Consents, quotas, rights, entitlements, allotments, concessions, subsidies, grants, allotments, recommendations, clearances, tenancies, offices, deferred tax asset, benefits and credits (including, but not limited to benefits of tax relief, unutilized deposits or credits, benefits under the VAT/sales tax law/GST/ service tax/local municipal tax, VAT/sales tax/ GST/service tax/local municipal tax set off, unutilized deposits or credits, benefits of any unutilized MODVAT/CENVAT/service tax credits/GST input tax credit/ GST tax deducted at source, etc. (including the income tax refund, provision for income tax, benefits and credits under the IT Act such as credit for advance tax, taxes deducted at source and self-assessment tax up to the Appointed Date) in addition to turnover tax, central goods and service tax, state goods and service tax of respective states, integrated goods and service tax, union territory goods and service tax of respective union territory, compensation cess, local municipal tax, customs duty, sales tax, value added tax service tax and CENVAT credit), income tax benefits (including carry forward of tax losses and unabsorbed depreciation), exemptions (including the right to claim tax holiday under the IT Act), as may be applicable, liberties, advantages, no-objection certificates, certifications, registrations, easements, licences, tenancies, offices, privileges and benefits, including employee state insurance, provident fund credits, gratuity fund credits, insurance policies, privileges, rights and benefits of all lease rights, licences, powers and facilities of every kind and description whatsoever relating to the Retail NBFC Business and similar rights, whether statutory or otherwise, and any waiver of the foregoing, issued by any legislative, executive or judicial unit of any governmental or semi-governmental entity or any department, commission, board, agency, bureau, official or other regulatory, administrative or judicial authority used or held for use by the Demerged Company in relation to the Retail NBFC Business;

(c) all identified receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/or security deposits, if any, or other entitlements of the Demerged Company in relation to the Retail NBFC Business on the Appointed Date;

(d) all identified debts, obligations and liabilities of the Demerged Company comprising of only those debts, duties, obligations and liabilities that are outstanding as on the Appointed Date which arise out of the activities or operations of the Demerged Company appertaining to or relatable to the Retail NBFC Business including: (i) all liabilities which arise out of the activities or operations of the Retail NBFC Business; (ii) the specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the Retail NBFC Business; and (iii) in cases, other than those referred to in (i) or (ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of the assets forming part of the Retail NBFC Business bears to the total value of the assets of the Demerged Company immediately before the Demerger;

(e) all permanent and contract employees, staff and workmen of the Demerged Company engaged in its Retail NBFC Business as identified by the Board of Directors of the Demerged Company;

(f) all necessary records, files, papers, technical and process information, all product and service pricing, costing, commercial and business related information, computer programs, drawings & designs, manuals, data, catalogues, quotations, sales and advertising materials, lists and all details of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form in connection with or relating to the Retail NBFC Business;

(g) all legal, regulatory, quasi-judicial, administrative proceedings, suits, appeals, applications or other proceedings of whatsoever nature initiated by or against Demerged Company in connection with the Retail NBFC Business; and

(h) all investments, rights and entitlements held by the Demerged Company in (i) IMTSPL; (ii) Incred.AI; and (iii) BFPL; as on the Appointed Date;

provided that the Identified Demerged Company Agreements shall not form part of the InCred Demerged Undertaking.

Explanation: Any question that may arise as to whether any particular asset or liability and/ or employee pertains or does not pertain to the InCred Demerged Undertaking shall be decided by mutual agreement between the Boards of the Demerged Company and the Resulting Company;

"**InCred ESOP Scheme**" shall mean InCred Financial Services Limited Employee Incentive Plan 2018 adopted by the Demerged Company;

"**InCred Loan Asset Value**" shall mean the aggregate of Portfolio Outstanding for all categories of loan products as mutually agreed between the Parties;

"**Indebtedness**" shall mean with respect to any Person, whether recourse is to all, none or a portion of the assets of such Person, and whether or not contingent: (a) any obligation of such Person for borrowed money or with respect to deposits or advances of any kind; (b) any obligation of such Person for borrowed monies evidenced by bonds, debentures, notes, guarantees or other similar instruments; (c) any reimbursement obligation of such Person with respect to letters of credit, bankers acceptances issued for the account of such Person; (d) all obligations of such Person under conditional sale, deferred purchase price of property acquired by such Person, if applicable; (e) any fixed rental obligations under a lease of or other agreement conveying the right to use assets that is required to be classified and accounted for as a financing or capital lease on financial statements prepared in accordance with the Accounting Standards; or (f) any guarantee obligations of such Person having the economic effect of guaranteeing an obligation of another Person;

"**INR**" shall mean Indian Rupee, the lawful currency of the Republic of India;

"**IT Act**" shall mean the Indian Income-Tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;

"**KCM ESOP Plan**" shall mean the employee stock option plan to be adopted by the Transferee Company on the Effective Date and which shall be in a manner agreed between the Transferee Company and the Demerged Company;

"**Mauritius RoC**" shall mean the Registrar of Companies, Mauritius;

"**Parties**" shall mean collectively the Transferor Company, the Transferee Company, the Demerged Company and the Resulting Company and "**Party**" shall mean each of them, individually;

"**Permitted BFL Interim Funding**" shall mean the issuance of any Securities by the Transferor Company, in one or more tranches at any time between the Execution Date and the earlier of the Record Date or the Calculation Date, the proceeds of which are mandatorily utilized solely for the purposes of the Transferor Company subscribing to Securities issued by the Demerged Company pursuant to the Permitted IFSL Interim Funding;

"**Permitted IFSL Interim Funding**" shall mean the issuance of Securities by the Demerged Company, in one or more tranches, at any time between the Execution Date and the earlier of the Record Date or the Calculation Date, *provided that*: (a) the aggregate subscription consideration in respect of all such Securities issued by the Demerged Company shall not exceed an aggregate amount of INR 3,000,000,000 (Indian Rupees three billion); and (b) no such Securities shall be issued by the Demerged Company until the InCred Loan Asset Value is equal to an amount in excess of INR 32,500,000,000 (Indian Rupees thirty two billion and five hundred million);

"**Permitted KCM Interim Funding**" shall mean the issuance of any Securities by the Transferee Company, in one or more tranches, at any time between the Execution Date and the earlier of the Record Date or the Calculation Date, the proceeds of which are mandatorily utilized solely for the purposes of the Transferee Company subscribing to Securities issued by the Resulting Company pursuant to the Permitted KIFS Interim Funding;

"**Permitted KIFS Interim Funding**" shall mean the issuance of Securities by the Resulting Company to the Transferee Company, in one or more tranches, at any time between the Execution Date and the earlier of the Record Date or the Calculation Date *provided that* such issuance of Securities shall not result in the sum of: (a) Fair Value of Business of KIFS; and (b) Fair Value of Business of KCM exceeding an amount of INR 12,000,000,000 (Indian Rupees twelve billion);

"**Person**" shall mean any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, a Governmental Authority or trust or any other entity or organization (whether registered or not and whether or not having separate legal personality);

"**Portfolio Outstanding**" shall mean all outstanding (including overdue principal) amounts in respect of any category of loan products extended by the Demerged Company to its borrowers. For the purpose of this definition, all loan products of a similar product, customer type or other defined characteristic (for example, source of origination), as determined in accordance with the InCred Demerged Undertaking management definitions of such loan products, shall be grouped in the same category. By way of illustration, if a product is characterised by the management of the InCred Demerged Undertaking as a personal loan, then all other loans with similar characteristics shall also be characterised as part of the personal loan portfolio, as has been consistently applied to such portfolios and loan products in the past;

"**RBI**" shall mean the Reserve Bank of India;

"**Record Date**" shall mean date mutually agreed between the Transferee Company, the Transferor Company and the Demerged Company, for the purpose of determining names of shareholders of the Transferor Company and the Demerged Company, as the case may be, who shall be entitled to receive CCPS of the Transferee Company upon this Scheme coming into effect;

"**Remaining Business**" means all the undertakings, businesses, units, activities, investments, operations and their respective assets and liabilities including employees of the Demerged Company other than the InCred Demerged Undertaking, being the lending activities towards: (a) the wealth business of the Demerged Company, constituting (i) margin funding; and (ii) loans against securities (LAS) business; (b) two-wheeler loans; and (c) unsecured business loans. All inter-corporate deposits granted by Incred Capital Financial Services Private Limited for conducting the Remaining Business shall form part of the Remaining Business and shall not be included within the scope of the InCred Demerged Undertaking;

"**RoC**" shall mean the relevant Registrar of Companies having jurisdiction over the respective Party;

"**Scheme**" or "**the Scheme**" or "**this Scheme**" shall mean this composite scheme of amalgamation and arrangement among Bee Finance Limited, KKR Capital Markets India Private Limited, InCred Financial Services Limited, KKR India Financial Services Limited and their respective shareholders under Sections 230 to 232, 66, 234 and other applicable provisions of the Act in its present form or with such modification(s), if any made, as per provisions of the Scheme from time to time, and wherever required with the appropriate approvals and sanction of the Tribunal and Governmental Authority, as may be required under the Act, and/or under Applicable Law;

"**SEBI**" shall mean the Securities and Exchange Board of India;

"**Securities**" shall mean all classes of equity shares, convertible preference shares, convertible debentures, bonds, options, warrants and any other securities of a company or body corporate, in each case convertible into, exercisable or exchangeable for equity shares issued or issuable by such company/ body corporate from time to time, together with all rights, obligations, title, interest and claim in such securities and shall be deemed to include all equity shares or other securities issued pursuant to a corporate action by the company/ body corporate;

"**Taxation**" or "**Tax**" or "**Taxes**" shall mean any and all forms of taxation, including, direct and indirect tax, duty, cess, rates, governmental fee, taxes or levy of any nature (whether central, state or local) or any other like assessment or charge of any kind whatsoever (including any minimum alternate tax, alternative or add-on minimum tax, sales, use, ad valorem, value added, transfer, profits, license, withholding tax on amounts paid or payable, severance, stamp, excise, capital stock, occupation, property, goods and service tax, service tax, surcharge, dividend distribution tax, buy-back distribution tax or similar type tax, premium, custom, tariffs, duty or any other tax), together with any interest, penalty, fines or addition to tax, compounding amount, settlement amount, or additional amount due, imposed by any Governmental Authority responsible for the imposition of any such tax in relation thereto, including any tax levied on a Person in its capacity as a representative assessee of any other Person;

"**Tax Laws**" shall mean all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, customs duty or any other levy of similar nature; and

"**Tribunal**" shall mean the relevant Bench of the National Company Law Tribunal having jurisdiction over the Transferor Company, the Transferee Company, the Demerged Company and the Resulting Company.

All terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the IT Act or other Applicable Laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.

1.1 **Interpretation**

In this Scheme, unless the context otherwise requires:

1.1.1 words denoting singular shall include plural and *vice versa*;

1.1.2 headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for information and convenience only and shall not form part of the operative provisions of this Scheme and shall be ignored in construing the same;

1.1.3 references to the word "include" or "including" shall be construed without limitation;

1.1.4 references to days, months and years are to calendar days, calendar months and calendar years, respectively;

1.1.5 a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;

1.1.6 reference to a document includes an amendment or supplement to, or replacement or novation of, that document;

1.1.7 word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them;

1.1.8 reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision;

1.1.9 a reference to a balance sheet or profit and loss account shall include a reference to any note forming part of it;

1.1.10 if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;

1.1.11 one gender includes all genders and references to any gender includes a reference to other genders; references to "it" shall be deemed to include references to "him or her as the case may be"; and

1.1.12 an asset, contract, proceeding, resource or other matter that is agreed between the Parties in writing to be or not to be primarily relatable to or used in the InCred Demerged Undertaking shall be deemed for the purposes of this Scheme to be or not be (respectively) primarily relatable to or used in the InCred Demerged Undertaking.

2. SHARE CAPITAL

2.1 The issued, subscribed and paid-up share capital of the Transferor Company as on August 31, 2021 is as under:

Share Capital	**USD**
Issued, Subscribed and Paid-up Share Capital	
58,678 class A equity shares of par value of USD 1 each	58,678
9,866 class B equity shares of par value of USD 1 each	9,866
31,456 class C equity shares of par value of USD 1 each	31,456
Total	100,000

2.2 The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on August 31, 2021 is as under:

Share Capital	**INR**
Authorised Share Capital	
20,00,00,000 equity shares of INR 10	2,00,00,00,000
Total	**2,00,00,00,000**
Issued, Subscribed and Paid-up Share Capital	
19,25,24,809 equity shares of INR 10	1,92,52,48,090
Total	**1,92,52,48,090**

The Transferee Company has outstanding employee stock option/(s) under its existing stock option scheme/(s), the exercise of which may result in an increase in the issued and paid-up share capital of the Transferee Company.

2.3 The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on August 31, 2021 is as under:

Share Capital	**INR**
Authorised Share Capital	
2,01,10,00,000 equity shares of INR 10	20,11,00,00,000
9,50,00,000 preference shares of INR 10	95,00,00,000
Total	**21,06,00,00,000**
Issued, Subscribed and Paid-up Share Capital	
30,77,66,298 equity shares of INR 10	3,07,76,62,980
7,85,16,289 preference shares of INR 10	78,51,62,890
Total	**3,86,29,25,870**

The Demerged Company has outstanding employee stock option/(s) under its existing stock option scheme/(s), the exercise of which may result in an increase in the issued and paid-up share capital of the Demerged Company.

2.4 The authorised, issued, subscribed and paid-up share capital of the Resulting Company as on August 31, 2021 is as under:

Share Capital	**INR**
Authorised Share Capital	
50,00,00,000 equity shares of INR 10	5,000,000,000
Total	**5,000,000,000**
Issued, Subscribed and Paid-up Share Capital	
46,02,26,538 equity shares of INR 10	4,602,265,380
Total	**4,602,265,380**

The Resulting Company is a wholly owned subsidiary of the Transferee Company.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal or made as per Clause 28 of the Scheme, shall become effective from the Appointed Date, but shall be operative from the Effective Date.

PART II

MERGER OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY AND OTHER RELATED MATTERS

4. TRANSFER AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY

4.1 With effect from the Appointed Date and pursuant to Sections 230 to 232 read with Section 234 and other applicable provisions of the Act and Applicable Law, and subject to the provisions of this Scheme, the Transferor Company shall stand merged with the Transferee Company as a going concern and all assets and liabilities of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the assets and liabilities of the Transferee Company by virtue of operation of law, and in the manner provided in this Scheme. For the purposes of the Applicable Laws of the Republic of Mauritius, all references in this Scheme to the Scheme shall be deemed to refer to the merger of the Transferor Company with and into the Transferee Company, with the Transferee Company being the surviving entity in such merger.

4.2 In respect of such assets and properties of the Transferor Company, which are movable in nature (including but not limited to all intangible assets), or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Transferor Company to the Transferee Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the same.

4.3 With respect to the assets of the Transferor Company other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, Claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Governmental Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Transferee Company, with effect from the Appointed Date by operation of law as transmission in favour of the Transferee Company. With regard to the licenses/ leases of the properties, the Transferee Company will be entitled to enter into novation agreements, if it is so required.

4.4 All the brands and trademarks owned by the Transferor Company including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature shall stand transferred to the Transferee Company by operation of law. The Transferee Company shall take such actions as may be necessary and permissible to get the same transferred and/ or registered in the name of the Transferee Company.

4.5 Upon effectiveness of the Scheme, all debts/ liabilities incurred, debentures, loans/ moneys borrowed, obligations and duties of the Transferor Company as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed as debts incurred or moneys borrowed by the Transferee Company to the extent that they are outstanding as on the Appointed Date and the Transferee Company shall meet, discharge and satisfy the same.

4.6 Unless otherwise agreed between the Transferor Company and the Transferee Company, the transfer of all the assets of the Transferor Company, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of the Transferor Company or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements, if any, (to which the Transferor Company is a party) related to any assets of the Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Transferee Company. Similarly, the Transferee Company shall not be required to create any additional security over assets transferred under this Scheme for any loans, debentures, deposits or other financial assistance already availed of / to be availed of by it, and the Encumbrances in respect of such Indebtedness of the Transferee Company shall not extend or be deemed to extend or apply to the assets so transferred.

4.7 On and from the Effective Date and till such time that the name(s) of the bank accounts of the Transferor Company have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.

4.8 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 4 and upon the effectiveness of this Scheme, the Transferor Company and the Transferee Company may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Governmental Authority or Person to give effect to the Scheme.

4.9 Benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise under Applicable Laws, read with the applicable rules and regulations made thereunder, shall automatically be to the benefit of the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company.

4.10 With effect from the Appointed Date, all the Consents held or availed of by, and all rights and benefits that have accrued to, the Transferor Company, pursuant to the provisions of Section 232 read with Section 234 of the Act and under Applicable Laws, shall without any further act, instrument or deed, be transferred to, or be deemed to have been transferred to, and be available to, the Transferee Company so as to become as and from the Appointed Date, the Consents, estates, assets, rights, title, interests and authorities of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under Applicable Laws to ensure continuation of operations of the Transferor Company in the Transferee Company without any hindrance and the Consents shall be appropriately mutated by the Governmental Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.

4.11 All contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents for the purpose of carrying on the business of the Transferor Company, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, by delivery or recordal or by operation of law pursuant to the order of the Tribunal sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents of the Transferee Company. Such properties and rights described hereinabove shall stand transferred to the Transferee Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Transferee Company. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Transferee Company and shall be the legal and enforceable rights and interests of the Transferee Company, which can be enforced and acted upon as fully and effectually as if it were the Transferor Company. Upon the effectiveness of the Scheme, the rights, benefits, privileges, duties, liabilities/ debt incurred and moneys borrowed, obligations and interest whatsoever, arising from or pertaining to contracts and properties relating to the Transferor Company, shall be deemed to have been entered into and stand assigned, transferred and novated to the Transferee Company by operation of law and the Transferee Company shall be deemed to be the Transferor Company's substituted party or beneficiary or obligor thereto, it being always understood that the Transferee Company shall be the successor in the interest of the Transferor Company in relation to the properties or rights mentioned hereinabove. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company (and not by any of its successors), shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company.

4.12 Without prejudice to the other provisions of this Scheme, the Transferee Company may, at any time after the effectiveness of the Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings, arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above, on the part of the Transferor Company.

4.13 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to enforce all pending contracts and transactions and issue credit notes on behalf of the Transferor Company, in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme have been given effect to under such contracts and transactions.

4.14 This Scheme, has been drawn up to comply with the conditions relating to 'Amalgamation' as specified under the Tax Laws, specifically Section 2(1B) of the IT Act, which include the following:

4.14.1 all the property of the Transferor Company immediately before the amalgamation becomes the property of the Transferee Company by virtue of the amalgamation;

4.14.2 all the liabilities of the Transferor Company immediately before the amalgamation become the liabilities of the Transferee Company by virtue of the amalgamation; and

4.14.3 shareholders holding not less than three-fourths in value of the shares in the Transferor Company (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the Transferee Company or its subsidiary) become shareholders of the Transferee Company by virtue of the amalgamation, otherwise than as a result of the acquisition of the property of one company by the other company pursuant to the purchase of such property by the other company or as a result of the distribution of such property to the other company after the winding up of the first mentioned company.

4.15 This Scheme has been drawn up to comply with the conditions relating to 'Amalgamation' as specified under the IT Act, specifically Section 2(1B) of the IT Act. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the section 2(1B) of the IT Act at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act. Such modifications will however not affect the other parts of the Scheme.

5. EMPLOYEES

5.1 Without prejudice to the foregoing, upon the effectiveness of this Scheme and with effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, all employees of the Transferor Company on terms and conditions no less favourable than those on which they are engaged by the Transferor Company as on the Effective Date. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company with any of the aforesaid employees. The Transferee Company agrees that the services of all such employees with the Transferor Company prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

5.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by the Transferee Company and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by the Transferee Company.

5.3 The Transferee Company shall assume all rights, obligations and liabilities of the Transferor Company, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.

6. LEGAL PROCEEDINGS

6.1 Without prejudice to the foregoing, if any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the "**Proceedings of the Transferor Company**") by or against the Transferor Company is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the merger or of anything contained in this Scheme, but the Proceedings of the Transferor Company may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate or defend any legal proceeding for and on behalf of the Transferor Company.

6.2 From the Appointed Date and until the Effective Date, the Transferor Company shall defend all legal proceedings, other than in the ordinary course of business, with the advice and instructions of the Transferee Company or its successor(s).

7. TAXES/ DUTIES/ CESS

Without prejudice to the foregoing, upon the effectiveness of the Scheme, by operation of law pursuant to the order of the Tribunal:

7.1 all Taxes (including but not limited to disputed Tax demands, advance Tax, Tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, value added tax, sales tax, service tax or Taxes etc. withheld/paid in a foreign country) payable by or refundable to the Transferor Company, including all or any refunds or disputed Tax demands, if confirmed, or Claims shall be treated as the Tax liability or refunds/Claims, as the case may be, of the Transferee Company, and any incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, subsidies, grants, special status, other benefits, as would have been available to the Transferor Company, shall, be available to the Transferee Company. If the Transferor Company is entitled to any unutilized credits, benefits under the state or central fiscal / investment incentive schemes and policies or concessions under any Tax law or Applicable Law, the Transferee Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits under Applicable Laws of the Transferor Company, the same shall be transferred to the Transferee Company in accordance with the Applicable Law.

7.2 taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternate tax, if any, paid by the Transferor Company shall be treated as paid by the Transferee Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.

7.3 if the Transferor Company is entitled to any benefits under incentive schemes and policies under Tax Laws, all such benefits under all such incentive schemes and policies shall be and stand applicable to the benefit of the Transferee Company.

7.4 the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, sales tax / value added tax / goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme.

7.5 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 read with Section 234 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company, to recover or realise the same, stands transferred to the Transferee Company.

8. CONSIDERATION

8.1 Upon the Scheme becoming effective and in consideration of the merger of the Transferor Company with the Transferee Company, the Transferee Company shall, without further application or deed, issue and allot CCPS credited as fully paid-up to the extent indicated below, to the shareholders of the Transferor Company holding shares and whose name appear in the register of members of the Transferor Company as on the Record Date in the following proportion:

4,500 (Four thousand and five hundred) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 1 (One) share of Transferor Company of USD 1 (One US Dollar) each fully paid up.

8.2 The CCPS to be issued to the shareholders of the Transferor Company in the Transferee Company pursuant to Clause 8.1 above shall be subject to the memorandum and articles of association of the Transferee Company and in compliance with the Applicable Laws and regulations.

8.3 The issue and allotment of the CCPS by the Transferee Company, as provided in this Scheme, is an integral part of the Scheme, and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Sections 42, 62 and 55 of the Act and any other applicable provisions of the Act were duly complied with.

8.4 In the event the CCPS are required to be issued and allotted to such shareholders of the Transferor Company, being non-residents, the issue of such shares shall be in accordance with the provisions of the Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder (for the time being in force, including, any statutory modifications, re-enactments or amendments made thereto from time to time).

8.5 If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Transferor Company or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Transferor Company and the Board of the Transferee Company, and on or before the Effective Date, the CCPS Conversion Ratio shall be subject to equitable adjustments determined by the Boards of the Transferor Company and the Transferee Company.

9. SAVING OF CONCLUDED TRANSACTIONS

9.1 The transfer of the assets and liabilities of the Transferor Company under Clause 4 above, the effectiveness of contracts and deeds under Clause 4.11, Clause 4.12 and Clause 4.13 above and the continuance of proceedings under Clause 6 above, shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

10. VALIDITY OF EXISTING CORPORATE AUTHORISATIONS, ETC.

10.1 Upon this Scheme coming into effect, the resolutions/ power of attorneys executed by the Transferor Company, as are considered necessary by the Board of the Transferee Company, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company, and if any such resolutions have any monetary limits approved under the provisions of the Applicable Law, then such limits as are considered necessary by the Board of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/power of attorneys for the purpose of the Transferee Company.

11. ACCOUNTING TREATMENT

Upon effectiveness of the Scheme and with effect from the Appointed Date, the Transferee Company shall account for the merger of the Transferor Company into the Transferee Company as under:

11.1 The Transferee Company shall recognise the CCPS issued by the Transferee Company to the shareholders of Transferor Company at fair value in accordance with applicable Accounting Standards.

11.2 The Transferee Company shall allocate the consideration paid in Clause 8.1 above to identifiable assets and liabilities of the Transferor Company based on their relative fair values as on the date of acquisition.

Notwithstanding anything to the contrary herein, upon the Scheme becoming effective, the Transferee Company and Transferor Company shall give effect to the accounting treatment in their books of accounts in accordance with and pursuant to Accounting Standards as specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 applicable, as on the Appointed Date.

12. DIVIDENDS

12.1 The Transferor Company shall not declare and pay dividends to their respective shareholders in the ordinary course of business, whether interim or final, during the pendency of the Scheme.

13. PROVISIONS IN MAURITIUS RELATING TO TRANSFEROR COMPANY

13.1 The Board and shareholders of the Transferor Company shall pass such resolutions and the Transferor Company shall execute and file all such documents with the Mauritius RoC and other Governmental Authorities and do all such acts and deeds as may be necessary to give effect to the merger of the Transferor Company with the Transferee Company (including but not limited to undertaking the conversion of the Transferor Company to an authorised company).

13.2 The Board and shareholders of the Transferee Company shall pass such resolutions and the Resulting Company shall execute and file all such documents with the Mauritius RoC and other Governmental Authorities and do all such acts and deeds as may be necessary to give effect to the merger of the Transferor Company with the Transferee Company including filing of the following with the Mauritius RoC:

13.2.1 an agreement that a service of process may be effected on the Transferee Company in the Republic of Mauritius in respect of proceedings for the enforcement of any Claim, debt, liability or obligation, if any, of the Transferor Company or in respect of proceedings for the enforcement of the rights of a dissenting member of the Transferor Company against the Transferee Company;

13.2.2 an irrevocable appointment of the Transferor Company's registered agent in the Republic of Mauritius as the agent of the Transferee Company to accept service of process in proceedings referred to in the above Sub-Clause 13.2.1;

13.2.3 an agreement that the Transferee Company shall promptly pay to the dissenting members, if any, of the Transferor Company, the amount, if any, to which they are entitled under the Mauritius Companies Act 2001 (as amended), with respect to the rights of dissenting members; and

13.2.4 A certificate of merger issued by the Tribunal/ Governmental Authority in the Republic of India (i.e. an order passed by the Tribunal approving the Scheme).

14. REMOVAL OF THE TRANSFEROR COMPANY FROM THE REGISTERS OF THE MAURITIUS ROC

Upon the receipt of the order of the Tribunal approving the Scheme, the Transferor Company shall file (a) the certificate of merger (i.e. order of Tribunal approving the Scheme); (b) the relevant board and shareholder resolutions passed by the Transferor Company taking on record the Scheme and the approval of the Tribunal; and (c) the copy of the Transferor Company's Authorized Company License with the Financial Services Commissions, Mauritius and the Mauritius RoC, and the Mauritius RoC shall remove the Transferor Company from its registers.

PART III

DEMERGER OF THE INCRED DEMERGED UNDERTAKING INTO THE RESULTING COMPANY AND OTHER RELATED MATTERS

15. TRANSFER AND VESTING OF THE INCRED DEMERGED UNDERTAKING FROM THE DEMERGED COMPANY INTO THE RESULTING COMPANY

15.1 With effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions of the Act, and subject to the provisions of this Scheme, the InCred Demerged Undertaking along with all its estate, assets, properties, rights, Claims, title and interest shall, without any further act, deed, matter or thing, stand transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on a going concern basis.

15.2 In respect of such assets and properties comprised in the InCred Demerged Undertaking, which are movable in nature (including but not limited to all intangible assets), or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same.

15.3 With respect to the assets forming part of the InCred Demerged Undertaking other than those referred to in Clause 15.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, Claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Governmental Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company in relation to the InCred Demerged Undertaking, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of the Resulting Company. With regard to the licenses/ leases of the properties, the Resulting Company will be entitled to enter into novation agreements, if it is so required.

15.4 Upon effectiveness of the Scheme, all debts/ liabilities incurred, debentures, loans/ moneys borrowed, obligations and duties of the Demerged Company in relation to the InCred Demerged Undertaking as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed as debts incurred or moneys borrowed by the Resulting Company to the extent that they are outstanding as on the Appointed Date and the Resulting Company shall meet, discharge and satisfy the same.

15.5 Unless otherwise agreed between the Demerged Company and the Resulting Company, the transfer of all the assets comprising in the InCred Demerged Undertaking, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of the InCred Demerged Undertaking or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of the Resulting Company. Any reference in any security documents or arrangements, if any, (to which Demerged Company is a party) related to any assets of the InCred Demerged Undertaking shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Resulting Company. Similarly, the Resulting Company shall not be required to create any additional security over assets transferred under this Scheme for any loans, debentures, deposits or other financial assistance already availed of / to be availed of by it, and the Encumbrances in respect of such Indebtedness of the Resulting Company shall not extend or be deemed to extend or apply to the assets so transferred.

15.6 On and from the Effective Date and till such time that the name(s) of the bank accounts of the InCred Demerged Undertaking have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts pertaining to the InCred Demerged Undertaking in the name of the Demerged Company and for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company and which pertain to the InCred Demerged Undertaking after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.

15.7 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 15 and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Governmental Authority or Person to give effect to the Scheme.

15.8 Benefits of any and all corporate approvals as may have already been taken by the Demerged Company in relation to the InCred Demerged Undertaking, whether being in the nature of compliances or otherwise under Applicable Laws, read with the applicable rules and regulations made thereunder, shall automatically be to the benefit of the Resulting Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Resulting Company.

15.9 With effect from the Appointed Date, all the Consents (but excluding the Demerged Company's registration as a non-banking financial institution with the RBI) held or availed of by, and all rights and benefits that have accrued to the Demerged Company in relation to the InCred Demerged Undertaking, pursuant to the provisions of Section 232 of the Act and under Applicable Laws, shall without any further act, instrument or deed, be transferred to, or be deemed to have been transferred to, and be available to, the Resulting Company so as to become as and from the Appointed Date, the Consents, estates, assets, rights, title, interests and authorities of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under Applicable Laws to ensure continuation of operations of the InCred Demerged Undertaking in the Resulting Company without any hindrance and the Consents shall be appropriately mutated by the Governmental Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company.

15.10 All contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents for the purpose of carrying on the business of the InCred Demerged Undertaking (but excluding the Demerged Company's registration as a non-banking financial institution with the

RBI), and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the InCred Demerged Undertaking, or to the benefit of which the InCred Demerged Undertaking may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, by delivery or recordal or by operation of law pursuant to the order of the Tribunal sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents (including licenses granted by any Governmental Authority) of the Resulting Company. Such properties and rights described hereinabove shall stand transferred to the Resulting Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Resulting Company. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Resulting Company and shall be the legal and enforceable rights and interests of the Resulting Company, which can be enforced and acted upon as fully and effectually as if it were the Demerged Company. Upon the effectiveness of the Scheme, the rights, benefits, privileges, duties, liabilities/ debt incurred and moneys borrowed, obligations and interest whatsoever, arising from or pertaining to contracts and properties of the Demerged Company relating to the InCred Demerged Undertaking, shall be deemed to have been entered into and stand assigned, transferred and novated to the Resulting Company by operation of law and the Resulting Company shall be deemed to be the Demerged Company's substituted party or beneficiary or obligor thereto, it being always understood that the Resulting Company shall be the successor in the interest of the InCred Demerged Undertaking in relation to the properties or rights mentioned hereinabove. In relation to the same, any procedural requirements required to be fulfilled solely by the Demerged Company (and not by any of its successors), shall be fulfilled by the Resulting Company as if it were the duly constituted attorney of the Demerged Company.

15.11 Without prejudice to the other provisions of this Scheme, the Resulting Company may, at any time after the effectiveness of the Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings, arrangements with any party to any contract or arrangement in relation to the InCred Demerged Undertaking to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above, on the part of the Demerged Company to the extent they relate to the InCred Demerged Undertaking.

15.12 On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to enforce all pending contracts and transactions and issue credit notes, in so far as they relate to the InCred Demerged Undertaking, on behalf of the Demerged Company, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations, in relation to the InCred Demerged Undertaking, of the Demerged Company to the Resulting Company under this Scheme have been given effect to under such contracts and transactions.

16. CONSIDERATION FOR DEMERGER

16.1 Upon the Scheme becoming effective and in consideration of transfer and vesting of the InCred Demerged Undertaking of the Demerged Company in the Resulting Company in terms of this Scheme, the Transferee Company (which is the holding company of the Resulting Company) shall, without further application or deed, issue and allot CCPS credited as fully paid-up to the extent indicated below, to the shareholders (excluding the Transferee Company itself) of the Demerged Company holding fully paid-up equity shares and preference shares, as the case may be, and whose name appear in the register of members of the Demerged Company as on the Record Date in the following ratio:

194 (One hundred and ninety four) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 100 (One hundred) fully paid-up equity shares of INR 10 (Ten) each and for every 100 (One hundred) fully paid-up preference shares (which is convertible into equity shares in the ratio of 1:1 as per existing terms) of INR 10 (Ten) each of Demerged Company.

16.2 The CCPS to be issued to the shareholders of the Demerged Company in the Transferee Company pursuant to Clause 16.1 above shall be subject to the memorandum and articles of association of the Transferee Company and in compliance with the Applicable Laws.

16.3 The issuance and allotment of the CCPS by the Transferee Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Sections 42, 62 and 55 of the Act and any other applicable provisions of the Act were duly complied with.

16.4 Employee stock options:

16.4.1 Upon the Scheme becoming effective, the Transferee Company shall approve and adopt the KCM ESOP Plan;

16.4.2 Upon the Scheme becoming effective, in respect of the employee stock options granted by the Demerged Company on or prior to the Effective Date, under the InCred ESOP Scheme to the employees who are part of the InCred Demerged Undertaking or its subsidiaries (who become employees of the Resulting Company) ("**Eligible InCred Employees**") which have been considered as unvested for computation of Fair Value of InCred Demerged Undertaking, the Transferee Company shall grant employee stock options under the KCM ESOP Plan at no less favourable terms than employee stock options granted by the Demerged Company under the InCred ESOP Scheme. For every 1 (one) employee stock option of the Demerged Company (each being exercisable for 1 equity share of the Demerged Company), the Transferee Company shall issue 1 (one) employee stock option of the Transferee Company.

It is clarified that the existing employee stock options held by such Eligible InCred Employees under the InCred ESOP Scheme shall stand cancelled upon issuance of the aforementioned employee stock options by the Transferee Company.

It is clarified that each employee stock option of the Transferee Company issued under this Clause shall be exercisable for 1 (one) equity share of the Transferee Company.

16.4.3 Upon the Scheme becoming effective, in respect of the employee stock options granted by the Demerged Company on or prior to the Effective Date, to the Eligible InCred Employees and which have been considered vested for computation of Fair Value of InCred Demerged Undertaking, the Transferee Company shall grant employee stock options under the KCM ESOP Plan at no less favourable terms than employee stock options granted by the Demerged Company under the InCred ESOP Scheme. For every 1 employee stock option of the Demerged Company (each being exercisable for 1 equity share of the Demerged Company), the Transferee Company shall issue employee stock options of the Transferee Company in the following ratio:

$$\frac{\textit{Number of the Transferee Company equity shares to be issued upon conversion of all CCPS}}{\textit{Total number of equity shares issued by the Demerged Company as on 31 March 2022}}$$

It is clarified that the existing employee stock options held by such Eligible InCred Employees under the InCred ESOP Scheme shall stand cancelled upon issuance of the aforementioned employee stock options by the Transferee Company.

It is clarified that each employee stock option of the Transferee Company issued under this Clause shall be exercisable for 1 equity share of the Transferee Company.

16.4.4 Upon the Scheme becoming effective, all restricted stock units which have not been granted by the Transferee Company as on 31 March 2022, shall lapse automatically without any further act, instrument or deed by the Transferee Company and without the approval or acknowledgment of any other Person. It is hereby clarified that any restricted stock units granted by the Transferee Company after 31 March 2022 shall also lapse automatically in a similar manner as contemplated above.

16.4.5 Upon the Scheme becoming effective, the restricted stock units granted by the Transferee Company under the existing employee stock option plan to its employees or employees of the Resulting Company ("**Eligible KKR Employees**") shall continue to be held by such Eligible KKR Employees under the KCM ESOP Plan and shall be exercisable as per the KCM ESOP Plan.

16.4.6 Upon the Scheme becoming effective, the KCM ESOP Plan shall include provisions that would enable the continuance of the employee stock options in the hands of the Eligible InCred Employees who become employees of the Resulting Company.

16.4.7 In relation to the employee stock options to be granted by the Transferee Company under the KCM ESOP Plan to the Eligible InCred Employees, the period during which the employee stock options (granted by the Demerged Company under the InCred ESOP Scheme) were held by or deemed to have been held by the Eligible InCred Employees shall be taken into account for determining the minimum vesting period required under the Applicable Laws, the KCM ESOP Plan, and the InCred ESOP Scheme.

16.4.8 The grant of employee stock options to the Eligible InCred Employees by the Transferee Company, as provided in this Scheme, shall be effected as an integral part of this Scheme and the Consent of the shareholders of the Demerged Company and the Transferee Company to this Scheme shall be deemed to be their Consent in relation to all matters pertaining to the KCM ESOP Plan and the InCred ESOP Scheme and all related matters. No further approval of the shareholders of the Demerged Company or the Transferee Company or any resolution, action or compliance would be required in this connection under any applicable provisions of the Act and/ or other Applicable Laws.

16.4.9 The Boards of the Demerged Company and the Transferee Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of Clause 16.4 of the Scheme.

16.4.10 It is clarified that any question that may arise on the treatment of employee stock options/ restricted stock units or employee stock conversion ratio or the exercise price or vesting period or such other related matters (a) concerning the Eligible InCred Employees or the InCred ESOP Scheme shall be decided by the Board of the Demerged Company; and (b) concerning the Eligible KKR Employees or the KCM ESOP Plan shall be decided by the Board of the Transferee Company.

16.5 The authorised share capital of the Transferee Company is INR 2,000,000,000 (Indian Rupees two billion only) divided into 200,000,000 (two hundred million) equity shares of INR 10 (Indian Rupees ten only) each. The authorised share capital of the Demerged Company is INR 21,060,000,000 (Indian Rupees twenty-one billion and sixty million only) divided into 2,011,000,000 (two billion eleven million) equity shares of INR 10 (Indian Rupees ten only) each and 95,000,000 (ninety-five million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each. Upon the Scheme becoming effective, as an integral part of the Scheme, INR 17,150,000,000 (Indian Rupees seventeen billion and one hundred fifty million only) comprising of 1,700,000,000 (one billion and seven hundred million) equity shares of INR 10 (Indian Rupees ten only) each and 15,000,000 (fifteen million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each, being the authorised share capital of the Demerged Company relatable to the InCred Demerged Undertaking, shall stand carried forward and merged with the authorised share capital of the Transferee Company. The Consent of the shareholders of the Demerged Company and the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of the Demerged Company and the Transferee Company, and no further resolution under Sections 4, 13, 61 and 64 of the Act or any other applicable provisions of the Act would be required to be separately passed nor shall the Transferee Company be required to pay any additional registration fees, stamp duty etc. The Transferee Company shall file requisite forms with the RoC. Consequently, the authorised share capital of the Demerged Company and the Transferee Company shall be as follows:

16.5.1 The authorised share capital of the Demerged Company shall be INR 3,910,000,000 (Indian Rupees three billion and nine hundred ten million only) divided into 311,000,000 (three hundred eleven million) equity shares of INR 10 (Indian Rupees ten only) each and 80,000,000 (eighty million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each; and

16.5.2 The authorised share capital of the Transferee Company shall be INR 19,150,000,000 (Indian Rupees nineteen billion and one hundred fifty million only) divided into 1,900,000,000 (one billion and nine hundred million) equity shares of

INR 10 (Indian Rupees ten only) each and 15,000,000 (fifteen million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each.

16.6 Clause V of the Memorandum of Association of the Demerged Company shall, upon the effectiveness of Part III of this Scheme and without any further act or deed, be replaced by the following Clause:

"The Authorised Share Capital of the Company is INR 3,910,000,000 (Indian Rupees three billion and nine hundred ten million only) divided into 311,000,000 (three hundred eleven million) equity shares of INR 10 (Indian Rupees ten only) each and 80,000,000 (eighty million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association and the legislative provisions for the time being in force."

16.7 Clause V of the Memorandum of Association of the Transferee Company shall, upon the effectiveness of Part III of this Scheme and without any further act or deed, be replaced by the following Clause:

"The Authorised Share Capital of the Company is INR 19,150,000,000 (Indian Rupees nineteen billion and one hundred fifty million only) divided into 1,900,000,000 (One billion and nine hundred million) equity shares of INR 10 (Indian Rupees ten only) each and 15,000,000 (fifteen million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association and the legislative provisions for the time being in force."

16.8 For the avoidance of doubt, it is clarified that, in case, the authorised share capital of the Demerged Company and, or, the Transferee Company, as the case may be, undergoes any change, either as a consequence of any corporate actions or otherwise, then Clauses 16.6 and 16.7 shall automatically stand modified / adjusted automatically accordingly to take into account the effect of such change.

16.9 The Transferee Company shall issue and allot the CCPS to the non-resident shareholders of the Demerged Company (if any) in accordance with and subject to the Foreign Exchange Management Act, 1999 including all rules, regulations, notifications and circulars issued thereunder.

16.10 If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Demerged Company or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Demerged Company and the Board of Transferee Company, and on or before the Effective Date, the CCPS

Conversion Ratio shall be subject to equitable adjustments determined by the Boards of the Demerged Company and the Transferee Company.

17. ACCOUNTING TREATMENT

In the books of the Resulting Company

17.1 Upon effectiveness of the Scheme and with effect from the Appointed Date, the Resulting Company will account for the demerger of the InCred Demerged Undertaking of the Demerged Company in its books of accounts using the principles laid down in Indian Accounting Standard 103 Business Combinations and other applicable accounting requirements as under:

17.1.1 The Resulting Company shall record the assets and liabilities transferred to and vested in it pertaining to the InCred Demerged Undertaking of the Demerged Company pursuant to this Scheme at the same book values as appearing in the books of the InCred Demerged Undertaking of the Demerged Company (prepared under Accounting Standards) as on the Appointed Date.

17.1.2 The Resulting Company shall recognise its assets and liabilities at fair values as on the Appointed Date. The difference between the fair value of the net assets of the Resulting Company and the consideration, calculated as per Indian Accounting Standard 103 will be recognised as goodwill/ capital reserve.

17.1.3 Further, acquisition related costs will also be accounted in accordance with the requirements of Accounting Standards.

17.1.4 The consideration paid by the Transferee Company on account of demerger shall be recognised in equity as "Capital contribution from Parent" at the fair value of the CCPS issued by the Transferee Company.

In the books of the Transferee Company

17.2 The consideration paid by the Transferee Company on account of demerger shall be recognised at fair value in accordance with the applicable Accounting Standards, with a corresponding debit to "Investment in Subsidiary".

In the books of the Demerged Company

17.3 With effect from the Appointed Date, the Demerged Company shall account for the InCred Demerged Undertaking in accordance with Appendix A of Indian Accounting Standard 10 'Distribution of Non Cash Assets to Owners' prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, in the books of accounts of the Demerged Company in the following manner:

17.3.1 The Demerged Company shall measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the InCred Demerged Undertaking with a corresponding debit to the 'retained earnings', solely to meet the requirements of Accounting Standards notified under Section 133 of the Act. The liability is subject to review at each reporting date and at the date of settlement, with any changes in the carrying amount of the liability recognised in 'retained earnings' as adjustment to the amount of distribution.

17.3.2 Reduce from its books of accounts, the carrying amount of assets and liabilities pertaining to the InCred Demerged Undertaking, being transferred to the Resulting Company.

17.3.3 Balance in statutory reserve outstanding in the books of Demerged Company recognised pursuant to Section 45-IC of the Reserve Bank of India Act, shall be transferred to the Resulting Company to the extent it relates to the InCred Demerged Undertaking.

17.3.4 The Demerged company shall recognise the difference, if any, between carrying amount of the liability as per Clause 17.3.1 above and the carrying value of assets and liabilities as per Clause 17.3.2 above (including the balance in statutory reserve as per Clause 17.3.3 above) in the statement of profit and loss account solely to meet the requirements of Accounting Standards notified under Section 133 of the Act.

17.3.5 For accounting purpose, the Scheme will be given effect on later of Appointed Date or the date when all substantial conditions for the transfer of InCred Demerged Undertaking are completed.

18. REDUCTION OF SHARE CAPITAL AND OTHER RESERVES OF THE DEMERGED COMPANY

18.1 Subject to Clause 17.3 above given effect to by the Demerged Company, the issued, subscribed and paid up equity share capital and preference share capital and other reserves of the Demerged Company as identified below shall be adjusted/ reduced against the debit balance of the retained earnings as per Clause 17.3.1 above, in the following sequential manner:

18.1.1 Issued, subscribed and paid up portion of the equity share capital and preference share capital aggregating to INR 3,71,24,42,250 in their *inter-se* ratio by way of reduction in face value per share (i.e. equity/ preference share);

18.1.2 Credit balance in securities premium account;

18.1.3 Credit balance in share based payment reserve account;

18.1.4 Credit balance in retained earnings account, if any; and

18.1.5 Balance, if any shall be debited to the profit and loss account.

18.2 The adjustments set out under Clause 18.1 above shall be effected as an integral part of the Scheme on the Effective Date and the order of the Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 and other applicable provisions of the Act, *inter alia* confirming the reduction in share capital of the Demerged Company, and no separate sanction under Section 66 and other applicable provisions of the Act will be necessary.

18.3 Any fraction in the face value per share arising on account of reduction of share capital shall be rounded off to the nearest higher integer. It is hereby clarified that to give effect to this Clause, appropriate adjustment shall be made in the amount of share capital set out in Clause 18.1.1 above. For the purposes of giving effect to this Clause 18, the Board of the Demerged Company shall be authorised to carry out necessary amendments to Clause V of the Memorandum of Association of the Demerged Company so as to reflect the new face value of shares (i.e. equity/ preference share) pursuant to reduction of share capital and to give such directions as may be required including to settle any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

18.4 It is hereby clarified that the reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the procedure prescribed under Section 66 of the Act shall not be required to be undertaken.

18.5 Notwithstanding the reduction of the issued, subscribed and paid-up share capital of the Demerged Company, the Demerged Company shall not be required to add the words "And Reduced" as suffix to its name.

19. EMPLOYEES

19.1 Without prejudice to the foregoing, upon the effectiveness of this Scheme and with effect from the Effective Date, the Resulting Company undertakes to engage, without any interruption in service, all employees of the Demerged Company pertaining to or relatable to the InCred Demerged Undertaking on terms and conditions no less favourable than those on which they are engaged by the Demerged Company as on the Effective Date. The Resulting Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the Demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

19.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by the Resulting Company and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by the Resulting Company.

19.3 The Resulting Company shall assume all rights, obligations and liabilities of the InCred Demerged Undertaking, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.

19.4 The Boards of the Demerged Company and the Resulting Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 19.

20. LEGAL PROCEEDINGS

20.1 Without prejudice to the foregoing, if any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature in relation to the InCred Demerged Undertaking excluding those in relation to the Remaining Business (*hereinafter referred to as "**Transferring Proceedings**" for the purpose of this Clause*) by or against the

Demerged Company is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the merger or of anything contained in this Scheme, but the Transferring Proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made. On and from the Effective Date, the Resulting Company may initiate or defend any legal proceeding for and on behalf of the Demerged Company in relation to the InCred Demerged Undertaking.

20.2 From the Appointed Date and until the Effective Date, the Demerged Company shall defend all legal proceedings, in relation to the InCred Demerged Undertaking (including the Transferring Proceedings), with the advice and instructions of the Resulting Company or its successor(s).

20.3 From the Effective Date, the Resulting Company (a) shall be replaced / added (as may be required) as party to Transferring Proceedings; and (b) shall, subject to any agreement between the Parties and subject to any liabilities that would remain with the Demerged Company by operation of Applicable Law, prosecute or defend or enforce such proceedings as the case may be to the exclusion of the Demerged Company. Each of the Parties shall be entitled to make relevant applications in that behalf, as may be required.

21. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 15 of this Part III of the Scheme and the continuance of proceedings by or against Resulting Company under Clause 20 of this Part III of the Scheme shall not affect any transaction or proceeding already concluded in the Demerged Company, in relation to the InCred Demerged Undertaking, on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company, in relation to the InCred Demerged Undertaking, in respect thereto as done and executed on its behalf.

22. REMAINING BUSINESS OF THE DEMERGED COMPANY

22.1 It is clarified that the Remaining Business and all the assets, liabilities and obligations of the Demerged Company, other than those transferred pursuant to this Scheme, shall continue to belong to and be managed by the Demerged Company. Save as expressly provided herein, nothing contained in this Scheme shall be applicable to or restrict conduct of the Remaining Business by the Demerged Company.

22.2 All legal and other proceedings by or against the Demerged Company under any statute including any refund entitlement in relation to the proceedings, pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date, relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company. It is hereby clarified that all direct or indirect tax proceedings in relation to matters related to Remaining Business prior to the Appointed Date or pertaining to a period prior to the Appointed Date shall continue against the Demerged Company. Similarly, any direct or indirect tax refunds in relation to the above-mentioned tax proceedings shall belong to the Demerged Company. Further, with effect from the period from the Appointed Date, direct or indirect tax proceedings (including any refund entitlement) relating to the Remaining Business of the Demerged Company shall be continued and enforced by or against the Demerged Company.

23. TREATMENT OF TAXES

Without prejudice to the foregoing, upon the effectiveness of the Scheme, by operation of law pursuant to the order of the Tribunal:

23.1 all Taxes (including but not limited to disputed Tax demands, advance Tax, Tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, value added tax, service tax or Taxes etc. withheld/paid in a foreign country) payable by or refundable to the Demerged Company in relation to the InCred Demerged Undertaking, including all or any refunds or disputed Tax demands, if confirmed, or Claims shall be treated as the Tax liability or refunds/Claims, as the case may be, of the Resulting Company, and any incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, subsidies, grants, special status, other benefits, as would have been available to the Demerged Company, shall, be available to the Resulting Company. If the Demerged Company is entitled to any unutilized credits, benefits under the state or central fiscal / investment incentive schemes and policies or concessions under any Tax law or Applicable Law, the Resulting Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits under Applicable Laws of the Demerged Company, the same shall be transferred to the Resulting Company in accordance with the Applicable Law.

23.2 taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternate tax, if any, paid by the Demerged Company shall be treated as paid by the Resulting Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.

23.3 if the Demerged Company is entitled to any benefits under incentive schemes and policies under Tax Laws, all such benefits under all such incentive schemes and policies shall be and stand applicable to the benefit of the Resulting Company.

23.4 the Resulting Company and the Demerged Company are expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted/ collected at source returns, service tax returns, sales tax / value added tax / goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme.

23.5 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Demerged Company, shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company, to recover or realise the same, stands transferred to the Resulting Company.

24. TREATMENT OF THE DEMERGER FOR THE PURPOSES OF IT ACT

The Demerger of the InCred Demerged Undertaking of the Demerged Company into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date for Demerger and shall be in accordance with the provisions of Section 2(19AA) of the IT Act read with Section 2(41A) of the IT Act. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modifications will however not affect the other parts of the Scheme.

PART IV

GENERAL TERMS AND CONDITIONS

25. BUSINESS UNTIL EFFECTIVE DATE:

25.1 With effect from the Appointed Date and until Part II of the Scheme becoming effective,

25.1.1 the Transferor Company shall be deemed to have been carrying on, and to be carrying on, all business and activities of the Transferor Company for and on account of and in trust for the Transferee Company;

25.1.2 All profits or income arising accruing to the Transferor Company and all tax paid thereon or losses including Tax losses, arising or incurred by the Transferor Company for the period commencing from the Appointed Date to the date the Scheme is effective shall, for all purposes, be treated as the profits or income, taxes or losses, as the case may be, of the Transferee Company; and

25.1.3 All assets howsoever acquired by the Transferor Company for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Transferee Company.

25.2 With effect from the Appointed Date and until Part III of the Scheme becoming effective:

25.2.1 the Demerged Company shall be deemed to have been carrying on, and to be carrying on and shall carry on, all business and activities of the InCred Demerged Undertaking for and on account of and in trust for the Resulting Company;

25.2.2 All profits or income arising or accruing to the Demerged Company with respect to the InCred Demerged Undertaking and all tax paid thereon or losses including Tax losses, arising or incurred by the InCred Demerged Undertaking for the period commencing from the Appointed Date to the date the Scheme is effective shall, for all purposes, be treated as the profits or income, taxes or losses, as the case may be, of the Resulting Company; and

25.2.3 All assets howsoever acquired by the Demerged Company for carrying on its business, operations or activities and the liabilities relating to the InCred Demerged Undertaking shall be deemed to have been acquired and are also contracted for and on behalf of the Resulting Company.

25.2.4 The Demerged Company shall be entitled to undertake: (a) Permitted IFSL Interim Funding in accordance with the terms agreed between the Parties; and (b) such other issuances of Securities of the Demerged Company as may be mutually agreed in writing between the Parties.

25.2.5 The Transferor Company shall be entitled to undertake: (a) Permitted BFL Interim Funding in accordance with the terms agreed between the Parties; and (b) such other issuances of Securities of the Transferor Company as may be mutually agreed in writing between the Parties.

25.2.6 The Transferee Company and the Resulting Company shall be entitled to undertake: (a) Permitted KCM Interim Funding or Permitted KIFS Interim Funding, as the case may be, in accordance with the terms agreed between the Parties; and (b) such other issuances of Securities of the Transferee Company or the Resulting Company as may be mutually agreed in writing between the Parties.

26. APPLICATION TO TRIBUNAL:

26.1 The Parties shall make all necessary applications and/ or petitions under the Sections 230 to 232 and 234 of the Act and/or other applicable provisions of the Applicable Law to the Tribunal or Governmental Authority to seek approval for this Scheme and all matters ancillary or incidental thereto.

26.2 A Party shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any Applicable Law for such Consents which a Party may require to own the assets and/or liabilities of the Transferor Company and the Demerged Company, as the case may be, and to carry on the business of the Transferor Company and the Demerged Company, as the case may be.

27. CONDITIONS PRECEDENT TO THE SCHEME

27.1 Unless otherwise decided and agreed by and between the Board of each of the Parties, this Scheme shall be conditional upon and subject to:

27.1.1 the Scheme being approved by the requisite majorities in number and value of such classes of Persons including the shareholders and/or creditors of the Parties as may be required under the Applicable Law and/or directed by the Tribunal/Governmental Authority;

27.1.2 the Scheme being sanctioned by the Tribunal as required under Applicable Law;

27.1.3 the Scheme being approved by the SEBI and RBI as required under Applicable Law, in each case, in a form agreed between the Parties in writing;

27.1.4 satisfaction (or waiver in writing) of such other conditions precedent as mutually agreed between the Parties in writing;

27.1.5 the certified copy/(ies) of the order of the Tribunal/Governmental Authority sanctioning the Scheme being filed with the RoC/ Governmental Authority (including the Mauritius RoC and the Financial Services Commissions, Mauritius) by each of the Parties, as may be applicable;

27.1.6 all other relevant Consents, as may be required in respect of this Scheme, being obtained from the Governmental Authority and / or Person;

27.1.7 Completion of conversion of the Transferor Company from a global business license company to an authorised company; and

27.1.8 compliance by the Parties of the Fourteenth Schedule, Part 11, Paragraph 4 of the Mauritius Companies Act 2001 (as amended) in relation to the Scheme.

28. MODIFICATION OR AMENDMENTS TO THE SCHEME

28.1 The Boards of the Parties may jointly make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. Provided that no modification or amendment will be made to the Scheme without specific and written approval of the authorized signatory of each of the Parties. The Boards of the Parties may Consent to any conditions or limitations that the Tribunal or any other Governmental Authority may impose.

28.2 For the purposes of giving effect to this Scheme or any modification hereof, the Boards of the Parties may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

29. CHANGE OF NAME OF THE DEMERGED COMPANY, TRANSFEREE COMPANY AND RESULTING COMPANY

29.1 **Change of name of the Demerged Company**

29.1.1 Upon the Scheme becoming effective, unless otherwise decided by the Board of the Demerged Company, the name of the Demerged Company shall stand changed to 'InCred Prime Finance Limited' or such other name as may be determined by the Demerged Company, in each case subject to approval by the RoC and the Demerged Company filing all necessary forms and applications with the Ministry of Corporate Affairs in this regard. Consequently, the existing name of the Demerged Company wherever it occurs in the memorandum of association and articles of association of the Demerged Company shall be substituted by the new name.

29.1.2 Consequently, Clause I of the Memorandum of Association of the Demerged Company shall, upon the effectiveness of this Scheme and without any further act or deed, be and stand altered, modified and amended pursuant to Sections 4, 5, 13, and 14 of the Act and be replaced by the following Clause:

"The name of the Company is InCred Prime Finance Limited"

29.1.3 It is clarified that the change in name of the Demerged Company is an integral part of the Scheme and the approval of the shareholders of the Demerged Company to this Scheme shall be deemed to be their Consent also to effect the change in name of the Demerged Company and the consequential alteration of the memorandum of association and articles of association of the Demerged Company and the Demerged Company shall not be required to seek separate Consent of its shareholders for such alteration of the memorandum of association and articles of association, as required under Sections 4, 5, 13, and 14 of the Act and other applicable provisions of the Act.

29.2 **Change of name of the Transferee Company**

29.2.1 Upon the Scheme becoming effective, unless otherwise decided by the Board of the Transferee Company, the name of the Transferee Company shall stand changed to 'InCred Holdings Private Limited' or such other name as may be agreed in writing between the Transferee Company and the Demerged Company, in each case subject to approval by the RoC and the Transferee Company filing all necessary forms and applications with the Ministry of Corporate Affairs in this regard. Consequently, the existing name of the Transferee Company wherever it occurs in the memorandum of association and articles of association of the Transferee Company shall be substituted by the new name.

29.2.2 Consequently, Clause I of the Memorandum of Association of the Transferee Company shall, upon the effectiveness of this Scheme and without any further act or deed, be and stand altered, modified and amended pursuant to Sections 4, 5, 13, and 14 of the Act and be replaced by the following Clause:

"The name of the Company is InCred Holdings Private Limited"

29.2.3 It is clarified that the change in name of the Transferee Company is an integral part of the Scheme and the approval of the shareholders of the Transferee Company to this Scheme shall be deemed to be their Consent also to effect the change in name of the Transferee Company and the consequential alteration of the memorandum of association and articles of association of the Transferee Company and the Transferee Company shall not be required to seek separate Consent of its shareholders for such alteration of the memorandum of association and articles of association, as required under Sections 4, 5, 13, and 14 of the Act and other applicable provisions of the Act.

29.3 **Change of name of the Resulting Company**

29.3.1 Upon the Scheme becoming effective, unless otherwise decided by the Board of the Resulting Company, the name of the Resulting Company shall stand changed to 'Incred Financial Services Limited' or such other name as may be agreed in writing between the Transferee Company and the Demerged Company, in each case subject to approval by the RoC and the Resulting Company filing all necessary forms and applications with the Ministry of Corporate Affairs in this regard. Consequently, the existing name of the Resulting Company wherever it occurs in the memorandum of association and articles of association of the Resulting Company shall be substituted by the new name.

29.3.2 Consequently, Clause I of the Memorandum of Association of the Resulting Company shall, upon the effectiveness of this Scheme and without any further act or deed, be and stand altered, modified and amended pursuant to Sections 4, 5, 13, and 14 of the Act and be replaced by the following Clause:

"The name of the Company is Incred Financial Services Limited"

29.3.3 It is clarified that the change in name of the Resulting Company is an integral part of the Scheme and the approval of the shareholders of the Resulting Company to this Scheme shall be deemed to be their Consent also to effect the change in name of the Resulting Company and the consequential alteration of the memorandum of association and articles of association of the Resulting Company and the Resulting Company shall not be required to seek separate Consent of its shareholders for such alteration of the memorandum of association and articles of association, as required under Sections 4, 5, 13, and 14 of the Act and other applicable provisions of the Act.

30. ORDER OF IMPLEMENTATION OF THE SCHEME

30.1 The Scheme shall be made effective in the order as contemplated below:

30.1.1 Part II of the Scheme shall be made effective in priority to Part III; and thereafter,

30.1.2 Part III of the Scheme shall be made effective immediately after the implementation of Part II of the Scheme.

30.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Governmental Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Parties may have under or pursuant to all Applicable Law.

30.3 On the approval of this Scheme by the shareholders of the Parties and such other classes of persons relating to the Parties, if any, such shareholders and classes of persons shall also be deemed to have resolved and accorded all relevant Consents under the Act or otherwise to the same extent applicable to all the matters related or arising pursuant to the Scheme.

30.4 It is hereby clarified that the effectiveness and implementation of Part II, and Part III of the Scheme are interdependent on each other and the Scheme shall not take effect unless each of Part II and Part III take effect simultaneously and in the sequence set out in Clause 30.1 above.

31. NON-RECEIPT OF APPROVALS AND WITHDRAWAL OF THIS SCHEME

31.1 Any Party shall be at liberty to withdraw from this Scheme at any time as may be mutually agreed in writing between the Parties.

31.2 In the event the Scheme not being sanctioned by the Tribunal, and/or the order or orders not being passed as aforesaid on or before such date as may be agreed to by the Parties, this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/or in connection with this Scheme unless otherwise mutually agreed.

31.3 In the event of withdrawal of the Scheme under Clause 31.1 or Clause 31.2 above, except as otherwise agreed between the parties no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

32. COSTS, CHARGES & EXPENSES

32.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, (including stamp duty) shall be borne solely by the Transferee Company.

33. NO SEVERABILITY

33.1 If any part or provision of this Scheme hereof becomes invalid, ruled illegal by the Tribunal, or unenforceable under present or future Applicable Laws, then it is the intention of the Parties that the Scheme shall stand revoked, cancelled, and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated under the Scheme or as to any rights, and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

SCHEDULE I

TERMS OF THE CCPS

1. **Definitions**

"**% Equity Interest of CCPS Holders**" shall mean X, expressed as a percentage, determined as per formula below:

X = A-B
A = % Equity Interest of Incred Group
B = % Equity Interest of Incred Vested ESOPs

"**% Equity Interest of Incred Group**" shall mean X, expressed as a percentage, determined as per formula below:

X = A/(A+B+C)
A = Fair Value of InCred Demerged Undertaking
B = Fair Value of Business of KIFS
C = Fair Value of Business of KCM

"**% Equity Interest of Incred Vested ESOPs**" shall mean X, expressed as a percentage, determined as per formula below:

X = A*B
A = % Equity Interest of Incred Group
B = Existing % Interest of Incred Vested ESOPs

"**% Equity Interest of KKR Group Equity Shareholders**" shall mean X, expressed as a percentage, determined as per formula below:

X = 100% – A – B
A = % Equity Interest of Incred Group
B = % Equity Interest of KKR RSUs

"**% Equity Interest of KKR RSUs**" shall mean X, expressed as a percentage, determined as per formula below:

X = (100% - A)*B
A = % Equity Interest of Incred Group
B = Existing % Interest of KKR RSUs

"**Existing % Interest of Incred Vested ESOPs**" shall mean the % equity interest on a Fully Diluted Basis in the Demerged Company, towards Incred Vested ESOPs on the Calculation Date.

"**Existing % Interest of KKR RSUs"** shall mean the % equity interest on a Fully Diluted Basis in the Transferee Company, towards KKR RSUs on the Calculation Date.

"**Fully Diluted Basis**" shall mean, in reference to any calculation, that the calculation should be made in relation to the equity share capital of any Person, assuming that all outstanding convertible preference shares or debentures, options (and in the case of employee stock options, only options that have vested but not any unvested options), warrants and other Securities convertible into or exercisable or exchangeable for equity shares of that Person (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of equity shares possible under the terms thereof;

"**Incred Group**" shall mean collectively the Demerged Company, BFPL, Incred.AI and IMTS;

"**Incred Vested ESOPs**" shall mean number of employee stock options issued to employees of Incred Group which are already vested as on Calculation Date;

"**KKR Group**" shall mean collectively the Transferee Company and the Resulting Company;

"**KKR RSUs**" shall mean restricted stock units issued to employees of KKR Group on or before Calculation Date;

"**Total Outstanding CCPS**" shall mean total number of CCPS issued and outstanding on CCPS conversion date;

"**Total Outstanding Equity Shares Before Conversion**" shall mean all equity shares of the Transferee Company issued as on the Calculation Date.

2. **Instrument**

The CCPS are fully and compulsorily convertible preference shares of face value of INR 10 each, issued and allotted by the Transferee Company.

3. **Conversion**

3.1 The CCPS shall be converted into equity shares of the Transferee Company (such equity shares being the "**CCPS Conversion Shares**") on the CCPS Conversion Date (*as defined hereinafter*) in accordance with paragraph 4 below, based on the conversion ratio determined in accordance with paragraph 3.2 below ("**CCPS Conversion Ratio**"). The CCPS Conversion Ratio shall be subject to the adjustments set out in this **Schedule I**, provided that each CCPS shall be convertible into a maximum of 1 equity shares of the Transferee Company.

3.2 <u>CCPS Conversion Ratio</u>

(a) Upon determination of the Fair Value of InCred Demerged Undertaking, Fair Value of Business of KIFS and Fair Value of Business of KCM, pursuant to and in accordance with such method of computation as mutually agreed between the Parties, each CCPS shall convert into the lower of:

(i) 1 equity share of the Transferee Company; and

(ii) such number of equity shares of the Transferee Company as represented by X in the following formula:

$X = ((A/C)*B)/D$

A = Total Outstanding Equity Shares Before Conversion

B = % Equity Interest of CCPS Holders
C = % Equity Interest of KKR Group Equity Shareholders
D = Total Outstanding CCPS

3.3 The CCPS Conversion Shares issued upon conversion of the CCPS will, in all respects, rank *pari passu* with all other equity shares issued by the Transferee Company.

3.4 CCPS Conversion Date

All CCPS shall be mandatorily and compulsorily converted into equity shares of the Transferee Company on a date that is determined as follows ("**CCPS Conversion Date**"):

(a) On a date within 30 days of determination of the Fair Value of InCred Demerged Undertaking, Fair Value of Business of KIFS and Fair Value of Business of KCM/ CCPS Conversion Ratio determined by the Transferee Company and notified in writing to the holders of the CCPS. All CCPS shall be converted into equity shares of the Transferee Company at the CCPS Conversion Ratio determined under Clause 3.2(a)(i) above.

3.5 No fractional equity shares shall be issued to a CCPS holder upon the conversion of the aggregate CCPS held by such CCPS holder, and the total number of equity shares of the Transferee Company to be issued to such CCPS holder shall be rounded to the nearest whole equity share.

3.6 If, whilst any CCPS remain capable of being converted into equity shares, the Transferee Company splits, sub-divides (stock split) or consolidates (reverse stock split) the equity shares into a different number of securities of the same class, the CCPS Conversion Ratio shall be proportionately adjusted in the case of a split, or sub-division (stock split), or consolidation (reverse stock split).

3.7 If the Transferee Company makes any bonus issue to the holders of equity shares other than as agreed in writing between the Parties, the number of equity shares to be issued on any subsequent conversion of the CCPS shall be increased proportionately and the CCPS Conversion Ratio will be adjusted accordingly.

4. **Procedure for Conversion**

4.1 On the CCPS Conversion Date, the Transferee Company shall:

(a) convene a meeting of its Board to approve:

(i) the issue and allotment of the relevant CCPS Conversion Shares to the holder(s) of CCPS, free and clear of all Encumbrances;

(ii) recording the issue and allotment of the relevant CCPS Conversion Shares to each holder of CCPS in the statutory registers of the Transferee Company and registering such holder of CCPS as the legal and beneficial owner of the relevant CCPS Conversion Shares;

(iii) the issue of duly executed and stamped share certificates in respect of the CCPS Conversion Shares issued and allotted;

(b) deliver to each holder of CCPS a certified true copy of the board resolution referred above, together with a certified true copy of an extract of the register of members of the Transferee Company showing each holder of CCPS as the holder of the relevant CCPS Conversion Shares; and

(c) make all necessary filings required to be made with any governmental authority and take such additional steps and actions as may be required in accordance with Applicable Law and its charter documents, to give effect to the provisions of this **Schedule 1**.

5. **Reservation of Shares Issuable Upon Conversion**

If at any time the number of authorized but unissued equity shares shall not be sufficient to effect the conversion of all then outstanding CCPS, the Transferee Company shall immediately (and in any event prior to the CCPS Conversion Date) take such corporate action as may be necessary to increase its authorized but unissued equity shares to such number of shares as shall be sufficient for such purposes without any delay.

6. **Voting Rights**

The CCPS shall carry voting rights on an as if converted basis, provided that for the purposes of exercise of voting rights, until determination of the CCPS Conversion Ratio, the CCPS shall, in aggregate, be deemed to be convertible into such number of equity shares of the Transferee Company as represents 65% of the share capital of the Transferee Company on a Fully Diluted Basis.

7. **Dividends**

The CCPS shall carry a fixed cumulative preferential dividend of 0.0001% (zero point zero zero zero one percent) per annum on the face value thereof. For the avoidance of doubt, it is hereby clarified that this fixed cumulative preferential dividend of 0.0001% (zero point zero zero zero one percent) per annum in relation to the CCPS shall be paid prior to payment of any dividend in respect of the equity shares of the Transferee Company. After payment of such preferential dividend, the holders of CCPS shall be entitled to receive any dividends as may be declared by the Transferee Company pro-rata to their shareholding in the Transferee Company on a Fully Diluted Basis (i.e. on an as converted basis, assuming that the CCPS are, in aggregate, convertible into such number of equity shares of the Transferee Company as represents 65% of the share capital of the Transferee Company on a Fully Diluted Basis), at the same rate as the holders of equity shares of the Transferee Company.

8. **Transfer**

The CCPS shall be subject to the transfer provisions as mutually agreed in writing between the Parties which shall *mutatis mutandis* be deemed to be incorporated herein.

9. **Liquidation Event**

On the occurrence of any Liquidation Event, the CCPS shall be mandatorily and automatically converted into equity shares, in accordance with the terms of this **Schedule I**, on the date which is immediately prior to the date on which such Liquidation Event occurs provided that where such conversion occurs prior to determination of the CCPS Conversion Ratio, the CCPS shall, in aggregate, be converted into such number of equity shares of Transferee Company as represents 65% (sixty five) of the share capital of Transferee Company on a Fully Diluted Basis.

For the purpose of this **Schedule I, "Liquidation Event"** means occurrence of any of the following events, with respect to the Transferee Company and / or any of its subsidiaries, other than occurrence of events mutually agreed between the Parties:

(a) commencement of any proceeding for the liquidation, dissolution, winding up, composition with creditors, bankruptcy or other analogous insolvency proceedings, whether voluntary or involuntary;

(b) any merger, amalgamation, consolidation, reconstitution, restructuring or similar transaction with or into another Person, following which the shareholders of the Transferee Company immediately prior to such transaction (or series of related transactions), directly and indirectly, or the Transferee Company itself (as the case may be), holds less than 50% of the outstanding voting power of the Transferee Company or any of its subsidiaries (as the case may be); or

(c) a substantial sale, transfer or other disposition of assets and properties (including tangible assets).

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CA VIKRANT JAIN

B.Com, ACA, Registered Valuer
Registration No. IBBI/RV/05/2018/10204

3 September 2021

Strictly Private & Confidential

To,

KKR Capital Markets India Pvt. Ltd Attention: Anil Nagu 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpat Rao Kadam Road, Lower Parel, Mumbai – 400013	**KKR India Financial Services Ltd** Attention: Anil Nagu 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpat Rao Kadam Road, Lower Parel, Mumbai – 400013	**InCred Financial Services Ltd** Attention: Vivek Bansal VSNL Colony B Wing, Plot No. C, Unit No. 1203, 12th The Capital, 70, G Block Rd, Bandra Kurla Complex, Bandra East, Mumbai – 400051

Dear Sir / Madam,

Sub: Recommendation of

(i) Fair exchange ratio on merger of Bee Finance Limited with KKR Capital Markets India Private Limited and

(ii) Fair entitlement ratio on demerger of NBFC business of InCred Financial Services Limited into KKR India Financial Services Limited

With reference to the Valaution report dt. 3 September 2021 for the captioned assignment, I enclose herewith annexure for your kind perusal.

Thanking you,
Yours faithfully,

VIKRANT JAIN ★ Registered Valuer ★ IBBI/RV/05/2018/10204

CA Vikrant Jain
Registered Valuer
Reg No: IBBI/RV/05/2018/10204

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Annexure to valuation report dt. 3 September 2021 for the proposed merger of Bee Finance Limited with KKR Capital Markets India Private Limited and demerger of NBFC business of InCred Financial Services Limited into KKR India Financial Services Limited

Valuation Methodology

Comparable Companies Multiple Method – BFL:

I have adopted CCM method for the said transaction, considering companies which are publically traded and listed in India. The selection of comparable companies is based on the following creteria:

a. The market capitalisation is greater than Rs. 5000.0 million;
b. Company providing loans to MSME and SME;
c. Company has adequate trading volumes

Based on the above, I have also reviewed the nature of business these companies are into and selected the suitable comparables as mentioned hereunder:

- Shriram City Union Finance Limited,
- Muthoot Capital Services Limited,
- Capri Global Capital Limited,
- Paisalo Digital Limited,
- MAS Financial Services Limited

The below table represents P/B multiple of the selected comparable companies:

Name of the Company	P/B Multiple
Shriram City Union Finance Limited	1.64
Muthoot Capital Services Limited	1.23
Capri Global Capital Limited	5.40
Paisalo Digital Limited	3.15
MAS Financial Services Limited	3.64
Average Multiple	**3.01**

I have compared BFL and Incred NBFC with the above mentioned comparable companies on the basis of financial and operational parameters a) Size (*in terms of AUM and Networth*) b) Profitability (*in terms of Returns on Capital*). Considered it appropriate to apply a discount in the range of 25% to 30% to the average multiples of comparable companies. The multiple so obtained ranges 2.11x to 2.26x. The Clients have mutually agreed a P/B multiple of 2.18x which is appropriate and hence I have considered the same as P/B multiple for the valuation analysis;

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Comparable Companies Multiple Method – KCM and KIFSL:

I have adopted CCM method for the said transaction, considering companies which are publically traded and listed in India. The selection of comparable companies is based on the following creteria:

a. The market capitalisation is greater than Rs. 5000.0 million;
b. Company majorly engaged in providing wholesale finance;
c. Company has adequate trading volumes

Based on the above, I have also reviewed the nature of business these companies are into and selected the suitable comparables as mentioned hereunder:

- L&T Finance Holdings Limited,
- IIFL Finance Limited,
- Indostar Capital Finance Limited

The below table represents P/B multiple of selected comparable companies:

Name of the Company	**P/B Multiple**
L&T Finance Holdings Limited	1.13
IIFL Finance Limited	2.08
Indostar Capital Finance Limited	1.23
Average Multiple	**1.48**

I have compared KCM and KIFSL with the above mentioned comparable companies on the basis of financial and operational parameters a) Size (*in terms of AUM and Networth*) b) Profitability (*in terms of Returns on Capital*). Considered it appropriate to apply a discount in the range of 25% to 30% to the average multiples of comparable companies. The multiple so obtained ranges 1.03x to 1.11x. The Clients have mutually agreed a P/B multiple of 1.05x which is appropriate and hence I have considered the same as P/B multiple for the valuation analysis;

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Calculation of fair exchange ratio for the Proposed Merger of BFL with KCM

Particulars (INR Mn)	BFL	KCM
Adjusted Net worth as on 31st March 2021 (Consolidated)	6,195.0	5,621.6
P/B multiple	2.18	1.05
Equity Value	13,505.2	5,902.7
Add: Investment in associate	205.4	0
Adjusted Equity Value	13,710.6	5,902.7
Number of equity shares on fully diluted basis (in million)	0.1	193.7
Value per equity share	137,106.2	30.5
Fair exchange ratio	4500	

Notes:

1. Based on the information available, the equity value of BFL is estimated as INR 13,710.6 mn implying a value of INR 137,106.2 per equity share of face value of USD 1 each fully paid up. The equity value of KCM is estimated as INR 5,902.7 mn implying a value of INR 30.5 per equity share of face value of INR 10 each fully paid up.

   Given the aforesaid, the fair exchange ratio for the Proposed Merger of BFL with KCM as at the Valuation Date is estimated between 4,500 equity shares of KCM of face value of INR 10 each fully paid up for 1 equity share of BFL of face value of USD 1 each fully paid up.

2. As informed by the Management, (a) the CCPS holder would have to compulsorily get these shares converted into equity shares on the Conversion Date (*subject to maximum conversion ratio of CCPS to equity shares of 1:1*), (b) there is fixed cumulative dividend of 0.0001% per annum attached to the CCPS which is not significant and (c) KCM is not expected to pay any dividend to its equity shareholders till the consummation of the Proposed Transaction.

3. Based on the explanation above, applicable regulatory restrictions and information provided under "Transaction Background", I recommend the Fair exchange ratio for proposed merger of BFL into KCM as under:

   4,500 CCPS of KCM of face value of INR 10 each fully paid up in exchange for every 1 equity share held in BFL of face value of USD 1 each fully paid up.

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Calculation of Fair entitlement ratio for the Proposed Demerger of Incred NBFC Business into KCM

Particulars (Currency in INR Mn)	Value
Net Worth of Incred NBFC Business as provided by Management	11,054.8
P/B multiple BFL	2.18
Value of Incred NBFC Business	24,099.4
Add: Investment in associates	369.8
Adjusted value of Incred NBFC Business	24,469.2
Value per equity share of KCM (₹/share)	30.5
No. of equity shares to be issued to the shareholders of IFSL (in Mn)	803.0
No. of equity shares of IFSL on fully diluted basis (in Mn)	414.7
Fair entitlement ratio	**1.94**

Notes:

1. Based on the information available, the value of Incred NBFC Business is estimated at INR 24,469.2 mn. The per share value of face value of INR 10 each fully paid up of KCM is estimated at INR 30.5.

   Given the aforesaid, the no. of equity shares to be issued as at the Valuation Date for the Proposed Demerger is estimated at 803.0 million equity shares of KCM. Therefore, the Fair entitlement ratio for the Proposed Demerger of Incred NBFC Business into KCM as at the Valuation Date is estimated at 194 equity shares of KCM of face value of INR 10 each fully paid up for 100 equity share of IFSL of face value of INR 10 each fully paid up

2. As informed by the Management, (a) the CCPS holder would have to compulsorily get these shares converted in to equity shares on the Conversion Date (subject to maximum conversion ratio of CCPS to equity shares of 1:1), (b) there is fixed cumulative dividend of 0.0001% per annum attached to the CCPS which is not significant and (c) KCM is not expected to pay any dividend to its equity shareholders till the consummation of the Proposed Transaction

3. Based on the explanation above, applicable regulatory restrictions and information provided under "Transaction Background", I recommend the Fair entitlement ratio for proposed demerger of Incred NBFC Business into KCM as under:

   194 CCPS of KCM of face value of INR 10 each fully paid up for every 100 equity and every 100 preference shares (*which is convertible into equity shares in the ratio of 1:1 as per existing terms*) as held respectively of IFSL of face value of INR 10 each fully paid up

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel: +91 22 6819 8000

Independent Auditor's Report examining the proposed accounting treatment contained in the Composite Scheme of Amalgamation and Arrangement amongst InCred Financial Services Limited, Bee Finance Limited, KKR Capital Markets India Private Limited and KKR India Financial Services Limited and their respective Shareholders under Sections 230 to 232 read with Sections 66 and 234 and other applicable provisions of the Companies Act, 2013

To
The Board of Directors
InCred Financial Services Limited
Unit No. 1203, 12th Floor, B-Wing, The Capital
Plot No C-70, G Block, Bandra Kurla Complex
Mumbai – 400 051

Dear Sirs,

1. This Report is issued in accordance with the terms of our service scope letter dated September 7, 2021 and master engagement agreement dated September 7, 2021 along with addendum/amendments thereto if any, with InCred Financial Services Limited (hereinafter the "**Demerged Company**") for submission to the Hon'ble National Company Law Tribunal (hereinafter the "**NCLT**") and any other regulatory authorities in connection with the scheme of amalgamation and arrangement as mentioned in paragraph 2 below.

2. We, S.R. Batliboi & Associates LLP, Chartered Accountants, are the statutory auditors for InCred Financial Services Limited, have been requested to examine the proposed accounting treatment specified in clause 17.3 of the attached proposed composite scheme of amalgamation and arrangement subject to approval of competent statutory /regulatory authorities as may be required by InCred Financial Services Limited ("**Demerged Company**"), KKR Capital Markets India Private Limited ("**Transferee Company**") and KKR India Financial Services Limited ("**Resulting Company**"), companies incorporated in India, Bee Finance Limited ("**Transferor Company**"), company incorporated outside India (Collectively referred as the "**Companies**") and their respective shareholders (hereinafter referred to as the "**Scheme**"), in terms of the provisions under Sections 230 to 232 of the Companies Act, 2013 read with Sections 66 and 234 and other applicable provisions of the Companies Act, 2013, as amended (the "**Act**"), which we have initialled for identification purposes to confirm whether it is in compliance with the applicable Accounting Standards notified under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended (collectively, "**Ind AS**"), MCA circular 09/ 2019 issued by Ministry of Corporate Affairs ("**MCA**") dated August 21, 2019 ("Circular"), and other Generally Accepted Accounting Principles.

Management's responsibility.

3. The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, applicable Ind AS (including Appendix A of Indian Accounting Standard 10 'Distribution of Non Cash Assets to Owners') and other Generally Accepted Accounting Principles as aforesaid, is that of the Board of Directors of the companies involved in the Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant for the preparation and presentation of the Scheme and applying an appropriate basis of preparation and making estimates that are responsible in the circumstances.

4. The management of the Companies are also responsible for ensuring that the companies complies with the requirements of the Act, and for providing all relevant information to the NCLT and any other regulatory authority in connection with the Scheme.

Auditors responsibility

5. Pursuant to the requirements of Sections 230 to 232 and other applicable provisions of the Act, our responsibility is to provide a reasonable assurance in the form of an opinion, based on our examination and according to the information and explanations given to us, as to whether the proposed accounting treatment specified in Clause 17.3 of the Scheme complies with the applicable Ind AS and other Generally Accepted Accounting Principles.

S

6. We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India (ICAI). This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI. . Our scope of work did not include verification of compliance with other requirements of the other circulars and notifications issued by regulatory authorities from time to time and any other laws and regulations applicable to the Company.

7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Clause 17.3 of the Scheme.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms That Perform Audits And Reviews Of Historical Financial Information, And Other Assurance And Related Service Engagement.

9. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the reporting criteria mention in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the reporting criteria. We have performed the following procedure in relation to the statement:

   i. Read the Scheme and the proposed accounting treatment as specified in Clause 17.3 of the Scheme, which is attached as Annexure 1 to this Report;

   ii. Compared the accounting treatment as described in Clause 17.3 of the Scheme with the requirements of Appendix A to Ind AS 10; and

   iii. Performed inquiries with the management to assess the accounting treatment and obtained necessary representations.

   Further, our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof, for the purpose of this Report. Accordingly, we do not express such opinion. Nothing contained in this Report, nor anything said or done in the course of, or in connection with the services that are subject to this Report, will extend any duty of care that we may have in our capacity as the statutory auditors of any financial statements of the Company.

Opinion

10. Based on our examination and according to the information and explanations given to us, and procedures performed by us as stated in paragraph 8 above and read with paragraph 10 below, we are of the opinion that, the proposed accounting treatment contained in clause 17.3 of the Scheme is in compliance with the applicable Ind AS and other Generally Accepted Accounting Principles .

Emphasis of Matter

11. We draw attention to clause 17.3 of the Scheme containing the proposed accounting. As per the Scheme, upon being effective, the accounting treatment in the books of account of the Demerged Company will be given effect from the Appointed Date as prescribed in the Scheme. However, Appendix A to Ind AS 10 notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) requires the Demerged Company to account for the distribution of non-cash assets when appropriately authorized and is no longer at the discretion of the Demerged Company (i.e the "**Effective Date**"). Our opinion is not modified in respect of this matter.

Restriction on use

12. This Report is issued at the request of the Demerged Company and addressed to the Board of Directors of the Demerged Company, solely for the purpose to comply with the requirements of the provisions of Sections 230 to 232 and other applicable provisions of the Act for onward submission to the BSE Limited, NCLT, or such other regulatory or statutory authority (including the Reserve Bank of India and the

Securities and Exchange Board of India), as may be applicable and is not to be used or referred to for any other purposes. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom this Report is shown or into whose hands it may come. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411
UDIN: 21121411AAABMC1644

Place: Mumbai
Date: September 17, 2021

Certified true copy of Clause 17.3 of the Composite Scheme of Amalgamation and Arrangement amongst InCred Financial Services Limited, Bee Finance Limited, KKR Capital Markets India Private Limited and KKR India Financial Services Limited and their respective Shareholders under Sections 230 to 232 read with Sections 66 and 234 and other applicable provisions of the Companies Act, 2013

In the books of Demerged Company

17.3 With effect from the Appointed Date, the Demerged Company shall account for the InCred Demerged Undertaking in accordance with Appendix A of Indian Accounting Standard 10 'Distribution of Non Cash Assets to Owners' prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, in the books of accounts of the Demerged Company in the following manner:

17.3.1 The Demerged Company shall measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the InCred Demerged Undertaking to be distributed with a corresponding debit to the 'Retained Earnings', solely to meet the requirements of Ind-AS notified under Section 133 of the Act. The liability is subject to review at each reporting date and at the date of settlement, with any changes in the carrying amount of the liability recognised in 'Retained Earnings' as adjustment to the amount of distribution.

17.3.2 Reduce from its books of accounts, the carrying amount of assets and liabilities pertaining to the InCred Demerged Undertaking, being transferred to the Resulting Company.

17.3.3 Balance in statutory reserve outstanding in the books of Demerged Company recognised pursuant to Section 45-IC of the Reserve Bank of India Act, shall be transferred to the Resulting Company to the extent it relates to the InCred Demerged Undertaking.

17.3.4 The Demerged company shall recognise the difference, if any, between carrying amount of the liability as per clause 17.3.1 above and the carrying value of assets and liabilities as per clause 17.3.2 above (including the balance in statutory reserve as per clause 17.3.3 above) in the statement of profit and loss account, solely to meet the requirements of Ind-AS notified under Section 133 of the Act.

17.3.5 For accounting purpose, the Scheme will be given effect on later of appointed date or the date when all substantial conditions for the transfer of InCred Demerged Undertaking are completed.

For **InCred Financial Services Limited**

Gajendra Thakur
Company Secretary

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

INCRED FINANCIAL SERVICES LIMITED

Corporate Office:
Unit No. 1203,12th floor, B wing,
The Capital, Plot No C-70, G Block,
Bandra Kurla Complex, Mumbai,
Maharashtra, India, 400051

Registered Office:
Unit No. 1203,12th floor, B wing,
The Capital, Plot No C-70, G Block,
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Maharashtra, India, 400051

CIN: U74899MH1991PLC340312
Email: care@incred.com
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Website-www.incred.com

MSKA
& Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

To,
The Board of Directors,
KKR Capital Markets India Private Limited,
2nd Floor, Piramal Towers,
Peninsula Corporate Park,
Ganpatrao Kadam Marg,
Lower Parel (W),
Mumbai 400013.

Independent Auditor's Certificate on Accounting Treatment stipulated under the proposed composite scheme of amalgamation and arrangement among Bee Finance Limited ('Transferor Company'), KKR Capital Markets India Private Limited ('Company' or 'Transferee Company'), InCred Financial Services Limited ('Demerged Company'), KKR India Financial Services Limited ('Resulting Company') and their respective shareholders under Sections 230 to 232, 66, 234 and other applicable provisions of the Companies Act, 2013 ('Scheme').

This certificate is issued in accordance with the provisions of section 230 of the Companies Act, 2013 ('Act') read with Rule 6(3)(ix)(e) of The Companies (Compromises, Arrangements and Amalgamations) Rule, 2016 ('Rules') and in terms of our engagement letter dated August 02, 2021.

We have been requested by the Company having its registered office at 2nd Floor, Piramal Towers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai 400013 vide letter dated August 02, 2021 to examine that the proposed accounting treatment as specified under clause 11 and clause 17.2 of the Scheme envisaging *inter alia* the merger of Transferor Company with the Company, whereby the Transferee Company has acquired the identifiable assets and liabilities of the Transferor Company under Section 230 of the Act, is in compliance with the relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, as applicable including General Circular No. 09/2019 dated August 21, 2019 issued by Ministry of Corporate Affairs, and other generally accepted accounting principles.

Management's Responsibility for the certificate

The responsibility for the preparation of the Scheme and its compliance with relevant laws and regulations including the relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, as applicable and other generally accepted accounting principles as aforesaid, is that of the Management of the Company. This responsibility includes the designing, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Management is also responsible for ensuring that the Company complies with the requirements as mentioned above and for providing all relevant information to the National Company Law Tribunal ('Tribunal') in relation to the Scheme.

Auditor's Responsibility

Pursuant to the provisions of section 230 of the Act read with the Rules made thereunder, our responsibility is to obtain reasonable assurance and form an opinion as to whether the accounting treatment as specified under clause 11 and clause 17.2 of the Scheme in the books of the Transferee Company is in conformity with the relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, as applicable, and other generally accepted accounting principles.

We have examined the following documents of the Company:

a) Accounting treatment as described in clause 11 and clause 17.2 of the Scheme with accounting treatment as per relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, as applicable and other generally accepted accounting principles.

b) Board resolution dated September 9, 2021 approving the Scheme.

We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination and according to the information, explanations provided to us, we certify that the accounting treatment as specified under clause 11 and clause 17.2 of the Scheme in the books of the Transferee Company is in conformity with the relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, General Circular No. 09/2019 dated August 21, 2019 issued by Ministry of Corporate Affairs, as applicable, and other generally accepted accounting principles. In accordance with section 232(6) of the Act, the Company has identified April 1, 2022 as the 'Appointed Date' vide 'Definitions' covered in Part I of the Scheme.

For ease of references, clause 11, clause 17.2 and 'Appointed Date' covered in 'Definitions' in Part I of the Scheme, duly certified by Chief Financial Officer on behalf of the Company, is included in 'Annexure 1' (Attached herewith) to the certificate and is initialed by us only for the purposes of identification.

MSKA & ASSOCIATES Chartered Accountants

Restriction on Use

This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the provisions of Section 230 of the Act read with the rules made thereunder and for onward submission to the Tribunal at Mumbai in accordance with the Act.

It should not be used by any other person or for any other purpose. MSKA & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.

Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Srividya Vaidison

MSKA & ASSOCIATES Chartered Accountants

Srividya Vaidison
Partner
Membership No.207132
UDIN: 21207132AAAABN8215

Place: Mumbai
Date: September 13, 2021

Annexure 1

Relevant extract of scheme of amalgamation and arrangement among Bee Finance Limited ('Transferor Company'), KKR Capital Markets India Private Limited ('Company' or 'Transferee Company'), InCred Financial Services Limited ('Demerged Company'), KKR India Financial Services Limited ('Resulting Company') and their respective shareholders under Sections 230 to 232, 66, 234 and other applicable provisions of the Companies Act, 2013

PART I

DEFINITIONS, INTERPRETATIONS, SHARE CAPITAL AND OPERATION OF SCHEME

1. DEFINITIONS

"Appointed Date" shall mean 1 April 2022, or such other date as may be agreed by the Boards of the respective Parties;

CLAUSE

11. ACCOUNTING TREATMENT

Upon effectiveness of the Scheme and with effect from the Appointed Date, the Transferee Company shall account for the merger of the Transferor Company into the Transferee Company as under:

11.1 The Transferee Company shall recognise the CCPS issued by the Transferee Company to the shareholders of Transferor Company at fair value in accordance with applicable Accounting Standards.

11.2 The Transferee Company shall allocate the consideration paid in Clause 8.1 of the Scheme to identifiable assets and liabilities of the Transferor Company based on their relative fair values as on the date of acquisition.

Notwithstanding anything to the contrary herein, upon the Scheme becoming effective, the Transferee Company and Transferor Company shall give effect to the accounting treatment in their books of accounts in accordance with and pursuant to Accounting Standards as specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 applicable, as on the Appointed Date.

KKR Capital Markets India Private Limited

Registered Office: 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai 400 013, India

T +91 22 4355 1300 F +91 22 4355 1301 E kkrindia@kkr.com W www kkr com

CIN No. U67190MH2011PTC211738

17. ACCOUNTING TREATMENT

In the books of the Transferee Company

17.2 The consideration paid by the Transferee Company on account of demerger shall be recognised at fair value in accordance with the applicable Accounting Standards, with a corresponding debit to "Investment in Subsidiary".

For KKR Capital Markets India Private Limited

Anil Nagu

Chief Financial Officer

MSKA
& Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

To,
The Board of Directors,
KKR India Financial Services Limited,
2nd Floor, Piramal Towers,
Peninsula Corporate Park,
Ganpatrao Kadam Marg,
Lower Parel (W),
Mumbai 400013.

Independent Auditor's Certificate on Accounting Treatment stipulated under the proposed composite scheme of amalgamation and arrangement among Bee Finance Limited ('Transferor Company'), KKR Capital Markets India Private Limited ('Transferee Company'), KKR India Financial Services Limited ('Company' or 'Resulting Company'), and InCred Financial Services Limited ('Demerged Company') and their respective shareholders under Sections 230 to 232, 66, 234 and other applicable provisions of the Companies Act, 2013 ('Scheme').

This certificate is issued in accordance with the provisions of section 230 of the Companies Act, 2013 ('Act') read with Rule 6(3)(ix)(e) of The Companies (Compromises, Arrangements and Amalgamations) Rule, 2016 ('Rules') and in terms of our engagement letter dated August 02, 2021.

We have been requested by the Company having its registered office at 2nd Floor, Piramal Towers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai 400013 vide letter dated August 02, 2021 to examine that the proposed accounting treatment as specified under clause 17.1 of the Scheme, whereby *inter alia* NBFC business of the Demerged Company is demerged into the Resulting Company, under Section 230 of the Act, is in compliance with the relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, as applicable including General Circular No. 09/2019 dated August 21, 2019 issued by Ministry of Corporate Affairs, and other generally accepted accounting principles.

Management's Responsibility for the certificate

The responsibility for the preparation of the Scheme and its compliance with relevant laws and regulations including the relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, as applicable and other generally accepted accounting principles as aforesaid, is that of the Management of the Company. This responsibility includes the designing, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Management is also responsible for ensuring that the Company complies with the requirements as mentioned above and for providing all relevant information to the National Company Law Tribunal ('Tribunal') in relation to the Scheme.

MSKA
& Associates
Chartered Accountants

Auditor's Responsibility

Pursuant to the provisions of section 230 of the Act read with the Rules made thereunder, our responsibility is to obtain reasonable assurance and form an opinion as to whether the accounting treatment as specified under clause 17.1 of the Scheme in the books of the Resulting Company is in conformity with the relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, as applicable and other generally accepted accounting principles.

We have examined the following documents of the Company:

a) Accounting treatment as described in clause 17.1 of the Scheme with accounting treatment as per relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, as applicable and other generally accepted accounting principles.

b) Board resolution dated September 09, 2021 approving the Scheme.

We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control 1 (SQC1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination and according to the information, explanations provided to us, we certify that the accounting treatment as specified under clause 17.1 of the Scheme in the books of the Resulting Company is in conformity with the relevant standards of accounting specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, or any other relevant or related requirements under the Act, General Circular No. 09/2019 dated August 21, 2019 issued by Ministry of Corporate Affairs, as applicable, and other generally accepted accounting principles. In accordance with section 232(6) of the Act, the Company has identified April 1, 2022 as the 'Appointed Date' vide 'Definitions' covered in Part I of the Scheme.

For ease of reference, clause 17.1 and 'Appointed Date' covered in 'Definitions' in Part I of the Scheme, duly certified by Chief Financial Officer on behalf of the Company, is included in 'Annexure 1' (Attached herewith) to this certificate and is initialed by us for the purposes of identification.

MSKA & ASSOCIATES * Chartered Accountants *

MSKA

& Associates

Chartered Accountants

Restriction on Use

This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the provisions of Section 230 of the Act read with the rules made thereunder and for onward submission to the Tribunal at Mumbai in accordance with the Act.

It should not be used by any other person or for any other purpose. MSKA & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.

Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Srividya Vaidison

MSKA & ASSOCIATES Chartered Accountants

Srividya Vaidison
Partner
Membership No.207132
UDIN: 21207132AAAABM8325

Place: Mumbai
Date: September 13, 2021

Annexure 1

Relevant extract of scheme of amalgamation and arrangement among Bee Finance Limited ('Transferor Company'), KKR Capital Markets India Private Limited ('Transferee Company'), KKR India Financial Services Limited ('Company' or 'Resulting Company'), and InCred Financial Services Limited ('Demerged Company') and their respective shareholders under Sections 230 to 232, 66, 234 and other applicable provisions of the Companies Act, 2013

PART I

DEFINITIONS, INTERPRETATIONS, SHARE CAPITAL AND OPERATION OF SCHEME

1. DEFINITIONS

"**Appointed Date**" shall mean 1 April 2022, or such other date as may be agreed by the Boards of the respective Parties;

CLAUSE

17. ACCOUNTING TREATMENT

In the books of the Resulting Company

17.1 Upon effectiveness of the Scheme and with effect from the Appointed Date, the Resulting Company will account for the demerger of the InCred Demerged Undertaking of the Demerged Company in its books of accounts using the principles laid down in Indian Accounting Standard 103 Business Combinations and other applicable accounting requirements as under:

17.1.1 The Resulting Company shall record the assets and liabilities transferred to and vested in it pertaining to the Incred Demerged Undertaking of the Demerged Company pursuant to this Scheme at the same book values as appearing in the books of the Incred Demerged Undertaking of the Demerged Company (prepared under Accounting Standards) as on the Appointed Date.

17.1.2 The Resulting Company shall recognise its assets and liabilities at fair values as on the Appointed Date. The difference between the fair value of the net assets of the Resulting Company and the consideration, calculated as per Indian Accounting Standard 103 will be recognised as goodwill/ capital reserve.

17.1.3 Further, acquisition related costs will also be accounted in accordance with the requirements of Accounting Standards.

KKR INDIA FINANCIAL SERVICES LIMITED

MSKA & ASSOCIATES Chartered Accountants

KKR India Financial Services Limited (erstwhile KKR India Financial Services Private Limited)

Registered Office: 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Road, Lower Parel (W), Mumbai 400 013, India
T +91.22.4355.1300 **F** +91.22.4355.1301 **E** kkrindia@kkr.com **W** www.kkr.com
CIN U67190MH1995PLC360817

17.1.4 The consideration paid by the Transferee Company on account of demerger shall be recognised in equity as "Capital contribution from Parent" at the fair value of the CCPS issued by the Transferee Company.

For KKR India Financial Services Limited

Anil Nagu

Chief Financial Officer

KKR INDIA FINANCIAL SERVICES LIMITED

MSKA & ASSOCIATES Chartered Accountants

Registered Office: 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Road, Lower Parel (W), Mumbai 400 013, India
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CIN U67190MH1995PLC360817

REPORT OF THE BOARD OF DIRECTORS OF INCRED FINANCIAL SERVICES LIMITED ON THE COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT BETWEEN INCRED FINANCIAL SERVICES LIMITED, BEE FINANCE LIMITED, KKR CAPITAL MARKETS INDIA PRIVATE LIMITED, KKR INDIA FINANCIAL SERVICES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS PURSUANT TO THE PROVISIONS OF SECTION 232(2)(C) OF THE COMPANIES ACT 2013

1. Background:

1.1 A meeting of the Board of Directors ('**Board**') of InCred Financial Services Limited was held on Friday, 3 September 2021 to consider and recommend the proposed Composite Scheme of Arrangement between Bee Finance Limited ("**Transferor Company**"), KKR Capital Markets India Private Limited ("**Transferee Company**"), InCred Financial Services Limited ("**Demerged Company**" or "**the Company**"), KKR India Financial Services Limited ("**Resulting Company**") and their respective shareholders under Sections 230 to 232 read with Sections 66 and 234 and other applicable provisions of the Companies Act, 2013, as applicable ("**Scheme**").

1.2 In terms of Section 232(2)(c) of the Companies Act, 2013, a report from the Board of the Company explaining the effect of the compromise on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders has to be appended with the notice of the meeting of shareholders, creditors and debenture holders. Further, the said report has to specify any special valuation difficulties, if any in the valuation. This report of the Board is made in order to comply with the requirements of Section 232(2)(c) of Companies Act, 2013. Capitalised terms used herein but not defined shall have the meaning ascribed to it in the Scheme.

1.3 While deliberating on the Scheme, the Board had, *inter-alia*, considered and took on record following necessary documents ('**Documents**'):

a. Draft composite scheme of arrangement between the Transferor Company, the Transferee Company, the Demerged Company and the Resulting Company and their respective shareholders;

b. Valuation report dated 3 September 2021 issued by from C A Vikrant Jain (Registration No. IBBI/RV/05/2018/10204) ("**Valuation Report**"); and

c. Certificate dated 3 September 2021 issued by S.R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the Demerged Company on the accounting treatment contemplated under the Scheme.

INCRED FINANCIAL SERVICES LIMITED

Corporate Office:
Unit No. 1203,12th floor, B wing,
The Capital, Plot No C-70, G Block,
Bandra Kurla Complex, Mumbai,
Maharashtra, India, 400051

Registered Office:
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The Capital, Plot No C-70, G Block,
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Maharashtra, India, 400051

CIN: U74899MH1991PLC340312
Email: care@incred.com
Contact: 1800-102-2192
Website-www.incred.com

Incred Financial Services Limited

2. **Background to the Proposed Scheme:**

This Scheme is presented under Sections 230 to 232 read with Section 234, Section 66 and other applicable provisions of the Companies Act, 2013 and rules and regulations made thereunder, as may be applicable, for (a) the merger of the Transferor Company with the Transferee Company, and (b) the transfer and vesting of the Incred Demerged Undertaking (as defined under the Scheme) of the Demerged Company (**"Demerged Undertaking"**) into the Resulting Company on a going concern basis and consequent reduction of share capital of the Demerged Company and subject to such other approvals / permissions, as may be required under the applicable laws and regulations. In addition, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith *inter alia* change of name, combining of authorised share capital and alteration of memorandum of association and articles of association.

Rationale of the Scheme

Demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company pursuant to this Scheme shall, *inter alia*, result in following benefits:

a. To consolidate the non-banking financing business related to retail and SME lending and ancillary financing activities undertaken by the Demerged Company with the non-banking financing business of the Resulting Company to achieve greater economies of scale, operational rationalization and organizational efficiency, wider market reach and customer base, pooling of knowledge and expertise, and to reduce redundant costs.

b. To aid in future growth of the Demerged Undertaking by leveraging on the strength and capabilities of the Resulting Company.

c. To allow the Demerged Company to focus on the Remaining Business and grow these businesses independently.

d. To aim towards creation of a single unified entity with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively.

e. To enable access to business relationships and other intangible benefits that the Transferee Company and the Resulting Company have built over decades.

f. The Demerged Undertaking and the non-banking financing business of the Resulting Company have significant complementarities and the consolidation of the businesses carried on by them is strategic in nature and will generate significant business synergies thereby enhancing stakeholders' value.

g. To allow the shareholders of the Demerged Company to own and participate in the merchant banking and investment advisory, investment management as well as finance arrangement services business of Transferee Company and to grow this business in future.

Merger of the Transferor Company with the Transferee Company pursuant to this Scheme shall, *inter alia*, result in following benefits:

a. The merger of the Transferor Company, a major shareholder in the Demerged Company, with the Transferee Company is proposed to streamline the post scheme shareholding structure of the Transferee Company by reducing the number of layers of shareholding, and thereby optimising value to the shareholders.

3. Valuation

The Valuation Report have been obtained from C A Vikrant Jain (Registration No. IBBI/RV/05/2018/10204). The valuations have been arrived at based on the various methodologies explained in the Valuation Report and various qualitative factors relevant to the business and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations.

The Valuation Report states that:

a. the share entitlement ratio for the proposed demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company would be as follows:

   194 (One hundred and ninety four) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 100 (One hundred) fully paid-up equity shares of INR 10 (Ten) each and for every 100 (One hundred) fully paid-up preference shares (which is convertible into equity shares in the ratio of 1:1 as per existing terms) of INR 10 (Ten) each of Demerged Company.

   Further, the terms of the CCPS shall be as provided under Schedule I of the Scheme.

b. the share exchange ratio for the proposed merger of the Transferor Company with the Transferee Company would be as follows:

   4,500 (Four thousand and five hundred) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 1 (One) share of Transferor Company of USD 1 (One US Dollar) each fully paid up.

   Further, the terms of the CCPS shall be as provided under Schedule I of the Scheme.

No specific valuation difficulties were reported by the valuers.

4. **Effect of the arrangement on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company**

Effect of the Scheme on shareholders (promoter and non-promoter shareholders):

Upon the effectiveness of the Scheme and in consideration of transfer and vesting of the InCred Demerged Undertaking of the Demerged Company in the Resulting Company, the Transferee Company shall issue and allot CCPS credited as fully paid-up to the shareholders (excluding the Transferee Company itself) of the Demerged Company holding fully paid-up equity shares and preference shares, as the case may be, and whose name appear in the register of members of the Demerged Company as on the Record Date in the following proportion:

194 (One hundred and ninety four) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 100 (One hundred) fully paid-up equity shares of INR 10 (Ten) each and for every 100 (One hundred) fully paid-up preference shares (which is convertible into equity shares in the ratio of 1:1 as per existing terms) of INR 10 (Ten) each of Demerged Company.

Further, the Scheme contemplates reduction of share capital of the Demerged Company (in the manner as set out under the Scheme) consequent to the transfer and vesting of the InCred Demerged Undertaking of the Demerged Company in the Resulting Company.

Effect of the Scheme on key managerial personnel:

Under Clause 19 of the Scheme, upon the Scheme becoming effective, all employees of the Demerged Company in relation to the InCred Demerged Undertaking (i.e. permanent and contract employees, staff and workmen of the Demerged Company engaged in its Retail NBFC Business as identified by the Board of Directors of the Demerged Company) shall become employees of the Resulting Company, on terms and conditions no less favourable than those on which they are engaged by the Demerged Company as on the Effective Date. Additionally, such employees would also be given employee stock options in the Transferee Company (parent entity of the Resulting Company) under the KCM ESOP Plan (in the manner as set out under the Scheme), at no less favourable terms than employee stock options granted by the Demerged Company under the InCred ESOP Scheme.

Given that, upon the Scheme becoming effective, the substantial undertaking of the Demerged company is being transferred to the Resulting Company, the existing key managerial personnel may or may not continue to be associated with the Demerged Company as decided by the Board of Directors of the Demerged Company.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

For and on behalf of
InCred Financial Services Limited

Bhupinder Singh
Wholetime Director & CEO
DIN No: 07342318

Incred Financial Services Limited

Date: September 3, 2021
Place: Mumbai

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF KKR CAPITAL MARKETS INDIA PRIVATE LIMITED AT THEIR MEETING HELD ON SEPTEMBER 9, 2021 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL

1. Background

1.1 The proposed composite scheme of amalgamation and arrangement among Bee Finance Limited ("**Transferor Company**"), KKR Capital Markets India Private Limited ("**Company**" or "**Transferee Company**"), InCred Financial Services Limited ("**Demerged Company**") and KKR India Financial Services Limited ("**Resulting Company**") and their respective shareholders under Section 230 to 232 read with 234 and other applicable provisions of the Companies Act, 2013 ("**Scheme**") was approved by the Board of Directors of the Company ("**Board**") vide resolution dated September 9, 2021.

1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 ("**Act**") requires the directors to adopt a report explaining: (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon'ble National Company Law of Tribunal, Mumbai bench ("**NCLT**"). Capitalised terms used herein but not defined shall have the meaning ascribed to it in the Scheme.

1.3 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

1.4 The following documents were placed before the Board:

1.4.1 Draft Scheme; and

1.4.2 Valuation report issued by Vikrant Jain, registered valuer (Registration No. IBBI/RV/05/2018/10204) on the share entitlement ratio and share exchange ratio for the Scheme ("**Valuation Report**").

2. Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders) and key managerial personnel of the Company:

2.1 Equity Shareholders (promoter and non-promoter shareholders): No shares are proposed to be issued to the shareholders of the Company under the Scheme. Pursuant to the Scheme, the Transferor Company shall stand merged with the Company as a going concern. Upon the effectiveness of the Scheme, the Company shall, in terms of Clause 8, allot CCPS each to the shareholders of the Transferor Company holding shares and whose name appear in the register of members of the Transferor Company as on the Record Date in the following proportion:

4,500 (Four thousand and five hundred) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 1 (One) share of Transferor Company of USD 1 (One US Dollar) each fully paid up.

KKR Capital Markets India Private Limited

KKR Capital Markets India Private Limited

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CIN No. U67190MH2011PTC211738

Further, in relation to the demerger of the InCred Demerged Undertaking from Demerged Company to the Resulting Company (wholly owned subsidiary of Company), the Company, shall issue and allot CCPS to the shareholders of the Demerged Company holding fully paid-up equity shares and whose name appear in the register of members of the Demerged Company as on the Record Date in the following ratio as per Clause 16:

194 (One hundred and ninety four) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 100 (One hundred) fully paid-up equity shares of INR 10 (Ten) each and for every 100 (One hundred) fully paid-up preference shares (which is convertible into equity shares in the ratio of 1:1 as per existing terms) of INR 10 (Ten) each of Demerged Company.

The said share exchange ratio and share entitlement ratios are based on the Valuation Report which has been duly considered by the Board of Directors of the Company and the Board has come to the conclusion that said share exchange ratio and share entitlement ratios are fair and reasonable.

2.2 Key managerial personnel: Under Clause 5 of the Scheme, upon the Scheme becoming effective, all the employees of the Transferor Company shall become the employees of the Company, on terms and conditions no less favourable than those on which they are engaged as on the Effective Date. Additionally, for employees who would be transferred as part of the InCred Demerged Undertaking (i.e. all permanent and contract employees, staff and workmen of the Demerged Company engaged in its Retail NBFC Business as identified by the Board of Directors of the Demerged Company) from Demerged Company to the Resulting Company, such employees would also be given employee stock options in the Company under the KCM ESOP Plan (in the manner as set out under the Scheme), at no less favourable terms than employee stock options granted by the Demerged Company under the InCred ESOP Scheme. On and from the Effective Date, the key managerial personnel of the Company shall be appointed and replaced from time to time in the manner agreed in writing *inter alios* the Company, Resulting Company, Demerged Company and Transferor Company.

2.3 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

By Order of the Board

For **KKR Capital Markets India Private Limited**

KKR Capital Markets India Private Limited

Anil Nagu
Director
DIN 00110529

Date and Place: Thursday 9 September, 2021 at Mumbai

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF KKR INDIA FINANCIAL SERVICES LIMITED AT THEIR MEETING HELD ON SEPTEMBER 9, 2021 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL

1. **Background**

1.1 The proposed composite scheme of amalgamation and arrangement among Bee Finance Limited ("**Transferor Company**"), KKR Capital Markets India Private Limited ("**Transferee Company**"), InCred Financial Services Limited ("**Demerged Company**") and KKR India Financial Services Limited ("**Company**" or "**Resulting Company**") and their respective shareholders under Section 230 to 232 read with 234 and other applicable provisions of the Companies Act, 2013 ("**Scheme**") was approved by the Board of Directors of the Company ("**Board**") vide resolution dated September 9, 2021.

1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 ("**Act**") requires the directors to adopt a report explaining: (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon'ble National Company Law of Tribunal, Mumbai bench ("**NCLT**"). Capitalised terms used herein but not defined shall have the meaning ascribed to it in the Scheme.

1.3 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

1.4 The following documents were placed before the Board:

1.4.1 Draft Scheme; and

1.4.2 Valuation report dated issued by the Vikrant Jain, registered valuer (Registration No. IBBI/RV/05/2018/10204) on the share entitlement ratio and share exchange ratio for the Scheme ("**Valuation Report**").

2. **Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders) and key managerial personnel of the Company:**

2.1 Equity Shareholders (promoter and non-promoter shareholders): No shares are proposed to be issued to any of the shareholders of the Company under the Scheme. In relation to the demerger of the InCred Demerged Undertaking from Demerged Company to the Company (wholly owned subsidiary of Transferee Company), the Transferee Company, shall issue and allot CCPS to the shareholders of the Demerged Company holding fully paid-up equity shares

KKR INDIA FINANCIAL SERVICES LIMITED

KKR India Financial Services Limited

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CIN U67190MH1995PLC360817

and preference shares, as the case may be, and whose name appear in the register of members of the Demerged Company as on the Record Date in the following ratio as per Clause 16:

194 (One hundred and ninety four) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 100 (One hundred) fully paid-up equity shares of INR 10 (Ten) each and for every 100 (One hundred) fully paid-up preference shares (which is convertible into equity shares in the ratio of 1:1 as per existing terms) of INR 10 (Ten) each of Demerged Company.

The said share entitlement ratio is based on the Valuation Report which has been duly considered by the Board of Directors of the Company and the Board has come to the conclusion that said share entitlement ratio is fair and reasonable.

2.2 Key managerial personnel: Under Clause 18 of the Scheme, upon the Scheme becoming effective, all persons employed by the Demerged Company in relation to the InCred Demerged Undertaking (i.e. all permanent and contract employees, staff and workmen of the Demerged Company engaged in its Retail NBFC Business as identified by the Board of Directors of the Demerged Company) shall become the employees of the Company, on terms and conditions no less favourable than those on which they are engaged as on the Effective Date. Additionally, such employees would also be given employee stock options in the Transferee Company (parent entity of the Company) under the KCM ESOP Plan (in the manner as set out under the Scheme), at no less favourable terms than employee stock options granted by the Demerged Company under the InCred ESOP Scheme. On and from the Effective Date, the key managerial personnel of the Company shall be appointed and replaced from time to time in the manner agreed in writing *inter alios* the Company, Transferee Company, Demerged Company and Transferor Company.

2.3 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

By Order of the Board

For **KKR India Financial Services Limited**

KKR INDIA FINANCIAL SERVICES LIMITED

Anil Nagu
Director
DIN 00110529

Date and Place: Thursday 9 September, 2021 at Mumbai

2

Directors' Report

Dear Members,

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

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

FINANCIAL HIGHLIGHTS

(INR In Lakhs)

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

BUSINESS AND OPERATIONS

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

Overview of the FY 2020-21:

- The Company's revenue was INR 391.85 crs and profit after tax increased to INR 10.23 crs during the year as against INR 2.75 crs in previous year;

- Assets under management grew to INR 2,553.60 crs as against INR 2,048.49 crs in previous year;

- Gross and Net NPAs were 3.43% and 1.71%;

CAPITAL ADEQUACY RATIO (CRAR)

The Company maintains a healthy CRAR of 37.20 % which is much higher than the prescribed minimum CRAR of 15% as per prudential norms. Following are the details of Tier I & II Capital of the Company as on March 31, 2020:

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

CAPITAL AND DEBT RAISE

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

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

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

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

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

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

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

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

There have been no material changes or commitments which affect the financial position of the Company which have occurred between end of the financial year to which the financial statements relate and the date of this Report.

IMPACT OF COVID -19 PANDEMIC

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

CHANGES IN THE NATURE OF BUSINESS

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

DIVIDEND

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

TRANSFER TO RESERVES

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

DIRECTORS

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

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

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

Cessation:

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

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

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

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

Appointment:

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

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

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

DECLARATION FROM INDEPENDENT DIRECTORS

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

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

DIRECTORS RETIRING BY ROTATION

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

DIRECTORS DECLARATION AND DISCLOSURES

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

KEY MANAGERIAL PERSONNEL

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

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

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

MEETINGS OF THE BOARD OF DIRECTORS

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

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

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

(b) We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

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

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

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

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

STATUTORY COMMITTEES

Audit Committee

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

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

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

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

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

Nomination and Remuneration Committee

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

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

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

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

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

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

NOMINATION AND REMUNERATION POLICY

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

- **Objective and Purpose of the Policy**

  i. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director and to recommend their appointment/removal;

  ii. To lay out the remuneration principles for the Directors, Key Managerial Personnel and other employees.

- A person to be appointed as Director, KMP should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. A Whole-Time KMP of the Company shall not hold office in more than one Company except in its subsidiary company at the same time.

- The Company may appoint or re-appoint a person as Managing Director/Manager/Whole-time Director for a term not exceeding five years at a time. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term up to five consecutive years.

- The remuneration should be reasonable and sufficient to justify the position and responsibility and to retain the Directors. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.

Risk Management Committee

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

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

Asset Liability Management Committee (ALCO)

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

IT Strategy Committee

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

EVALUATION OF BOARD

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

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

STATUTORY DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

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

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

EMPLOYEE STOCK OPTION SCHEME

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

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

AUDITORS

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

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

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

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

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Ashish Karodia & Co. to undertake the secretarial audit of the Company for the financial year 2020-21. The Secretarial Audit Report is annexed to this report as **Annexure G** and does not contain any qualifications, reservations, adverse remarks, or disclaimers.

DEBENTURE TRUSTEE

Name of Debenture Trustee - Axis Trustee Services Limited

Contact person - Chief Operating Officer
Address - Ground Floor, Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025
Tel. Nos - +91 22 6226 0054
Email addresses -debenturetrustee@axistrustee.com
Website - www.axistrustee.com

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

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

SHIFTING OF REGISTERED OFFICE OF THE COMPANY.

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

EXTRACT OF ANNUAL RETURN

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

CREDIT RATING

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

TRANSACTIONS WITH RELATED PARTIES

The Company has entered transactions with its subsidiaries in normal course of business and on an arm's length basis. The particulars of such contracts or arrangements with related parties referred to Section 188(1), as prescribed in Form AOC – 2 under Rule 8(2) of the Companies (Accounts) Rules, 2014, are specified in the **Annexure H** annexed to this report.

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

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

MAINTENANCE OF COST RECORDS

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

SIGNIFICANT OR MATERIAL ORDERS OF REGULATORS/COURTS/TRIBUNALS

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

REMUNERATION OF DIRECTORS

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

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

RISK MANAGEMENT POLICY

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

INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors of the Company for inefficiency or inadequacy of such controls. Your Statutory Auditors, M/s. BSR & Co. LLP, have issued unqualified report on Internal Financial Control.

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

VIGIL MECHANISM

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

DEPOSITS

Your Company has not accepted any public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI. Further, your Company being an NBFC, disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 are not applicable to your Company.

RBI COMPLIANCE

The Company has complied with the RBI regulations as applicable to it as a Non-Deposit taking Non-Banking Finance Company. The Company being a Non-Deposit Accepting Non-Banking Finance Company has not accepted any deposits from the public during the year under review and shall not accept any deposits from the public without obtaining prior approval of the Reserve Bank of India (RBI).

FEMA COMPLIANCE

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

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of provisions of Section 118 of the Companies Act, 2013 your Company is in compliance with Secretarial Standards on Meetings of the Board of Directors and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

ACKNOWLEDGEMENT

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

For InCred Financial Services Limited

Sd/-	**Sd/-**
Bhupinder Singh	**Vivek Bansal**
Whole Time Director and CEO	Whole Time Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: July 23, 2021

ANNEXURE A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

InCred has diversified lending portfolio across retail and SME customers with presence in all major cities of India. It offers variety of financial services products to its customers. InCred has 3 subsidiaries namely, InCred Management and Technology Services Private Limited, Booth Fintech Private Limited and InCred.Ai Limited.

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

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

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

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

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

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

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

Industry Outlook:

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

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

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

InCred Financial Services Limited:

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

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

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

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

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

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

Opportunities and Threats:

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

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

Risks and Concerns:

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

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

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

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

Business Update:

The Company caters to lower middle class to middle class Indian households for their personal finance needs like education loans, personal loans. Correspondingly, it also offers unsecured business loans to small businesses, secured loan to 12 Indian schools for their expansion plans, supply chain financing, Financial Institution lending to profitable micro finance companies and escrow backed lending through its SME vertical.

Our guiding principle that the Company will operate in areas where we have a 'right to play' because of our deep domain expertise in comprehensively understanding underlying risks in any segment has been the most vital in our success. Additionally, our ability to originate and process large number of applications with much better efficiencies than the competition has helped us to keep the operating costs under control.

Personal Loans:

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

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

Student Loans:

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

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

MSME Lending:

Anchor backed business loans:

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

Lending to FI's and Escrow backed lending:

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

School Financing (secured):

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

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

New Business Segments

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

Financial Performance and operational performance (Standalone):

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

Outlook:

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

Internal control systems and their adequacy

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

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

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

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

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

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

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

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

For InCred Financial Services Limited

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

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

Place: Mumbai
Date: July 23, 2021

ANNEXURE B

Form AOC-1

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

Part "A": Subsidiaries

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

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

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

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

Note 1
Through Booth Fintech Private Limited (Subsidiary of InCred Financial Services Limited)

For InCred Financial Services Limited

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

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

Place: Mumbai
Date: July 23, 2021

ANNEXURE C

Details of Board Meeting held during FY 2020-21

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

Details of General meetings

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

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

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

***Mr. Debashish Dutta gupta is appointed w.e.f December 01, 2020*
** Dr. Parvinder Pasricha resigned as Additional Independent Director w.e.f September 3, 2020*
#Mr. Girish Nadkarni resigned as Director w.e.f. June 13, 2021
##Mr. Deepak Narang resigned as Independent Director w.e.f. June 11, 2021

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

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

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

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

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

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

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

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

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

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

For InCred Financial Services Limited

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

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

Place: Mumbai
Date: July 23, 2021

ANNEXURE D

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

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

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

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

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

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

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

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

7. **CSR obligation**

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

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

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

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

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

					rict							**tration No.**
1	**Nanhi Kali**	Promoting girls Child education	Plaghar and Mumbai	Maharshtra and UP		One year	19.99	17,10,000	NIL	Yes	No	
2	**KECT**	Promoting girls Child education	Mumbai	Maharshtra				2,20,000	NIL	Yes	No	
3	Manav Seva Sangh	Promoting girls Child education	Rajlot	Gujarat				75,000	NIL	Yes	NO	
	Total							**20,05,000**				

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

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

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

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

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

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

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

Sl. No.	Preceding Financial year	Amount transferred to unspent CSR account under section 135(6) (in Rs.	Amount spent in the reporting financial year (in Rs.)	Amount transferred to any fund specified under schedule VII as per section 135 (6), if any.			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the fund	Amount in Rs.	Date of transfer	
1.	2020-21	Nil	Nil	-	Nil	-	Nil
2.	2019-20	Nil	1,12,000/-	-	Nil	-	Nil
3.	2018-19	Nil	Nil	-	Nil	-	Nil

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to asset so created or acquired through CSR spent in the financial year. **(asset – wise details).**
    (a) Date of creation or acquisition of the capital asset (s]: **NA**
    (b) Amount of CSR spent for creation or acquisition of capital asset: **NA**
    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **NA**
    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).:**NA**

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

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

For Incred Financial Services Limited

Sd/-
Bhupinder Singh
Whole time Director & CEO
DIN: 07342318

Sd/-
Rupa Vora
Independent Director
DIN: 01831916

Place: Mumbai
Date: July 23, 2021

ANNEXURE E

DISCLOSURES ON MANAGERIAL REMUNERATION

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

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

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

** Effective from May 01, 2020*

Sitting fees is not forming part of remuneration in aforesaid calculation

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

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

c) **Percentage increase in the median remuneration of employees in FY 20201**
The percentage increase in the median remuneration of employees in FY 2021 stood at **9%.**

d) **average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;** There was no increase in managerial remuneration

e) There were 572 permanent employees on the roll of Company as on March 31, 2021)

f) It is hereby affirmed that the remuneration paid to the Directors, Key Managerial Personnel and employees is as per the Remuneration policy of the Company.

For InCred Financial Services Limited

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

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

Place: Mumbai
Date: July 23, 2021

ANNEXURE F

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

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

Details of options granted to Key Managerial Personnel ("KMP")

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

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

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

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

For InCred Financial Services Limited

Sd/-	**Sd/-**
Bhupinder Singh	**Vivek Bansal**
Whole time Director and CEO	Whole Time Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: July 23, 2021

ANNEXURE G

Incred Financial Services Limited

CIN : U74899MH1991PLC340312

Secretarial Audit Report

For the financial year ended on 31st March 2021

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

1

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

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

Form No. MR-3

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

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Incred Financial Services Limited** (hereinafter called the Company) having **CIN- U74899MH1991PLC340312.** Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

Due to Covid-19 pandemic we were unable to physically visit the Company office and Branch office and therefore, we have examined the books, papers, minute books, forms and returns filed and other records received via Emails and other electronic means maintained by **Incred Financial Services Limited** for the financial year ended on 31st March, 2021 according to the provisions of:

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

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

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

2

ASHISH KARODIA INDORE COMPANY SECRETARY

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;

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

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

- *Not applicable to the Company during the period under scrutiny.*

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

- *The Company has closed the trading window for the year ended 31st March 2020 and half year ended 30th September 2020 as per its Code of Conduct for Prevention of Insider Trading and fair disclosure of Unpublished Price Sensitive information adopted by the Company.*

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period);

- *Not applicable to the Company during the period under scrutiny.*

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

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

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

- *During the year under review, the Company has issued secured debentures amounting to INR 622 crores and the same have been listed.*

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

- *Not applicable to the Company during the period under scrutiny.*

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

- *Not applicable to the Company during the period under scrutiny.*

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

ASHISH KARODIA INDORE COMPANY SECRETARY

a. Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs, as informed /confirmed to us.
b. Applicable Direct and Indirect Tax Laws.
c. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We have also examined compliance with the applicable clauses of the following:
(i) Secretarial Standards issued by The Institute of Company Secretaries of India.
(ii) The Listing Agreements/ regulations entered into by the Company with BSE Limited;

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

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. *The retirement of rotation of Directors has been done in accordance with the Articles of the Association of the Company.*

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

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

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

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

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

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

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

ASHISH KARODIA INDORE COMPANY SECRETARY

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

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

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

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

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

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

ASHISH KARODIA INDORE COMPANY SECRETARY

CS Ashish Karodia
M No. 6549 CP 6375
On 23.07.2021
At Indore
UDIN: F006549C000666516

Annexure –A to the Secretarial Audit Report

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on my audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company since the same have been subject to review by statutory financial auditor, Cost auditor and other designated professionals.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

ASHISH KARODIA INDORE COMPANY SECRETARY

CS Ashish Karodia
M No. 6549 CP 6375
On 23.07.2021
At Indore
UDIN: F006549C000666516

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ANNEXURE H

Form No. AOC-2

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

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

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

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

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

For InCred Financial Services Limited

Sd/-	**Sd/-**
Bhupinder Singh	**Vivek Bansal**
Whole time Director and CEO	Whole Time Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: July 23, 2021

ANNEXURE I

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

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

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

Name of Directors	Loans and advances in the nature of loans to associates and firms/companies in which directors are interested		
	Name of Associate / Firm/Company	Nature of Loan	Amount
N.A.			

For InCred Financial Services Limited

Sd/-	**Sd/-**
Bhupinder Singh	**Vivek Bansal**
Whole time Director and CEO	Whole Time Director and CFO
DIN: 07342318	DIN: 07835456

Place: Mumbai
Date: July 23, 2021

B S R & Co. LLP

Chartered Accountants

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

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

Independent Auditor's Report

To the Members of InCred Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of matter

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

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

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

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters

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

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers	
Charge (including write off): INR 8,868.53 lakhs for the year ended 31 March 2021	
Provision: INR 9,104.89 lakhs as at 31 March 2021	
Refer to the accounting policies in "Note 1 (D)(7) to the Standalone Financial Statements: Impairment of financial assets", "Note 1(B) (iv) to the Standalone Financial Statements: use of estimates and judgements" and "Note 4 : Loans to Standalone financial statements and Note 28 A : Financial Risk Management - Credit Risk to the Standalone Financial Statements"	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: - Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate - Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. - Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19.	Our key audit procedures included: • Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Testing of review controls over measurement of impairment allowances and disclosures in standalone financial statements. • Testing management's controls over authorisation and calculation of post model adjustments • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters *(Continued)*

Description of Key Audit Matter *(Continued)*

Key audit matter	How the matter was addressed in our audit
- Qualitative adjustments – In the absence of time tested historical data for certain loan products, management has used surrogate industry estimates or derived inputs using regulatory guidance. Management believes that these estimates address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. - Restructuring – the Company has restructured loans in the current year on account of COVID-19 related regulatory measures. The Company has undertaken restructuring under RBI circulars/ guidelines for retail as well as SME portfolio. In addition, Company has given relief to its eligible borrowers using the ECLGS scheme. This has resulted in increased management estimation over determination of losses for such restructured loans *Impact of COVID -19* On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, the severity and duration of the pandemic, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the standalone financial statements, we have considered this as a key audit matter. *Disclosures* The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied. • Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the standalone financial statements are appropriate and sufficient. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used. • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the impairment loss allowance determination.

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters *(Continued)*

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

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

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

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

   i. The Company does not have any pending litigations which would impact its financial position – Refer Note 33 to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 33 to the standalone financial statements;

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

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

Independent Auditor's Report *(Continued)*

InCred Financial Services Limited

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

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

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

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

Pranav Gune
Partner
Membership No. 121058
UDIN: 21121058AAAAAS4898

Mumbai
07 May 2021

InCred Financial Services Limited

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

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details fixed assets and situation of fixed assets.

(b) The Company has a regular program of physical verification of fixed assets in a phased manner, over three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

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

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

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

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

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

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

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of excise duty, wealth tax, sales tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, goods and services tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

InCred Financial Services Limited

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

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

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

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

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

(xi) In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its extra ordinary general meetings held on 26 March 2019 and 31 May 2019, the managerial remuneration paid/provided for by the company during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

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

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

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.

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

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

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

Pranav Gune
Partner
Membership No: 121058
UDIN: 21121058AAAAAS4898

Mumbai
07 May 2021

InCred Financial Services Limited

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

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

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

Opinion

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

InCred Financial Services Limited

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

Auditor's Responsibility ***(Continued)***

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

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

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

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

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

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

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

Pranav Gune
Partner
Membership No: 121058
UDIN: 21121058AAAAAS4898

Mumbai
07 May 2021

InCred Financial Services Limited

Standalone Financial Statements
Balance Sheet as at March 31, 2021

(Rs. in lakhs)

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

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

Significant accounting policies and key accounting estimates and judgments 1

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

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 7 May 2021

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

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021

InCred Financial Services Ltd.

InCred Financial Services Limited

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

(Rs. In lakhs)

	Particulars	Note No	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)*
	Revenue From operations			
(i)	Interest Income	17	37,711.75	31,103.32
(ii)	Fees and commission income	18	557.16	805.95
(iii)	Net gain/(loss) on fair value changes	19	268.91	465.01
(I)	**Total revenue from operations**		**38,537.82**	**32,374.28**
(II)	Other income	20	647.09	782.37
(III)	**Total Income (I + II)**		39,184.91	33,156.65
	Expenses			
(i)	Finance costs	21	15,271.40	11,605.69
(ii)	Impairment on financial instruments	22	8,865.37	5,634.74
(iii)	Employee benefits expenses	23	9,159.37	9,240.58
(iv)	Depreciation, amortization and impairment	8 & 9	841.79	1,099.89
(v)	Others expenses	24	3,805.92	4,271.24
(IV)	**Total expenses**		**37,943.86**	**31,852.14**
(V)	**Profit before tax and exceptional items (III - IV)**		1,241.06	1,304.51
(VI)	Exceptional items	41	-	645.76
(VII)	**Profit before tax and after exceptional item (V - VI)**		1,241.06	658.75
(VIII)	**Tax Expense:**	25		
	(1) Current Tax		1,135.14	527.43
	(2) Deferred Tax		(917.52)	(144.09)
(IX)	**Profit for the year (VII-VIII)**		1,023.44	275.41
(X)	**Other comprehensive income**			
	(A) **(i) Items that will not be reclassified to profit or loss**			
	(a) Remeasurements of the defined benefit plans		(26.29)	29.03
	(b) Equity instruments through other comprehensive income		-	0.02
	(ii) Income tax relating to items that will not be reclassified to profit or loss		6.62	(0.32)
	Subtotal (A)		(19.67)	28.73
	(B) **(i) Items that will be reclassified to profit or loss**			
	(a) Debt instruments through other comprehensive income		118.97	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(29.95)	-
	Subtotal (B)		89.03	-
	Other comprehensive income / (loss) (A + B)		69.35	28.73
(XI)	**Total comprehensive income for the year (IX + X)**		1,092.79	304.14
(XII)	**Earnings per equity share**	26		
	Basic (Rs.)		0.27	0.07
	Diluted (Rs.)		0.26	0.07

*Refer Note No 42 "Scheme of Amalgamation and arrangement"
Significant accounting policies and key accounting estimates and judgments 1
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For B S R & Co. LLP
Chartered Accountants
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Partner
Membership No: 121058

Place: Mumbai
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For and on behalf of the Board of Directors of
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Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021

InCred Financial Services Ltd.

InCred Financial Services Limited

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

(Rs. in lakhs)

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

Notes:

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

InCred Financial Services Ltd.

(b) Cash and cash equivalents comprises of

(Rs. in lakhs)

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

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

Significant accounting policies and key accounting estimates and judgments 1

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

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 7 May 2021

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

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021

InCred Financial Services Ltd.

InCred Financial Services Limited

Standalone Financial Statements
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 (Restated)*
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 (Restated)*
Balance as at the beginning of the year	7,851.63	-
Changes in preference share capital during the year	-	7,851.63
Balance as at the end of the year	7,851.63	7,851.63

B. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings			
Balance at March 31, 2019 (Restated)*	362.99	27,435.03	27.74	65.70	136.09	613.58	-	15.34	28,656.48
Profit for the year	-	-	-	-	-	275.41	-	-	275.41
Remeasurement benefit of defined benefit plans	-	-	-	-	-	28.73	-	-	28.73
Other comprehensive income for the year	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	304.13	-	0.02	304.16
Transfer / utilisations									-
Additions during the period	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	(595.77)	-	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	89.04	-	-	-	-	(89.04)	-	-	-
Employee stock option expense	-	-	-	(14.81)	598.69	-	-	-	583.88
Balance at March 31, 2020 (Restated)*	452.04	61,702.79	27.74	50.90	734.78	828.68	-	15.36	69,812.28
Profit for the year	-	-	-	-	-	1,023.44	-	-	1,023.44
Remeasurement benefit of defined benefit plans	-	-	-	-	-	(19.67)	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	-	89.03	-	89.03
Total comprehensive income for the year (net of tax)	-	-	-	-	-	1,003.76	89.03	-	1,092.79
Transfer / utilisations	-	-	-	-	-	-	-	-	-
Additions during the period	-	27.36	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	-	(204.69)	-	-	-
Employee stock option expense	-	-	-	11.38	1,016.56	-	-	-	1,027.94
Balance at March 31, 2021	656.72	61,730.15	27.74	62.27	1,751.34	1,627.75	89.03	15.36	65,960.36

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

Significant accounting policies and key accounting estimates and judgments 1

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

Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 7 May 2021

For and on behalf of the Board of Directors of
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CIN: U74899MH1991PLC340312

Bhupinder Singh
Whole Time Director and CEO
DIN 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021

Incred Financial Services Ltd.

(1) Significant Accounting Policies

A. Corporate Information

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

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

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

B. Basis of preparation

i. Statement of compliance

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

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

ii. Functional and presentation currency

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

iii. Basis of measurement

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

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

iv. Use of estimates and judgements

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

Incred Financial Services Ltd.

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

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

Significant judgements

i. Recognition and measurement of defined benefit obligations

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

ii. Recognition of deferred tax assets / liabilities

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

iii. Recognition and measurement of provisions and contingencies

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

iv. Discounting of long-term financial assets / liabilities

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

v. Fair valuation of employee share options

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

Incred Financial Services Ltd. *

vi. **Impairment of financial assets**

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

vii. **Leases**

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

C. Presentation of financial statements

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

D. Significant accounting policies and other explanatory information

1. Measurement of fair values

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

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

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

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

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

Incred Financial Services Ltd.

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

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

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

2. Financial instruments

i. Recognition and initial measurement

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

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

ii Classification and subsequent measurement of financial assets:

Financial assets

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

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

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

Financial assets measured at amortised cost

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

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

Incred Financial Services Ltd.

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

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

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

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

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

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

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments designated at FVOCI

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

Financial assets at FVTPL

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

iii. Classification and subsequent measurement of financial liabilities

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

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

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

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

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

iv. Derecognition

Financial assets

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

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

Financial liabilities

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

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

v. Offsetting of financial instruments

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

InCred Financial Services Ltd.

3. Compound financial instruments

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

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

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

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

4. Share capital

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

5. Investment in subsidiaries

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

6. Business Combination

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

7. Impairment of financial assets

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

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

- The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase

Incred Financial Services Ltd.

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

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

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

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

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

Credit-impaired financial assets:

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

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

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

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

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

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

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

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

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

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

Write-offs

The Company writes off Retail secured and unsecured loans outstanding for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are 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.

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8. Cash and cash equivalents

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

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

9. Share-based payment arrangements

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

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

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

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

10. Lease Accounting

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

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

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

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

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

11. Income Tax

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

Current tax

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

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

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

Deferred tax

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

Deferred tax is not recognised for:

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

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

12. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

The useful life as per Schedule II are as follows:

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

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

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

13. Intangible assets

i. Recognition and measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

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

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

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14. Impairment of non-financial assets

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

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

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

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

15. Revenue from operations

Recognition of interest and fee income or expense

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

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

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

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

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

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

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

16. Finance Cost

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

17. Employee benefits

i. Short-term employee benefits

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

ii. Contribution to provident fund and ESIC

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

iii. Gratuity

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

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

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

iv. Compensated absence

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

18. Foreign currency

Transaction and balances

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

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

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

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

19. Earnings per share

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

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

20. Statement of Cash flows

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

21. Segment Reporting

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

22. Provisions, contingent liabilities and contingent assets

a. Provisions

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

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

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

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b. Onerous contracts

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

c. Contingent liabilities

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

d. Contingent assets

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

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

23. Exceptional items

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

24. Standards issued but not yet effective

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

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Notes to the Standalone Financial Statements

2. Cash and cash equivalents

(Rs. in lakhs)

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

3. Bank balance other than cash and cash equivalents

(Rs. in lakhs)

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

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

4. Loans

(Rs. in lakhs)

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

Notes to the Standalone Financial Statements

5. Investments

(Rs. in lakhs)

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

** Others are measured at cost*

*** For details of investment in subsidiaries, refer Note no 29*

6. Other financial assets

(Rs. in lakhs)

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

Notes to the Standalone Financial Statements

7. Deferred tax

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

(Rs. in lakhs)

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

Notes to the Standalone Financial Statements

8. Property, plant and equipment

(Rs. in lakhs)

Particulars	Buildings*	Furniture and fixtures	Leasehold Improvements	Office equipment	Computer & Printer	Vehicles	Right-of-use assets**	Total
Year ended March 31, 2020 (Restated)								
At carrying cost at the beginning of the year	22.71	38.03	708.55	21.43	402.03	51.91	-	1,244.66
Additions	-	44.78	263.30	86.64	180.71	52.84	2,128.88	2,757.15
Disposals	-	(1.46)	(250.30)	(0.44)	-	-	-	(252.20)
Gross carrying value as March 31, 2020 (Restated)	**22.71**	**81.35**	**721.55**	**107.63**	**582.74**	**104.75**	**2,128.88**	**3,749.61**
Accumulated depreciation as at the beginning of the year	0.40	1.12	0.40	2.06	126.57	8.70	-	139.25
Depreciation for the year	0.38	5.80	323.41	15.74	160.45	11.71	368.39	885.88
Disposals	-	(0.18)	(250.30)	(0.11)	-	-	-	(250.59)
Accumulated depreciation as at March 31, 2020 (Restated)	**0.78**	**6.74**	**73.51**	**17.69**	**287.02**	**20.41**	**368.39**	**774.54**
Net carrying value as at March 31, 2020 (Restated)	**21.93**	**74.61**	**648.04**	**89.94**	**295.72**	**84.34**	**1,760.49**	**2,975.07**
Year ended March 31, 2021								
At carrying cost at the beginning of the year	22.71	81.35	721.55	107.63	582.74	104.75	2,128.88	3,749.61
Additions during the year	-	94.14	359.63	83.14	151.00	19.53	321.04	1,028.48
Disposals	-	(17.89)	-	(3.99)	(3.06)	-	(131.39)	(156.33)
Gross carrying value as March 31, 2021	**22.71**	**157.60**	**1,081.18**	**186.78**	**730.68**	**124.28**	**2,318.53**	**4,621.76**
Accumulated depreciation as at the beginning of the year	0.78	6.74	73.51	17.69	287.02	20.41	368.39	774.54
Depreciation for the year	0.38	9.58	91.71	25.50	192.55	17.61	373.20	710.52
Disposals	-	(2.80)	-	(0.87)	(0.37)	-	(135.63)	(139.67)
Accumulated depreciation as at March 31, 2021	**1.16**	**13.52**	**165.22**	**42.32**	**479.20**	**38.02**	**605.96**	**1,345.40**
Net carrying value as at March 31, 2021	21.55	144.08	915.96	144.46	251.48	86.26	1,712.57	3,276.36

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

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

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Notes to the Standalone Financial Statements

9. Other intangible assets

(Rs. in lakhs)

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

10. Other non-financial assets

(Rs. in lakhs)

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

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Notes to the Standalone Financial Statements

11. Debt Securities

(Rs. in lakhs)

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

Terms and conditions

(Rs. in lakhs)

Sr No	Particulars	Nature of security	Terms of repayment	Maturity date	As at March 31, 2021	As at March 31, 2020 (Restated)
1	500, 0% Secured Rated Listed Redeemable Non-Convertible Debentures of Rs. 10,00,000 each (callable)	1. Non- Convertible Debentures issued by the company are secured by way of a first pari-passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee. 2. Additionally secured by way of a pari- passu charge with other debenture holders over the identified immovable property owned by the Company.	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 company are secured by way of a first pari-passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee	Redeemable at par at the end of 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 company are secured by way of a first exclusive charge over the specific book-debts / loan receivables of the Company ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable at par at the end of 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 company are secured by way of a first pari passu charge over the receivables of the Company to the extent they meet the stipulated security cover ("Hypothecated Receivables") created pursuant to the deed of hypothecation executed by the Company in favour of the Debenture Trustee.	Redeemable with agreed coupon at the end of 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

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Notes to the Standalone Financial Statements

12. Borrowings (other than debt securities)

(Rs. In lakhs)

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

Terms and conditions

(Rs. In lakhs)

Particulars	Nature of security	Terms of repayment	As at March 31, 2021	As at March 31, 2020 (Restated)
Borrowings				
a) Banks	Term Loan from Banks are secured by way of a first pari passu charge over all the receivables; both present and future of the Company; to the extent they meet the requirement of each lender's asset cover stipulated in respect of the outstanding facilities.	Loans are repayable in monthly or quarterly 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 facilities.	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. ROI ranging from 10.35% p.a. to 12.45% p.a.	-	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 facilities.	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.	5,456.93	4,476.26
Inter corporate borrowings from related parties (Refer Note 29)	Unsecured	The tenure is 6 months. Interest is payable on a monthly basis ROI - 9.90% p.a.	6,202.16	-
Inter corporate borrowings from other parties	Unsecured	The tenure is 1 month. Interest is payable on maturity. ROI - 10.00% p.a.	1,000.25	-
Commercial Paper	Unsecured	Issued at a discount and redeemable at par. The tenure is 364 days with coupon of 9.00% p.a.	1,959.72	-
Total			93,422.08	70,321.28

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Notes to the Standalone Financial Statements

13. Other financial liabilities

(Rs. in lakhs)

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

14. Provisions

(Rs. in lakhs)

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

15. Other non-financial liabilities

(Rs. in lakhs)

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

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Notes to the Standalone Financial Statements

16 (A). Equity share capital

(Rs. in lakhs)

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

Terms/rights attached to equity shares

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

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

Terms/rights attached to preference shares

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

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

Equity shares held by holding company

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

(Rs. in lakhs)

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

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

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

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Notes to the Standalone Financial Statements

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

Equity shares reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
	Number	Amount	Number	Amount
At the beginning of the year	30,76,36,727	30,763.67	30,76,29,303	30,762.93
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**

Preference shares reconciliation

(Rs. in lakhs)

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

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16 (B). Other Equity

(Rs. in lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Total
	Special reserve	Securities premium	Deemed equity	Capital contribution from parent	Share based payment reserve	Retained earnings			
Balance at March 31, 2019 (Restated)	362.99	27,435.03	27.74	65.70	136.09	613.61	-	15.34	28,656.50
Profit for the year	-	-	-	-	-	275.41	-	-	275.41
Remeasurement benefit of defined benefit plans	-	-	-	-	-	28.71	-	-	28.71
Other comprehensive income for the year	-	-	-	-	-	-	-	0.02	0.02
Total comprehensive income for the year (net of tax)	-	-	-	-	-	304.13	-	0.02	304.14
Transfer / utilisations									-
Additions during the period	-	34,863.53	-	-	-	-	-	-	34,863.53
Utilized during the year	-	(595.77)	-	-	-	-	-	-	(595.77)
Transferred to special reserve from retained earnings	89.04	-	-	-	-	(89.04)	-	-	-
Employee stock option expense	-	-	-	(14.81)	598.69	-	-	-	583.88
Balance at March 31, 2020 (Restated)	452.03	61,702.79	27.74	50.89	734.78	828.69	-	15.36	63,812.28
Profit for the year	-	-	-	-	-	1,023.44	-	-	1,023.44
Remeasurement benefit of defined benefit plans	-	-	-	-	-	(19.67)	-	-	(19.67)
Other comprehensive income for the year	-	-	-	-	-	-	89.03	-	89.03
Total comprehensive income for the year (net of tax)	-	-	-	-	-	1,003.76	89.03	-	1,092.79
Transfer / utilisations									
Additions during the period	-	27.36	-	-	-	-	-	-	27.36
Utilized during the year	-	-	-	-	-	-	-	-	-
Transferred to special reserve from retained earnings	204.69	-	-	-	-	(204.69)	-	-	-
Employee stock option expense	-	-	-	11.38	1,016.55	-	-	-	1,027.93
Balance at March 31, 2021	656.72	61,730.15	27.74	62.27	1,751.33	1,627.76	89.03	15.36	65,960.36

Nature and purpose of each reserves

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

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

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

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

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

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

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

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.

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Notes to the Standalone Financial Statements

17. Interest income

(Rs. in lakhs)

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

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

18. Fees and commission income

(Rs. in lakhs)

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

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

(Rs. in lakhs)

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

20. Other income

(Rs. in lakhs)

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

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21. Finance costs

(Rs. in lakhs)

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

22. Impairment on financial instruments

(Rs. in lakhs)

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

23. Employee benefits expenses

(Rs. in lakhs)

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

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24. Other expenses

(Rs. in lakhs)

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

Payment to the auditors:

(Rs. in lakhs)

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

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Notes to the Standalone Financial Statements

25. Tax expense

(a) Amounts recognised in profit and loss

(Rs. in lakhs)

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

(b) Amounts recognised in other comprehensive income

(Rs. in lakhs)

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

(c) Amounts recognised directly in equity

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

(d) Reconciliation of effective tax rate

(Rs. in lakhs)

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

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

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26. Earnings per share

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

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

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

ii. Weighted average number of ordinary shares

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

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

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27. Fair Value Measurements

A. Accounting classification

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

(Rs. in lakhs)

Particulars	As at March 31, 2021				As at March 31, 2020 (Restated)			
	FVTPL	FVOCI	Amortised Cost	Others	FVTPL	FVOCI	Amortised Cost	Others
Financial assets								
Cash and cash equivalents	-	-	1,323.38	-	-	-	3,772.83	-
Bank balance other than cash and cash equivalents	-	-	588.46	-	-	-	735.88	-
Loans	-	-	2,55,359.84	-	-	-	2,04,849.17	-
Investments								
-Mutual funds	-	-	-	-	1,003.81	-	-	-
-Debt securities	-	6,638.94	2,120.55	-	-	-	-	-
Other financial assets	-	-	1,821.28	-	-	-	1,690.39	-
		-						
Total financial assets	-	**6,638.94**	**2,61,213.51**	-	**1,003.81**	-	**2,11,048.27**	-
Financial liabilities								
Debt securities	-	-	73,827.02	-	-	-	42,105.62	-
Borrowings (other than debt securities)	-	-	93,422.08	-	-	-	70,321.28	-
Other financial liabilities	-	-	4,231.88	-	-	-	3,342.57	-
Total financial liabilities	-	-	**1,71,480.98**	-	-	-	**1,15,769.47**	-

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

B. Fair Value

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

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020 (Restated)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
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**

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

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020 (Restated)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	1,323.38	-	-	1,323.38	3,772.83	-	-	3,772.83
Bank balance other than cash and cash equivalents	588.46	-	-	588.46	735.88	-	-	735.88
Investments	-	-	-	-	-	-	-	
- Debt securities	-	-	2,120.55	2,120.55	-	-	-	-
Loans	-	-	2,70,436.30	2,70,436.30	-	-	2,06,237.47	2,06,237.47
Other financial assets	-	-	1,821.28	1,821.28	-	-	1,690.39	1,690.39
Total	**1,911.84**	**-**	**2,74,378.13**	**2,76,289.97**	**4,508.71**	**-**	**2,07,927.86**	**2,12,436.57**
Financial Liabilities								
Debt securities	-	-	74,320.09	74,320.09	-	-	42,112.57	42,112.57
Borrowings (other than debt securities)	-	-	93,438.98	93,438.98	-	-	70,306.94	70,306.94
Other financial liabilities	-	-	4,231.88	4,231.88	-	-	3,342.57	3,342.57
Total	-	-	**1,71,990.95**	**1,71,990.95**	-	-	**1,15,762.08**	**1,15,762.08**

(Rs. in lakhs)

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

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

C. Measurement of fair values

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

Financial instruments held at amortised cost

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

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

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

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

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

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

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Notes to the Standalone Financial Statements

Financial instruments held at fair value

i. Investment in mutual fund:

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

ii. Investment in debt securities:

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

Gains or losses on transfers amongst categories

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

Inter-level transfers

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

(Rs. in lakhs)

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

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28. Financial risk management

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

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

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

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

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28. Financial risk management (continued)

A. Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Write-offs
As per Company's policy, the Company writes off Retail secured and unsecured loans outstanding for more than 540 days and 450 days respectively. However, Small and Medium Enterprises (SME) Secured and Unsecured Loans, are 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.

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

(Rs. In lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	2,120.55	0.05	2,120.50
	Investments at FVOCI			
	- Debt securities	6,652.06	13.12	6,638.94
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	2,29,929.27	1,866.31	2,28,062.96
	Bank balance other than cash and cash equivalents	588.46	-	588.46
	Loan commitments	8,975.03	11.00	8,964.03
	Other financial assets	1,826.46	5.18	1,821.28
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 (Restated)

(Rs. in lakhs)

Particulars	Asset group	Gross carrying amount of financial assets	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses (Stage 1)	Investments at amortised cost			
	- Debt securities	-	-	-
	Loans at amortised cost			
	- Term Loans and Loans repayable on demand	1,99,017.36	1,345.71	1,97,671.65
	Bank balance other than cash and cash equivalents	738.84	2.96	735.88
	Loan commitments	9,880.07	4.82	9,875.25
	Other assets	1,695.83	5.44	1,690.39
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	4,037.68
Loss allowance measured at life-time expected credit losses, credit impaired (Stage 3)	Loans			
	- Term Loans and Loans repayable on demand	6,815.66	3,675.81	3,139.85

Maximum exposure to credit risk

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

(Rs. in lakhs)

Particulars	Gross Exposure as at March 31, 2021	Gross Exposure as at March 31, 2020 (Restated)
Cash and cash equivalent	1,323.38	3,772.83
Balances with Banks	588.46	738.84
Loans	2,64,464.73	2,10,188.26
Investment securities	8,772.61	-
Other financial assets	1,826.46	1,695.82
Total credit risk exposure	**2,76,975.64**	**2,16,395.75**

Collateral held

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

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

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Notes to the Standalone Financial Statements

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

Secured Loans

(Rs. in lakhs)

LTV Ratio	Principal outstanding as at March 31, 2021	As at March 31, 2021	Principal outstanding as at March 31, 2020(Restated)	As at March 31, 2020 (Restated)
Less than 50%	53,647.27	39.96%	47,097.54	47.09%
51-70%	18,554.37	13.82%	22,742.80	22.74%
71-90%	11,474.72	8.55%	8,264.25	8.26%
91-100%	46,912.45	34.94%	18,791.63	18.79%
More than 100%	3,663.67	2.73%	3,117.75	3.12%
Total	**1,34,252.48**	100.00%	1,00,013.97	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(Restated)	As at March 31, 2020 (Restated)
Value of Security	3,639.95	6,498.64	1,541.35	3,050.38

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

iii) Reconciliation of Loan exposure and Loan loss allowance

For Loan exposure

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

(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 (Restated)	**1,66,754.11**	**3,902.16**	**3,178.89**
Remeasurement of net exposure	(76,016.63)	(2,331.48)	725.22
Assets originated or purchased	1,15,443.82	1,338.54	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 (Restated)	**2,00,086.79**	**4,228.93**	**5,943.06**
Remeasurement of net exposure	(1,11,619.89)	(7,901.73)	(5,262.11)
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 (Restated)	**595.58**	**202.21**	**2,148.45**
Remeasurement of loss allowance	47.94	(67.90)	2,095.25
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 (Restated)	**1,345.71**	**317.58**	**3,675.81**
Remeasurement of loss allowance	(629.25)	(576.12)	(698.54)
Assets originated or purchased	1,984.79	1,561.99	3,431.52
Transferred to 12-month ECL	5.20	(25.23)	(8.09)
Transferred to Lifetime ECL not credit Impaired	(121.68)	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**

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For investments

(Rs. in lakhs)

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

For loan commitments

(Rs. in lakhs)

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

Concentration of credit risk

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

(Rs. in lakhs)

Particulars	Loans and advances to customers		Loan commitments	
	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2021	As at March 31, 2020 (Restated)
Concentration by region				
North	45,263.88	30,112.17	985.91	1,215.32
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. 43 and 44.

Impact of COVID-19

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

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

(B) The Honorable Supreme Court of India through an interim order had directed that the accounts which were not declared non-performing asset till August 31, 2020 shall not be declared non-performing after August 31, 2020, till further notice. Basis the interim order, the Company had not classified any standard account as of August 31, 2020 as per Indian Accounting Standards, as impaired (Stage 3) after August 31, 2020.
The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the ECL model under Ind AS financial statements for the year ended March 31, 2021.

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28. Financial risk management (continued)

B. Liquidity risk

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

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

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

(Rs. in lakhs)

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

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

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							
Debt securities	11	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings (other than debt securities)	12	93,422.08	(1,06,739.63)	(54,488.09)	(41,538.58)	(10,712.96)	-
Other financial liabilities	13	4,231.88	(4,231.88)	(4,231.88)			
Loan commitments	33	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		1,80,456.01	(2,02,407.02)	(1,17,795.24)	(73,898.81)	(10,712.96)	-

Notes to the Standalone Financial Statements

As at March 31, 2020 (Restated)

(Rs. in lakhs)

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

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

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	1,323.38	1,323.38	1,323.38	-	-	-
Bank deposits	3	588.46	613.99	613.99	-	-	-
Loans	4	2,55,359.84	3,55,624.04	1,51,615.38	97,822.11	39,082.15	67,104.40
Investments (other than subsidiaries)	5	8,759.44	9,296.77	8,096.28	1,200.49	-	-
Other financial assets	6	1,821.28	1,821.28	1,821.28	-	-	-
Total		2,67,852.40	3,68,679.46	1,63,470.31	99,022.60	39,082.15	67,104.40

As at March 31, 2020 (Restated)

(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	3,772.83	3,419.63	3,419.63	-	-	-
Bank deposits	3	735.88	766.12	766.12	-	-	-
Loans	4	2,04,849.17	2,92,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments (other than subsidiaries)	5	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	6	1,690.39	1,690.39	1,410.43	279.96	-	-
Total		2,12,052.08	2,99,361.14	1,14,360.14	80,172.44	36,729.10	68,099.46

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Notes to the Standalone Financial Statements

28. Financial risk management (continued)

C. Interest rate risk

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

Exposure to interest rate risk

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

(Rs. in lakhs)

Particulars	Nominal amount As at March 31, 2021	Nominal amount As at March 31, 2020 (Restated)
Loans		
Fixed rate loans	1,30,872.89	1,08,509.09
Variable rate loans	1,32,493.60	99,181.42
Bank balance other than cash and cash equivalents	586.06	723.06
Fixed rate investments in debt securities	8,533.21	-
Total	**2,72,485.76**	**2,08,413.57**
Debt and Borrowings		
Fixed rate Debt and Borrowings	(94,622.40)	(47,449.67)
Variable rate Debt and Borrowings	(69,420.64)	(75,026.89)
Total	**(1,64,043.04)**	**(1,22,476.56)**

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

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

(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	630.73	(630.73)	630.73	(630.73)
Cash flow sensitivity (net)	**630.73**	**(630.73)**	**630.73**	**(630.73)**
March 31, 2020 (Restated)				
Variable-rate instruments	241.55	(241.55)	241.55	(241.55)
Cash flow sensitivity (net)	**241.55**	**(241.55)**	**241.55**	**(241.55)**

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

D. Price risk

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

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

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Notes to the Standalone Financial Statements

29. Related party disclosures

Key managerial personnel ("KMP")

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

Enterprises where key management personnel exercises control

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

A. Names of related parties and nature of relationship

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

Direct subsidiaries:

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

Associate of Booth Fintech Private Limited

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

Transactions with key management personnel

i. Key management personnel compensation

(Rs. in lakhs)

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

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

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Notes to the Standalone Financial Statements

29. Related party disclosures (continued)

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

(Rs. in lakhs)

Nature of transactions	Holding Company		Subsidiaries		KMP/ KMP exercising influence/ close member of KMP		Enterprises owned or controlled by KMP		Associate of subsidiary	
	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)
Balance Sheet transactions										
Purchase of equity shares of subsidiary company	-	1,050.25	-	-	-	-	-	-	-	-
Investment in equity shares	-	-	1,800.00	200.20	-	-	-	-	-	-
Security Deposit received	-	-	-	-	-	3.20	-	-	-	-
ICD taken	-	-	400.00	-	-	-	4,500.00	-	3,275.00	-
Repayment of ICD given (including interest)	-	-		395.75	-	-	-	-	-	-
Repayment of ICD taken (including interest)	-	-	-	-	-	-	-	-	2,053.29	-
Advances given	-	-	-	437.00	-	-	-	-	-	-
Refund of Security Deposit	-	-	75.63	-	-	-	-	-	-	-
Payment against expenses	-	-	24.99	-	-	-	-	-	-	-
Refund of amount given for expenses	-	-	1,110.60	20.25	-	-	-	-	-	-
Purchase of Loan Portfolio	-	-	-	-	-	-	12,738.68	-	-	-
Proceeds from sale of Fixed Assets	-	-	0.47	-	-	-	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
Interest on ICD	-	-	-	11.95	-	-	-	-	-	-
Service fee	-	-	-	-	-	-	404.03	95.85	0.15	14.34
Profit on sale of Debentures	-	-	-	-	-	-	20.70	-	-	-
Expense transactions										
License fees	-	-	5.45	5.45	-	-	-	-	-	-
Interest on ICD	-	-	0.22	-	-	-	1.76	-	84.99	-
Expenses on account of reimbursement	-	-	43.56	244.83	-	-	-	-	-	-
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 31 for further details*).

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Notes to the Standalone Financial Statements
29. 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		Subsidiaries		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 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)	For the year ended March 31, 2021	For the year ended March 31, 2020 (Restated)
1	Advances/Receivables	-	-	-	1,041.24	-	-	31.74	99.19	15.47	17.11
2	Investments (at cost)	-	-	3,909.69	2,109.69	-	-	-	-	-	-
3	ICD Payable	-	-	400.20	-	-	-	4,501.63	-	1,300.33	-
4	Other Payables	-	-	-29.35	-	-	-	-	19.01	0.44	-
5	Security deposit payable	-	-	-	-	3.20	3.20	-	-	-	-
6	Number of options outstanding	241	248	24,000	-	-	-	-	-	-	-

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

Notes to the Standalone Financial Statements

30. Employee benefits

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

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Provident fund	215.57	235.48

2. Gratuity

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

Table showing change in the present value of projected benefit obligation

(Rs. in lakhs)

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

Amount recognized in the Balance Sheet

(Rs. in lakhs)

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

Expenses recognized in the Statement of Profit and Loss

(Rs. in lakhs)

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

Expenses recognized in the Other comprehensive income (OCI)

(Rs. in lakhs)

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

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

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

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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 (Restated)
Opening net liability	88.89	65.06
Expenses recognized in Statement of Profit and Loss	40.54	52.86
Expenses recognized in OCI	26.29	(29.03)
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	155.72	88.89

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

(Rs. in lakhs)

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

Sensitivity analysis

(Rs. in lakhs)

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

Qualitative disclosures

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

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

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

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

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

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

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

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

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Notes to the Standalone Financial Statements

31. Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

The Company has Employee Incentive Plan under which options have been granted to eligible employees to be vested from time to time.
The Company has established share option plans that entitle the employees of the Company and its subsidiary companies to purchase the shares of the Company. Under these plans, holders of the vested options are entitled to purchase shares at the exercise price of the shares determined at the respective date of grant of options.

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

A. Measurement of fair values

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

The model inputs for options granted during

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

B. Reconciliation of outstanding share options

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

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

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

InCred Financial Services Limited

Notes to the Standalone Financial Statements

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

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

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

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

A. Measurement of fair values

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

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

B. Reconciliation of outstanding share options

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

	As at March 31, 2021		As at March 31, 2020 (Restated)	
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 23 on employee benefit expense, for share based payment expense charged to Statement of Profit and Loss.

Incred Financial Services Ltd.

32. Lease accounting

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

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

(Rs. in lakhs)

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

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

(Rs. in lakhs)

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

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 (Restated)
Less than one year	231.60	424.93
Between one and five years	1,302.84	1,456.00
More than five years	221.24	713.46
Total	1,755.68	2,594.39

iv. Expenses recognised in the statement of Profit and Loss

(Rs. in lakhs)

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

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

v. Amount recognised in the statement of Cash flow

(Rs. in lakhs)

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

InCred Financial Services Ltd.

Notes to the Standalone Financial Statements

33. Contingent liabilities and commitments

(Rs. in lakhs)

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

The Company does not have any pending litigations and proceedings and hence does not require any provision or mention under contingent liability.
The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

34. Securitisation

Transfer of financial assets that do not result in derecognition

The Company was party to securitisation transaction involving transfer of pool of unsecured loan receivables (monthly instalment loans with original maturity upto 3 years)
In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.
The Company agreed to provide servicing assistance pursuant to the terms of servicing agreement.
In this securitisation where the Company transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Company does not transfer substantially all of the risks and rewards of these assets.
Hence, the company continues to recognise the securitised loan portfolio in its books of accounts.

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

(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 (Restated)	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

Notes to the Standalone Financial Statements

35. Current and Non-current maturity

(Rs. in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020 (Restated)		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,323.38	-	1,323.38	3,772.83	-	3,772.83
Bank Balance other than cash and cash equivalents	588.46	-	588.46	735.88	-	735.88
Loans	1,23,300.54	1,32,059.30	2,55,359.84	84,546.08	1,20,303.09	2,04,849.17
Investments	7,664.75	5,005.91	12,670.66	1,003.81	2,109.69	3,113.50
Other Financial assets	1,590.60	230.68	1,821.28	1,410.43	279.96	1,690.39
Sub total	1,34,467.73	1,37,295.89	2,71,763.62	91,469.03	1,22,692.74	2,14,161.77
Non-financial assets						
Current Tax assets (Net of provision for tax)	-	720.61	720.61	-	862.36	862.36
Deferred Tax assets (Net of deferred tax liabilities)	-	1,857.39	1,857.39	-	963.22	963.22
Property, plant and equipment	-	3,276.35	3,276.35	-	2,975.07	2,975.07
Capital Work-in-progress	-	14.49	14.49	-	125.06	125.06
Other intangible assets	-	222.49	222.49	-	299.97	299.97
Other non-financial assets	480.00	805.55	1,285.55	420.00	626.22	1,046.22
Sub total	480.00	6,896.88	7,376.88	420.00	5,851.90	6,271.90
Total assets	1,34,947.73	1,44,192.77	2,79,140.50	91,889.03	1,28,544.64	2,20,433.67
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Debt securities	51,024.47	22,802.55	73,827.02	24,700.66	17,404.96	42,105.62
Borrowings (Other than Debt Securities)	47,610.34	45,811.74	93,422.08	35,358.69	34,962.59	70,321.28
Other Financial liabilities	251.87	3,980.01	4,231.88	445.76	2,896.81	3,342.57
Sub total	98,886.68	72,594.30	1,71,480.98	60,505.11	55,264.36	1,15,769.47
Non-Financial liabilities						
Provisions	-	169.48	169.48	25.72	132.69	158.41
Other non-financial liabilities	2,905.26	-	2,905.26	2,078.21	-	2,078.21
Sub total	2,905.26	169.48	3,074.74	2,103.93	132.69	2,236.62
Total liabilities	1,01,791.94	72,763.78	1,74,555.72	62,609.04	55,397.05	1,18,006.09

InCred Financial Services Ltd.

Notes to the Standalone Financial Statements

36. Foreign currency transactions

(Rs. in lakhs)

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

37. Corporate social responsibility

(Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020 (Restated)
Amount required to be spent as per section 135 of the Companies Act, 2013:	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*

38. Micro, Small and Medium Enterprises Development

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

39. Share issue expenses

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

(Rs. in lakhs)

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

Notes to the Standalone Financial Statements

40. Capital Management

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

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

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

(Rs. in lakhs)

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

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

Refer Note 46 (2) for further details.

Incred Financial Services Ltd.

Notes to the Standalone Financial Statements

41. Impairment of goodwill

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

42. Scheme of Amalgamation and arrangement

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

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

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

(A) Summary of Restated Balance Sheet:

(Rs. in lakhs)

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

InCred Financial Services Ltd.

42. Scheme of Amalgamation and arrangement (continued)

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

(Rs. in lakhs)

	Particulars	Year ended March 31, 2020 (as previously reported)	Effect of restatement	Year ended March 31, 2020 (Restated)
(i)	Interest income	30,997.60	105.72	31,103.32
(ii)	Fees and commission income	805.82	0.13	805.95
(iii)	Net gain/(loss) on fair value changes	365.98	99.03	465.01
(I)	**Total revenue from operations**	32,169.39	204.88	32,374.28
(II)	Other income	752.25	30.11	782.37
	Total Income	32,921.65	234.99	33,156.65
	Expenses			
(i)	Finance costs	11,861.40	(255.71)	11,605.69
(ii)	Impairment on financial instruments	5,530.23	104.51	5,634.74
(iii)	Employee benefits expenses	9,068.92	171.66	9,240.58
(iv)	Depreciation, amortization and impairment	1,077.41	22.48	1,099.89
(v)	Others expenses	4,151.14	120.10	4,271.24
(IV)	**Total expenses**	31,689.11	163.03	31,852.14
	Profit before tax and exceptional items	1,232.54	71.96	1,304.52
	Exceptional items	616.74	29.02	645.76
	Profit before tax and after exceptional item	615.80	42.94	658.75
	Tax Expense:			
	(1) Current Tax	508.89	18.53	527.43
	'(2) Deferred Tax	(326.79)	182.70	(144.09)
	Profit after tax for the period	433.70	(158.29)	275.41
(X)	Other comprehensive income			
	(A) (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans	26.31	2.73	29.03
	(b) Equity instruments through other comprehensive income	0.02	-	0.02
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.32)	0.00	(0.32)
	Subtotal (A)	26.01	2.73	28.74
	(B) (i) Items that will be reclassified to profit or loss			
	(a) Debt instruments through other comprehensive income	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
	Subtotal (B)	-	-	-
	Other comprehensive income / (loss)	26.01	2.73	28.74
	Total comprehensive income for the period	459.71	(155.57)	304.14

Financial Services Ltd. Incred

Notes to the Standalone Financial Statements

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

(Rs. in lakhs)

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

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

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

(Rs. in lakhs)

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

45. Reversal of Compound Interest

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

InCred Financial Services Ltd. * B.R

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Notes to the Standalone Financial Statements

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

RBI disclosures have been prepared based on IndAS financials.

1 Fraud reported during the year

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

(Rs. In lakhs)

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

2 Capital to Risk Assets Ratio (CRAR)

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

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

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Notes to the Standalone Financial Statements

3 Investments

(Rs. in lakhs)

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

4 Derivatives

(Rs. in lakhs)

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

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Notes to the Standalone Financial Statements

5 Disclosures relating to securitisation

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

(Rs. in lakhs)

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

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

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

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Notes to the Standalone Financial Statements

6 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2021

(Rs. in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	20,636.94	17,076.51	16,817.08	27,879.93	40,890.07	68,296.59	23,993.82	39,768.89	**2,55,359.84**
Investments	1,098.44	542.19	166.57	4,129.53	1,728.01	1,094.70	-	3,911.22	**12,670.66**
Borrowings	14,369.27	2,235.84	7,569.00	16,541.89	57,918.88	58,756.50	9,857.72	-	**1,67,249.10**
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

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

(Rs. in lakhs)

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

Notes to the Standalone Financial Statements

7 **Exposure to real estate sector**

(Rs. In lakhs)

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

8 **Exposure to capital market**

(Rs. in lakhs)

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

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

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

11 Miscellaneous

(a) Registration obtained from other financial sector regulators

Particulars	Reg. Number
RBI Registration Number (COR)*	B-13.02395
Corporate Identification number (CIN)*	U74899MH1991PLC340312
Central Registry of Securitization Asset	JB867

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

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

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

(d) Credit rating

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

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Notes to the Standalone Financial Statements

12 **Additional disclosures**

(a) **Provisions and contingencies**

(Rs. in lakhs)

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

** Provision on stage 3 assets and write off*

*** Stage 1 and 2 assets*

(b) **Draw down from reserves**

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

(c) **Concentration of Advances, Exposures and NPAs**

(c) (i) **Concentration of advances**

(Rs. in lakhs)

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

(c) (ii) **Concentration of exposures**

(Rs. in lakhs)

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

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Notes to the Standalone Financial Statements

(c) (iii) Concentration of NPAs*

(Rs. in lakhs)

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

** NPA accounts refer to stage 3 assets*

(c) (iv) Sector-wise NPAs*

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

** NPA accounts refer to stage 3 assets*

13 Movement of NPAs*

(Rs. in lakhs)

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

** NPA accounts refer to stage 3 assets*

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

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14 Disclosure of Complaints

Customer Complaints

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

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

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

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

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Notes to the Standalone Financial Statements

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

Schedule to the Balance Sheet

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

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021		As at March 31, 2020 (Restated)	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1)	**Liabilities side :**				
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures*				
	- Secured	73,827.02	-	42,105.62	-
	- Unsecured	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	78,803.02	-	65,845.02	-
	(d) Inter-corporate loans and borrowing	7,202.41	-	-	-
	(e) Commercial Paper	1,959.72	-	-	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans	5,456.93	-	4,476.26	-
	*other than falling within the meaning of public deposits				
(2)	**Assets side :**				
	Break-up of loans and advances including bills receivables:				
	(a) Secured	1,36,765.41	1,743.78	1,00,562.73	741.92
	(b) Unsecured	1,27,699.32	5,707.84	1,09,625.53	2,946.11

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

(Rs. in lakhs)

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

19 Break-up of investments:

(Rs. in lakhs)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
	Current Investments :		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debenture and bonds	-	-
	(iii) Units of mutual funds	-	2,003.81
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	6,652.06	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	2,120.55	-
	Non- current Investments:		
1	Quoted:		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted:		
	(i) Shares: (a) Equity	3,911.22	2,109.69
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-

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Notes to the Standalone Financial Statements

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

(Rs. in lakhs)

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

(Rs. in lakhs)

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

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

(Rs. in lakhs)

Sr. No.	Category	As at March 31, 2021		As at March 31, 2020 (Restated)	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties				
	(a) Subsidiaries	3,911.22	3,911.22	2,109.69	2,109.69
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	8,772.61	8,759.44	1,003.81	1,003.81
	Total	12,683.83	12,670.66	3,113.50	3,113.50

22 Other Information

(Rs. in lakhs)

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

*NPA accounts refer to stage 3 assets

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Notes to the Standalone Financial Statements

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

23 Funding Concentration based on significant counterparty

(Rs. in lakhs)

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

24 Top 20 large deposits : NA

25 Top 10 Borrowings

(Rs. in lakhs)

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

26 Funding Concentration based on significant instrument/product

(Rs. in lakhs)

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

27 Stock Ratios

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

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

(Rs. in lakhs)

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

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

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

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

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Notes to the Standalone Financial Statements

29. Restructuring of Loans

(Rs. In lakhs)

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

Notes to the Standalone Financial Statements

29. Restructuring of Loans (Continued)

(Rs. in lakhs)

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

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

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

The Company has availed asset classification benefit underRBI Notification RBI/2018 19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances during FY 2020-21 and FY 2019-20.

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

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Notes to the Standalone Financial Statements

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

(Rs. in lakhs)

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

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Notes to the Standalone Financial Statements

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

(Rs. in lakhs)

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

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

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

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Pranav Gune
Partner
Membership No: 121058

Place: Mumbai
Date: 7 May 2021

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

Bhupinder Singh
Whole Time Director and CEO
DIN: 07342318

Vivek Bansal
Whole Time Director and CFO
DIN: 07835456

Gajendra Thakur
Company Secretary

Place: Mumbai
Date: 7 May 2021

InCred Financial Services Ltd.

B S R & Co. LLP
Chartered Accountants

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

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

Independent Auditors' Report

To the Members of InCred Financial Services Limited

Report on the Audit of Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of matter

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

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

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

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

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters

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

Description of Key Audit Matter

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of loans and advances to customers
Charge: INR 8,868.63 Lakhs for year ended 31 March 2021
Provision: INR 9,104.89 Lakhs at 31 March 2021</td></tr>
<tr><td colspan="2">Refer to the accounting policies in "Note 1 (C)(b) to the Consolidated Financial Statements: Impairment of Financial Assets ", "Note 1(B) (e) to the Consolidated Financial Statements: Significant Accounting Policies- use of estimates and judgements " and "Note 6 to the Consolidated Financial Statements: Loans"</td></tr>
<tr><td>Subjective estimate

Recognition and measurement of impairment of loans and advances involve significant management judgement.

Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are:

• Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate

• Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Group's modelling approach.</td><td>• Our key audit procedures included:

• Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process.

• Assessed the design and implementation of controls in respect of the Group's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management.

• Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.

• Testing of review controls over measurement of impairment allowances and disclosures in financial statements.

• Testing management's controls over authorisation and calculation of post model adjustments and management overlays.

• Evaluated whether the methodology applied by the Group is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.</td></tr>
</table>

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters *(Continued)*

Description of Key Audit Matter *(Continued)*

Key audit matter	How the matter was addressed in our audit
• Economic scenarios – Ind AS 109 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments – In the absence of time tested historical data for certain loan products, management has used surrogate industry estimates or derived inputs using regulatory guidance. Management believes that these estimates though address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. • Restructuring – the Holding Company has restructured loans in the current year on account of COVID-19 related regulatory measures. The Holding Company has undertaken restructuring under the RBI circular for restructuring dated 6 August 2020 for retail as well as SME portfolio. In addition, Holding Company has given relief to its eligible borrowers using the ECLGS scheme. This has resulted in increased management estimation over determination of losses for such restructured loans *Impact of COVID -19* On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Group. The extent to which the COVID-19 pandemic will impact the Group's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter. *Disclosures* The disclosures regarding the Group's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied. • Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Group's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • The reasonableness of the Group's considerations of the impact of the current economic environment due to COVID-19 on the impairment loss allowance determination.

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Key Audit Matters *(Continued)*

Description of Key Audit Matter *(Continued)*

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

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

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

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

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

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

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

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

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint ventures and joint operations to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

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

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

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

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

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and written representations received from the directors of the Subsidiary Companies and associate company as on 31 March 2021, none of the directors of the Group companies and its associate incorporated in India are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

i. The Group does not have any pending litigations which would impact its consolidated financial statements Refer Note 36 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021 Refer note 36 to the consolidated financial statements.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate company incorporated in India during the year ended 31 March 2021.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.

Independent Auditors' Report *(Continued)*

InCred Financial Services Limited

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

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

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

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

Pranav Gune
Partner
Membership No. 121058
UDIN: 21121058AAAABZ1066

Mumbai
23 July 2021

InCred Financial Services Limited

Annexure A to the Independent Auditors' report on the consolidated financial statements of InCred Financial Services Limited for the year ended 31 March 2021

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of InCred Financial Services Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

InCred Financial Services Limited

Annexure A to the Independent Auditors' report on the consolidated financial statements of InCred Financial Services Limited for the year ended 31 March 2021 *(Continued)*

Auditors' Responsibility ***(Continued)***

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

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

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

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

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

Pranav Gune
Partner
Membership No. 121058
UDIN: 21121058AAAABZ1066

Mumbai
23 July 2021

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	73.13	58.11
(b) Debt securities	14	73,827.02	42,105.62
(c) Borrowings (other than debt securities)	15	93,021.85	70,321.28
(d) Other financial liabilities	16	4,272.27	3,345.35
(2) Non-financial liabilities			
(a) Provisions	17	169.90	158.41
(b) Deferred tax liabilities (net)	9	832.27	1,069.68
(c) Other non-financial liabilities	18	2,905.65	2,101.09
EQUITY			
(a) Equity share capital	19 (A)	38,624.42	38,615.30
(b) Other equity	19 (B)	66,776.78	65,435.10
Total liabilities and equity		**2,80,453.29**	**2,23,209.94**

Significant accounting policies and key accounting estimates and judgements — 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

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

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 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

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 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

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

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	At Fair Value	Others	Total	Amortised cost	At Fair Value	At Fair Value	Others	Total
		Through profit or loss	Through other comprehensive income				Through profit or loss	Through other comprehensive income		
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 *

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*

Incred Financial Services Limited

Notes to the Consolidated Financial Statements

11. Other intangible assets

(Rs. in lakhs)

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

12. Other non-financial assets

(Rs. in lakhs)

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

13. Other Payables

(Rs. in lakhs)

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

Incred Financial Services

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

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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**

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Notes to the Consolidated Financial Statements

16. Other financial liabilities

(Rs. in lakhs)

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

17. Provisions

(Rs. in lakhs)

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

18. Other non-financial liabilities

(Rs. in lakhs)

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

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Notes to the Consolidated Financial Statements

19 (A). Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 10/- each	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00
Preference Shares of Rs. 10/- each	8,00,00,000	8,000.00	8,00,00,000	8,000.00
Total	**2,08,00,00,000**	**2,08,000.00**	**2,08,00,00,000**	**2,08,000.00**
Issued, subscribed and paid up capital				
Equity Shares of Rs. 10/- each fully paid up	30,77,27,936	30,772.79	30,76,36,727	30,763.67
Preference Shares of Rs. 10/- each fully paid	7,85,16,289	7,851.63	7,85,16,289	7,851.63
Total	**38,62,44,225**	**38,624.42**	**38,61,53,016**	**38,615.30**

Terms/rights attached to equity shares

The group has only one class of equity shares having par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The group declares and pays dividend in Indian Rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the group, the holders of the equity shares will be entitled to receive remaining assets of the group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Terms/rights attached to preference shares

Each Cumulative Compulsory Convertible Preference Share ("CCCPS") shall be a 0.001% coupon preference share denominated in Indian Rupees and shall be fully and cumulatively compulsorily convertible within a period of 19 years from the date of their issue.

Each holder of CCCPS shall have such rights to attend and vote at general meetings as prescribed by the Companies Act and other applicable laws from time to time and as specified under the Articles of Association. Further to the aforesaid, for the purpose of voting, the holder of the CCCPS shall be deemed to have converted all its CCCPS into Equity Shares and shall have voting rights on every resolution placed before the group on the basis of its shareholding in the group on as "as converted" basis or Fully Diluted Basis, i.e., assuming the conversion of all the CCCPS held by it into Equity Shares.

Equity shares held by holding company

Out of the equity shares issued by the group, shares held by its holding group :

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	Amount	No. of shares held	Amount
Bee finance Limited (Mauritius), the holding company	23,03,73,125	23,037.31	23,03,73,125	23,037.31
Total	**23,03,73,125**	**23,037.31**	**23,03,73,125**	**23,037.31**

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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.

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Notes to the Consolidated Financial Statements

20. Interest income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at amortised cost:		
-Interest on loans	35,496.09	31,012.88
-Interest income from investments	523.59	40.22
-Interest on deposits with banks	166.27	38.26
On Financial Assets measured at fair value through Other Comprehensive Income:		
-Interest income from investments	1,537.50	-
Total	**37,723.45**	**31,091.36**

Note - No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the year ended 31 March 2021 and 31 March 2020.

21. Fees and commission income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other fees and charges	501.16	749.95
Service fees (Refer Note 32 for related party transaction)	56.00	56.00
Total	**557.16**	**805.95**

22. Net (loss)/ gain on fair value changes

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net (loss)/ gain on financial instruments at fair value through profit or loss		
- Investments	268.91	465.01
Total	**268.91**	**465.01**
Fair value changes:		
- Realised	268.91	461.20
- Unrealised	-	3.81

23. Other income

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Service fee income	401.46	628.56
Marketing fees	195.00	255.00
Other income	101.67	20.78
Total	**698.13**	**904.34**

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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**

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Notes to the Consolidated Financial Statements

27. Other expenses

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent (Refer Note 35)	275.89	275.89
Communication cost	78.64	94.04
Travelling and conveyance	129.70	344.41
Legal, professional and consultancy charges	434.57	350.68
IT expenses	672.66	657.32
Repairs and maintenance	20.62	25.01
Rating fees	104.25	47.84
Printing and stationary	5.76	30.08
Bank charges	32.23	28.57
Bureau charges	168.68	290.44
Directors' sitting fees	13.19	14.55
Payment to auditors	94.93	80.12
Advertisement, publicity and sales promotion expenses	389.18	477.95
Operation Cost	164.05	458.25
Office Expense	320.31	315.23
Postage & courier charges	12.07	62.45
Interest on statutory dues	14.41	5.53
Recruitment fees	32.51	126.88
Stamp Duty & Filing fees	10.64	86.65
Legal & Technical charges	25.64	88.74
Corporate Social responsibility (Refer Note 40)	20.05	16.93
Provision for diminution in the value of investment	-	-
Cost of collection	851.93	553.48
Miscellaneous expenses	64.54	54.45
Total	**3,936.45**	**4,485.49**

Payment to the auditors:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Auditor's remuneration		
- Audit fees	84.12	71.95
In other capacity		
- Certification services	10.81	8.17
- Taxation	-	-
Out of pocket expenses	-	-
Total	**94.93**	**80.12**

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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.

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Notes to the Consolidated Financial Statements

29. Earnings per share

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

i. Profit attributable to Equity shareholders:

(Rs. in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit attributable to equity holders of the Company used in calculating basic earnings per share	217.04	516.31
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	**217.04**	**516.31**

ii. Weighted average number of ordinary shares

Particulars	As at March 31, 2021	As at March 31, 2020
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,51,19,843	38,03,66,142
Add: Adjustments for calculation of diluted earnings per share	14,19,853	-*
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**38,65,39,696**	**38,03,66,142**
Basic earnings per share	**0.06**	**0.14**
Diluted earnings per share	**0.06**	**0.14**

** The ESOPs outstanding are anti-dilutive in nature*

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Notes to the Consolidated Financial Statements

30. Fair value measurements

A. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below :

(Rs. in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Cash and cash equivalents	-	-	1,457.92	-	-	3,843.63
Bank balance other than cash and cash equivalents	-	-	588.46	-	-	735.88
Receivables						
(I) Trade receivables	-	-	3.76	-	-	141.01
(II) Other receivables	-	-	-	-	-	4.75
Loans	-	-	2,55,359.84	-	-	2,04,849.17
Investments						
- Mutual funds	-	-	-	1,003.81	-	-
- Debt securities		6,638.94	2,120.51	-	-	-
- Strategic investment				-	-	-
Other financial assets	-	-	1,852.48	-	-	773.70
Total financial assets	-	6,638.94	2,61,382.97	1,003.81	-	2,10,348.14
Financial liabilities						
Payables						
- Other payables	-	-	23.13	-	-	58.11
Debt securities	-	-	73,827.02	-	-	42,105.62
Borrowings (other than debt securities)	-	-	93,021.85	-	-	70,321.28
Other financial liabilities	-	-	4,272.27	-	-	3,345.35
Total financial liabilities	-	-	1,71,144.27	-	-	1,15,830.36

B. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below:

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Equity instruments (strategic investments)	-	-	-	-	-	-	-	-
Investment in mutual funds	-	-	-	-	1,003.81	-	-	1,003.81
Investment in debt securities	-	-	6,638.94	6,638.94	-	-	-	
Total	-	-	6,638.94	6,638.94	1,003.81	-	-	1,003.81

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(Rs. in lakhs)

Particulars	Fair value							
	As at March 31, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	1,457.92	-	-	1,457.92	3,843.63	-	-	3,843.63
Bank balance other than cash and cash equivalents	588.46	-	-	588.46	735.88	-	-	735.88
Receivables								
(I) Trade receivables	-	-	3.76	3.76	-	-	141.01	141.01
(ii) Other receivables	-	-	-	-	-	-	4.75	4.75
Investments								
-Debt securities	-	-	2,120.51	2,120.51	-	-	-	-
Loans	-	-	2,70,436.30	2,70,436.30	-	-	2,06,237.47	2,06,237.47
Other financial assets	-	-	1,852.48	1,852.48	-	-	773.70	773.70
Total	2,046.38	-	2,74,413.05	2,76,459.43	4,579.51	-	2,07,156.93	2,11,736.44
Financial Liabilities								
Payables								
- Other payables	-	-	23.13	23.13	-	-	58.11	58.11
Debt securities	-	-	74,320.09	74,320.09	-	-	42,112.57	42,112.57
Borrowings (other than debt securities)	-	-	93,038.76	93,038.76	-	-	70,306.94	70,306.94
Other financial liabilities	-	-	4,272.27	4,272.27	-	-	3,345.35	3,345.35
Total	-	-	1,71,654.25	1,71,654.25	-	-	1,15,822.97	1,15,822.97

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(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:

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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

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Notes to the Consolidated Financial Statements

31. Financial risk management

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk & liquidity risk. The Group's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance. The financial risks are managed in accordance with the Group's risk management policy which has been approved by its Board of Directors.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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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.

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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.

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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

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For investments

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on March 31, 2019	1.82
Changes in loss allowances due to Assets used or released	(1.82)
Loss allowance on March 31, 2020	-
Changes in loss allowances due to Assets used or released	13.17
Loss allowance on March 31, 2021	13.17

For loan commitments

(Rs. in lakhs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses (Stage 1)
Loss allowance on 31 March 2019	3.63
Changes in loss allowances due to Assets used or released	1.19
Loss allowance on 31 March 2020	4.82
Changes in loss allowances due to Assets used or released	6.18
Loss allowance on 31 March 2021	11.00

Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below.

(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.

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31. Financial risk management (continued)

B. Liquidity risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Group has formulated an Asset Liability Management Policy. The Asset Liability Management Committee ('ALCO') is responsible for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Group has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:
The Group has the following undrawn credit lines available as at the end of the reporting period:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Expiring within one year	10,090.93	11,038.25
Expiring beyond one year	-	-
Total	**10,090.93**	**11,038.25**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Other payables	13	23.13	(23.13)	(23.13)	-	-	-
Debt securities	14	73,827.02	(82,460.46)	(54,998.53)	(27,461.93)	-	-
Borrowings	15	93,021.85	(1,06,339.41)	(54,087.87)	(41,538.58)	(10,712.96)	-
Other financial liabilities	16	4,272.27	(4,272.27)	(4,272.27)	-	-	-
Loan commitments	36	8,975.03	(8,975.05)	(4,076.74)	(4,898.31)	-	-
Total		**1,80,119.30**	**(2,02,070.32)**	**(1,17,458.54)**	**(73,898.82)**	**(10,712.96)**	-

As at March 31, 2020

(Rs. in lakhs)

Particulars	Note No	Contractual cash flows					
		Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial liabilities							
Other payables	13	58.11	(58.11)	(58.11)	-	-	-
Debt securities	14	42,105.62	(45,798.45)	(26,433.72)	(19,364.73)	-	-
Borrowings	15	70,321.28	(99,576.75)	(41,614.51)	(34,684.90)	(23,270.90)	-
Other financial liabilities	16	3,345.35	(3,345.34)	(26.77)	(3,318.57)	-	-
Loan commitments	36	9,880.07	(9,880.07)	(5,430.48)	(4,420.62)	(14.49)	(14.48)
Total		**1,25,710.43**	**(1,58,658.72)**	**(73,563.59)**	**(61,788.82)**	**(23,285.39)**	**(14.48)**

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Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

As at March 31, 2021

(Rs. in lakhs)

Particulars	Note No	Carrying amount	Contractual cash flows				
			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	Carrying amount	Contractual cash flows				
			Gross nominal inflow/(outflow)	Less than 1 year	1-3 years	3-5 years	After 5 years
Maturities of financial assets							
Cash and cash equivalents	2	3,843.63	3,843.63	3,843.63	-	-	-
Bank deposits	3	735.88	735.88	735.88	-	-	-
Trade receivables	4	141.01	141.01	141.01	-	-	-
Other receivables	5	4.75	4.75	4.75	-	-	-
Loans	6	2,04,849.17	2,92,481.19	1,07,760.15	79,892.48	36,729.10	68,099.46
Investments	7	1,003.81	1,003.81	1,003.81	-	-	-
Other financial assets	8	773.70	773.70	380.71	392.99	-	-
Total		2,11,351.95	2,98,983.97	1,13,869.94	80,285.47	36,729.10	68,099.46

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Notes to the Consolidated Financial Statements

31. Financial risk management (continued)

C. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely. The Group has Asset and Liability Management Committee (ALCO) and has empowered it to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and loans. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(Rs. in lakhs)

Particulars	Nominal amount	
	As at March 31, 2021	As at March 31, 2020
Loans		
Fixed rate loans	1,30,872.89	1,08,509.09
Variable rate loans	1,32,493.60	99,181.42
Bank balance other than cash and cash equivalents	586.06	723.06
Investment in debentures	8,533.21	-
Total	2,72,485.76	2,08,413.57
Debt and Borrowings		
Fixed rate Debt and Borrowings	(94,222.18)	(47,092.03)
Variable rate Debt and Borrowings	(69,420.64)	(64,278.82)
Total	(1,63,642.82)	(1,11,370.85)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates.

If interest rates related to loans and borrowings had been 100 bps higher/ lower and all other variables were held constant, the Group's Profit before tax for the year ended/ Other Equity (pre-tax) as on March 31, 2021 and March 31, 2020 would increase/ (decrease) by the following amounts:

(Rs. in lakhs)

Particulars	Profit or (loss)		Equity (before of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2021				
Variable-rate instruments	382.71	(382.71)	382.71	(382.71)
Cash flow sensitivity (net)	382.71	(382.71)	382.71	(382.71)
March 31, 2020				
Variable-rate instruments	349.03	(349.03)	349.03	(349.03)
Cash flow sensitivity (net)	349.03	(349.03)	349.03	(349.03)

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

D. Price risk

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2020, profit or loss(pre-tax) for the year ended March 31, 2020 would increase/decrease by Nil (Previous Year: Rs. 10.03 lakhs) with a corresponding increase/decrease in the Total Equity of the Company as at March 31, 2020.

The Group is currently not exposed to any equity price risks arising from equity investments classified in the Balance Sheet at fair value through Other Comprehensive Income since the amount outstanding as at March 31, 2020 is Nil (Previous year: Nil).

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Notes to the Consolidated Financial Statements

32. Related party disclosures

A. Names of related parties and nature of relationship:

Key Managerial Personnel (KMP)

Name of the KMP	Designation
Mr. Bhupinder Singh	Founder and Director (upto May 15, 2019) and Whole-time director and
Mr. Vivek Bansal	Whole-time director and Chief Financial Officer
Mr. Gajendra Thakur	Company Secretary (w.e.f. September 1, 2020)
Mrs. Nikita Hule	Company Secretary (upto August 31, 2020)
Mr. Deepak Narang	Independent Director (upto June 11, 2021)
Mrs. Rupa Rajul Vora	Independent Director
Mr. Debashish Dutta Gupta	Independent Director (w.e.f December 1, 2020)
Dr. Parvinder Singh Pasricha	Independent Director (w.e.f March 3, 2020 upto September 3, 2020)
Mr. Antonius Theodorus Maria 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.

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Notes to the Consolidated Financial Statements

32. Related party disclosures (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(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*).

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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)**

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Notes to the Consolidated Financial Statements

The actuarial assumptions used to determine benefit obligations as at March 31, 2021 and March 31, 2020 are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	4.25%	5.21%
Salary escalation rate	5% for next 1 year and 7% thereafter	5% - 7%
Expected Rate of return on Plan Assets	N.A	N.A.
Rate of Employee Turnover	35.00%	35.00%
Mortality Rate during employment	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors

Balance sheet reconciliation

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening net liability	88.90	65.07
Expenses recognized in Statement of Profit and Loss	43.72	52.86
Expenses recognized in OCI	26.29	(29.03)
Net (Asset) Transfer In	-	-
Net liability recognized in the Balance Sheet	**158.91**	**88.90**

Maturity analysis of the benefit payments: from the employer

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Projected benefits payable in future years from the date of reporting		
1st following year	0.73	0.55
2nd following year	32.15	0.41
3rd following year	38.22	20.52
4th following year	33.79	24.07
5th following year	25.33	20.49
Sum of years 6 To 10	47.54	38.84
Sum of years 11 and above	7.87	6.86

Sensitivity analysis

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Projected benefit obligation on current assumptions	158.91	88.89
Delta effect of +1% change in rate of discounting	(5.20)	(3.56)
Delta effect of -1% change in rate of discounting	5.52	3.79
Delta effect of +1% change in rate of salary increase	4.96	3.62
Delta effect of -1% change in rate of salary increase	(4.83)	(3.50)
Delta effect of +1% change in rate of employee turnover	(4.15)	(3.44)
Delta effect of -1% change in rate of employee turnover	4.24	3.55

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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

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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.

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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

Incred Financial Services Limited

Notes to the Consolidated Financial Statements

36. Contingent liabilities and commitments

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Commitments		
Commitments relating to loan sanctioned but undrawn	8,975.03	9,880.07
Total	**8,975.03**	**9,880.07**

The Group does not have any pending litigations and proceedings and hence does not require any provision or mention under contingent liability.
The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

37. Securitisation

Transfer of financial assets that do not result in derecognition

The Group was party to securitisation transaction involving transfer of pool of unsecured loan receivables (monthly instalment loans with original maturity up to 3 years)

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates ('PTC') to third party investors.
The Group has agreed to provide servicing assistance pursuant to the terms of servicing agreement.

In this securitisation where the Group transfers loans and advances to unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the Special Purpose Vehicle ('SPV'). The Group does not transfer substantially all of the risks and rewards of these assets.
Hence, the Group continues to recognise the securitised loan portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities:

(Rs. in lakhs)

As at March 31, 2021	Loan receivables	Credit enhancements
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

(Rs. in lakhs)

As at March 31, 2020	Loan receivables	Credit enhancements
Carrying amount of assets	421.33	137.00
Carrying amount of associated liabilities	130.83	-

Incred Financial Services Limited

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**

Incred Financial Services Limited *

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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)

Incred Financial Services Limited *

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**

Incred Financial Services Limited

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

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)

InCred Financial Services Limited *

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

InCred Financial Services Limited

DIRECTOR'S REPORT

To
The Members of
KKR CAPITAL MARKETS INDIA PRIVATE LIMITED

The Board of Directors of KKR Capital Markets India Private Limited ("**Company**") present the Eleventh Annual Report on the business and operations of the Company for the Financial Year ("**FY**") ended March 31, 2021. This was an unprecedented year, with the Covid-19 pandemic affecting the businesses and individuals in India and across the world. Lockdown and restrictions imposed on various activities due to the pandemic called for extraordinary changes in the way operations were managed by the Company.

FINANCIAL RESULTS

The Company's financial results for the FY ended March 31, 2021, as compared to previous FY ended March 31, 2020 are summarized in the table below:

(Rupees in million)

	Standalone		Consolidated	
Particulars	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Revenue from Operations	79.23	205.18	3,974.32	7,579.81
Other Income	2.68	0.1	238.63	2.80
Total Income	81.91	205.28	4,212.95	7,582.61
Profit before depreciation & Amortization and taxes	(1,546.89)	(12,664.12)	216.68	(16,601.98)
Depreciation and Amortization Expenses	9.70	8.88	38.17	32.01
Profit/ (loss) before Tax	(1,556.59)	(12,673)	178.51	(16,633.99)
Provision for Taxation (net)	27.68	(20.83)	1,762.01	(3,847.28)
Loss after Tax	(1,584.27)	(12,652.17)	(1,583.50)	(12,786.71)
Add/(less): Share of profit/(loss) in joint venture	-	-	(2.80)	(57.45)
Net Profit After Tax and share of joint venture	-	-	(1,586.30)	(12,844.16)
Other Comprehensive Income	0.02	(0.60)	2.04	(4.06)
Total comprehensive income	(1,584.25)	(12,652.77)	(1,584.26)	(12,848.22)

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CIN No. U67190MH2011PTC211738

STATEMENT OF THE COMPANY'S AFFAIRS AND FINANCIAL PERFORMANCE

The Company is licensed by the Securities and Exchange Board of India ("**SEBI**") as a merchant bank under the SEBI (Merchant Bankers) Regulations, 1992 ("**Merchant Banker Regulations**") bearing registration code INM000011880 dated October 19, 2016.

The Company provides investment advisory and portfolio monitoring services to a number of other institutional clients.

The Company also acts as investment manager and sponsor to five alternative investment funds registered with SEBI under the SEBI (Alternative Investment Funds) Regulations, 2012 ("**SEBI AIF Regulations**") being:

- KKR India Debt Fund I
- KKR India Debt Opportunities Fund III
- KKR India Debt Opportunities Fund II
- India Alternative Opportunities Fund
- KKR India Credit Trust

The Audited Financial Statements both on standalone and consolidated basis have been prepared in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 "Ind AS" read with Section 133 of the Companies Act 2013 ("Act"). The Consolidated Financial Statement have been prepared in accordance with Ind AS and relevant provisions of the Act based on the financial statement received from subsidiary as approved by its Board of Directors.

During the FY 2020-21, previous year's figures are restated in accordance with said Ind-AS. Revenue from operations of the Company on standalone basis has been Rs. 79.23 million, as against Rs. 205.18 million in the previous FY. The loss after tax during the FY 2020-21 is Rs. 1,584.27 million as against the loss after tax of Rs. 12,652.17 million in the previous FY.

The consolidated financials reflect the cumulative performance of the Company along with that of its subsidiary, i.e. KKR India Financial Services Limited. On a consolidated basis, during the year under review, the revenue from operations has been Rs. 3,974.32 and profit/(loss) after tax of Rs (1,583.50) million as compared to previous FY of Rs. 7,579.81 million and Rs. (12,786.71) million respectively.

CHANGE IN THE NATURE OF BUSINESS:

During the year under review, there has been no change in the nature of business of your Company.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

KKR India Financial Services Limited (KIFS), a structured credit lender registered as a SI-NBFC, is a wholly owned subsidiary of the Company under the meaning of Section 2(87) of the Act with effect from March 30, 2017 which was converted to a Public Limited entity effective from July 24, 2020.

The Company has a joint venture from August 2018 under the name of Tranzmute LLP, a limited liability partnership under the Limited Liability Partnership Act, 2008, along with Mr. Narayan K. Seshadri ("NKS") as a partner primarily engaged in the business of providing restructuring advisory services, comprehensive transformation services and transformation management, operational oversight, monitoring and remedial measures and other business advisory services to target companies in India.

During the FY 2020-21, revenue from operations of KIFS has been Rs. 3,903.64 million, as against Rs. 7,374.63 million in the previous FY. During the FY end, KIFS has reported loss after tax amounting to Rs. 1,394.01 million as against the loss after tax of Rs. 12,558.38 million in the previous FY.

The statement containing details of performance and salient features of the Financial Statements of Subsidiary Companyand Joint Venture during the FY 2020-21 in Form AOC-1 pursuant to first proviso to sub-section (3) of Section 129 of the Act and Rule 5 of Companies (Accounts) Rules, 2014, is attached as '**Annexure A**'.

The Company does not have any Associate Companies as on March 31, 2021.

ANNUAL RETURN

The Company does not have any dedicated website of its own and accordingly the Company is not in a position to place its annual return on the website of the Company as required under the provisions of Section 92 read with Section 134(3)(a) of the Act.

TRANSFER TO RESERVES

In absence of profits, the Board has not recommended any amount for transfer to reserves for the year under review.

DIVIDEND

In absence of profits, the Board has not recommended any dividend on the Equity Shares of the Company for the FY ended March 31, 2021.

SHARE CAPITAL

Authorized Share Capital:

As on March 31, 2021, the Authorized Share Capital ("**ASC**") of the Company stood at Rs. 2,000,000,000 comprising of 200,000,000 equity shares of Rs. 10/- each.

Issued, Subscribed and Paid-up Share Capital:

During the year under review, the Companyallotted the following equity shares of face value of Rs. 10/- each, at an applicable exercise price, to the eligible employees of the Company and its subsidiary, on exercise of Restricted Stock Units (RSUs) under KKR Capital Markets India Private Limited Share Incentive Plan.

Date of allotment	**Number of equity shares**
September 7, 2020	685,347
September 29, 2020	290,215
March 24, 2021	58,619
Total	**1,034,181**

With the said allotment, the paid up equity Share Capital of the Company has increased from Rs. 1,914,669,630 comprising of 191,466,963 fully paid-up equity shares of face value of Rs. 10/- each as on March 31, 2020 to Rs. 1,925,011,440 comprising of 192,501,144 fully paid-up equity shares of face value of Rs. 10/- each as on March 31, 2021.

Subsequent to the end of FY March 31, 2021, on May 31, 2021, the Company allotted 23,665 equity shares of face value of Rs. 10/- , at applicable exercise price, to the eligible employees of the Company and its subsidiary on exercise of RSUs under KKR Capital Markets India Private Limited Share Incentive Plan.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board comprises of the following directors as on March 31, 2021:

Name	**DIN**	**Designation**
Mr. Anil Nagu	00110529	Whole Time Director & Chief Financial Officer
Mr. Richard Holden	08095159	Non-executive Director
Mr. Karthik Krishna	06993503	Non-Executive Director
Mr. Brian Wesley Dillard	08626376	Non-Executive Director

The following changes were made in the composition of the Board of Directors of the Company as on date of this Report:

a) **Directors Appointments/Cessation**

- Mr. Sanjay Nayar had resigned from the position of the Non-Executive Director of the Company with effect from December 30, 2020.

  The Board of Directors places their sincere appreciation and gratitude for the valuable contribution appreciation made by Mr. Sanjay Nayar during his tenure as the Director to the growth and success of the Company.

- Mr. Brian Dillard's appointment was regularized/approved by the Shareholders of the Company at the 10th Annual General Meeting held on September 29, 2020 as a Non-Executive Director of the Company.

- Mr. Karthik Krishna's appointment was regularized/approved by the Shareholders of the Company at the 10th Annual General Meeting held on September 29, 2020 as a Non-Executive Director of the Company.

b) **Key Managerial Personnel**

The following officials are the Key Managerial Personnel of the Company as on March 31, 2021 as well as on the date of this report:

- Mr. Anil Nagu – Whole Time Director and Chief Financial Officer; and
- Mr. Binoy Parikh - Company Secretary and Compliance Officer

During the year under review, Mr. Binoy Parikh was appointed as the Company Secretary and Key Managerial Personnel of the Company with effect from July 1, 2020. Mr. Binoy Parikh is also appointed as Company Secretary and Key Managerial Personnel of the Subsidiary Company i.e KKR India Financial Services Limited, with effect from July 1, 2020.

c) **Declaration by Directors**

Based on the declarations and confirmations received, none of the Directors of the Company are disqualified from being appointed/ continuing as Directors in terms of section 164(2) of the Act.

d) **Declaration by Independent Directors**

The Company is not required to appoint Independent Directors under Section 149(4) and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

BOARD MEETINGS

Number of meetings of the Board:

During the FY 2020-21, the Board met four times on June 29, 2020, September 17, 2020, December 14, 2020, and March 24, 2021. The necessary quorum was present for all the Meetings and the maximum interval between any two meetings did not exceed 120 days.

The necessary quorum was present for all the Meetings and the maximum interval between any two meetings did not exceed 120 days.

Attendance record of Directors:

	Name of the Director	Category	No of Board Meeting attended	Whether attended AGM held on September 29, 2020
1.	Mr. Sanjay Nayar	Non-Executive Director	3 of 3	Yes
2.	Mr. Richard Holden	Non-Executive Director	4 of 4	Yes
3.	Mr. Anil Nagu	Whole Time Director and Chief Financial Officer	4 of 4	Yes
4.	Mr. Brian Wesley Dillard	Non-Executive Director	4 of 4	Yes
5.	Mr. Karthik Krishna	Non-Executive Director	4 of 4	Yes

[1.] Mr. Sanjay Nayar ceased to be Executive Director w. e. f. December 30, 2020.

COMMITTEES OF THE BOARD

The Board has constituted the following committees to support the Directors in discharging its responsibilities and ensure expedient resolution of diverse matters with the applicable provisions of the Act:

- Corporate Social Responsibility Committee;
- Compensation Committee; and
- Investment and Credit Committee.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Formation

The Corporate Social Responsibility Committee ("CSR' or 'Committee") was constituted on August 26, 2014 in line with the provisions of the Section 135 of the Act.

Constitution of the committee:

The Composition of the CSR is as follows as on March 23, 2021:

Name	Designation
Mr. Anil Nagu	Member, Whole Time Director & Chief Financial Officer
Mr. Brian Dillard	Member, Non-Executive Director
Mr. Karthik Krishna	Member, Non-Executive Director

The Board of Directors in their Meeting held on March 24, 2021 noted that the amount to be spent as CSR contribution will not be exceeding RS. 50 lakhs and the Board can discharge the functions of CSR Committee pursuant to the recent amendment in Section 135 and the Companies (CSR Policy) Amendments Rules, 2021 effective from January 22, 2021 and approved the dissolution of the Corporate Social Responsibility Committee with immediate effect formed by the Company in accordance with Section 135 of the Act.

Annual Report on CSR activities is a part of the Director's Report and set out in "**Annexure B**".

COMPENSATION COMMITTEE

Formation

The Compensation Committee of the Company was formulated on December 6, 2017 to approve the issuance of the Restricted Share Units ("RSUs") to the employees of the Company and its subsidiary company.

Constitution of the Committee:

The Composition of the Compensation Committee is as follows as on March 31, 2021:

Name	Designation

Mr. Brian Dillard	Member, Non-Executive Director
Mr. Jigar Shah	Member

Noted: Mr. Sanjay Nayar ceased to be Member of the Committee effective from January 4, 2021

INVESTMENT AND CREDIT COMMITTEE

Formation

The Investment and Credit Committee ("**ICC**") of the Company was constituted on December 6, 2017 for reviewing, transacting, approving and restructuring of the proposals for loans / advances or investments provided or to be provided by the Company.

Constitution of the Committee

The Composition of the ICC is as follows as on March 31, 2021:

Name	Designation
Mr. Jigar Shah	Member
Mr. Anil Nagu	Member, Whole time Director & Chief Financial Officer
Mr. Brian Dillard	Member, Non-Executive Director

Note: Mr. Sanjay Nayar and Mr. Deepak Punjabi ceased to be the Members of the Committee effective from January 4, 2021 and March 31, 2021 respectively.

POLICY ON APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The provisions of Section 178 of the Act in relation to the formation of the Nomination Committee of the Board and to devise policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management employees and their remuneration is not applicable to the Company.

DEPOSITS

The Company has not accepted any deposits from public under provisions of 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, during the FY 2020-2021.

AUDITORS AND THEIR AUDIT REPORT

Statutory Auditors:

Pursuant to the provision of Section 139, 142, and other applicable provisions of the Act read with

Companies (Audit and Auditors) Rules, 2014 and since completion of 5 years term of Deloitte and Haskins Sells LLP's as Statutory Auditors of the Company, the Shareholder of the Company at their Meeting held on September 30, 2019 had appointed MSKA & Associates, Chartered Accountants (ICAI Registration No. 105047W) Mumbai as Statutory Auditors to hold office for a term of five consecutive years from the conclusion of the 9th Annual General Meeting held in 2019 until the conclusion of the 14th Annual General Meeting to be held in 2024 of the Company.

During the year under review, the statutory auditors confirmed that they had remained independent throughout the duration of the audit engagement, as required by the relevant ethical /independence requirements as enunciated in the Code of Ethics issued by the ICAI.

The Statutory Auditors' Report for the FY ended March 31, 2021 does not contain any qualifications, reservations or adverse remarks which require any clarifications/ explanations by the Board.

Secretarial Auditor:

The Company is not required to appoint Secretarial Auditors as it does not fall under the purview of the provisions of Section 204 (1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Internal Auditors

Pursuant to the requirements of Section 138 of the Act read with Rule 13 of the Companies (Accounts) Rules, 2014, the Board of Directors had appointed M/s KPMG Assurance and Consulting Services LLP, Chartered Accountants, as Internal Auditors of the Company for conducting Internal Audit for the FY 2020-21.

The Internal Audit Report for the FY ended March 31, 2021 does not contain any qualifications, reservations, adverse remarks or disclaimer which require any clarifications/ explanations by the Board.

Reporting of frauds by auditors:

During the year under review the Statutory Auditors, have not reported any instance of frauds committed in the Companybyits officers or employeesto the Board of Directors under Section 143(12) of the Act details of which needs to be mentioned in this Report.

INTERNAL CONTROL/INTERNAL FINANCIAL CONTROLS SYSTEMS AND THEIR ADEQUACY

The Companyhas in place adequate internal financial controls with reference to the financial statements commensurate with the size, scale and complexity of the operations of the Company as on March 31, 2021.

During the year under review, the Internal Auditors of the Company evaluated the adequacy of all internal controls and processes, and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework and no material weaknesses in the design or operations were observed and reported by the Auditors.

SECRETARIAL STANDARDS

The Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India with respect to the Board Meetings & General Meetings.

RELATED PARTY TRANSACTIONS

In terms of Section 188 of the Act, there were no Related Party Transactions (RPTs), entered into by the Company during the FY under review. Accordingly, the disclosure of RPTs, as required under Section 134 (3) (h) of the Act in Form AOC-2 is not applicable to the Company.

However, a statement showing the disclosure with related party as per Ind AS 24 is set out in Note No. 36 to the Standalone Audited Financial Statements.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

MAINTENANCE OF COST RECORDS

The Central Government has not specified maintenance of cost records for any services rendered by the Company under section 148(1) of the Act.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

The material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report are reported below:

- Currently, the Company is the investment manager and sponsor of India Alternative Opportunities Fund (“**Fund**”). On account of an internal restructuring, it is proposed to change the investment manager and sponsor of Fund and appoint KKR India Asset Manager Private Limited (KIAMPL) as the Fund’s investment manager and sponsor (“Transaction”). The amended Memorandum and Indenture has been filed with Securities and Exchange Board of India on July 14, 2021, along with the details of the Transaction, for seeking SEBI’s approval to undertake the proposed Transaction.

- Subsequent to the end of the financial year March 2021, the Company signed definitive agreements to merge its subsidiary, KKR India Financial Services Limited ("KIFS") with Incred Financial Services ("Incred"), a non-bank finance company that specializes in lending to retail and MSME customers in India. The proposal to combine KIFS and Incred will create an entity of scale and diversity across product categories in the non-bank lending space. It will also result in significantly better access to both debt and equity capital markets, as we look to grow the combined business. As part of this transaction, KKR and our KIFS co-investors TRS and ADIA will own ~35% of the combined entity. The business will be led by Incred CEO and Founder Bhupinder Singh and, upon closing, the existing KIFS investment team will join the combined entity to lead the wholesale financing vertical. KKR, TRS and ADIA will have Board representation as well as benefit from significant minority investor rights. We expect this transaction will close in 1H 2022 following customary closing conditions, regulatory/statutory approvals and other necessary consents.

EMPLOYEE STOCK OPTIONS SCHEME

With effect from March 28, 2018, the "KKR Capital Markets India Private Limited Share Incentive Plan" was introduced for the employees of the Company, its Subsidiary and Parent Company. The Compensation Committee administers the plan and there have been no material changes to these plans during the FY ended March 31, 2021.

The disclosure on Employee Stock Option Schemes as required under Rule 12 of the Companies(Share Capital And Debentures) Rules, 2014 for the FY ended March 31, 2021 is annexed as **'Annexure C'** of this Report.

Grant wise details of options vested, exercised and cancelled are provided in the notes to the Standalone Financial Statements.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act the Board to the best of its knowledgeand ability, hereby confirms that:

(i) In the preparation of the Audited Annual Accounts of the Company for the FY ended March 31, 2021, applicable accounting standards have been followed, with proper explanations provided for material departures (if any);

(ii) The Board has selected such accounting policies and applied them consistently and madejudgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the FY under review and of the loss of the Company for that period;

(iii) Board has taken proper and sufficient care for the maintenance of adequate accounting records of the Company in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The Board has prepared the accounts for the FY ended March 31, 2021, on a 'going concern' basis;

(v) The Board has laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and

(vi) The Board has devised proper systems to ensure compliance with the provisions of applicable laws and such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Pursuant to the provisions of the Section 186 of the Act, disclosure on particulars, relating to Investments made by the Company have been disclosed in Note 41 of the Financial Statements of the Company for the FY 2020-21.

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

The provisions of Section 197 of the Act read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with respect to disclosure pertaining to remuneration and other details of the Employees is not applicable to the Company.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & EXCHANGE EARNINGS & OUTGO

Information pursuant to Section 134(3) of the Act read with the Rule 8(3) of Companies (Accounts) Rules 2014.

A. CONSERVATION OF ENERGY

Since the Company is engaged in the financial services industry, this disclosure is not applicable to the Company.

B. TECHNOLOGYABSORPTION

Since the Company is engaged in the financial services industry, Rule 8(3)(B) of the Companies (Accounts) Rules, 2014 in relation to technology absorption is not applicable to the Company.

C. FOREIGN EXCHANGE EARNING & OUTGO

During the year under consideration, the Foreign Exchange Earnings and Expenditures were as follows:

(Rupees in million)

Particulars	2020-21	2019-20
Foreign exchange earning	Nil	Nil
Foreign exchange expenditure	38,971,921	33,475,732

RISK MANAGEMENT

The Company's business activities are exposed to a variety of financial risks and the Management has the overall responsibility for establishing and governing the Company's risk management framework. Accordingly, the Management has formulated a risk management framework which helps in identifying, assessing and prioritizing the risks and followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events. The said framework enables the Management an ongoing tracking of the evolution of risks and ensures delivery of action plans to mitigate them.

VIGIL MECHANISM

The provisions of Section 177 of the Act in relation to establishing a vigil mechanism for Directors and Employees to report genuine concerns and allegations of misconduct is not applicable to the Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is not required to constitute an Internal Complaints Committee, as it does not fall under the purview of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

GENERAL DISCLOSURE

- No application has been made nor is any proceeding pending by/against the Company under the Insolvency and Bankruptcy Code, 2016 during the year under review
- During the year under review, there was no instance of one-time settlement with any Bank or Financial Institution.

ACKNOWLEDGEMENT

The Directors commend the continued commitment, contribution and dedication of employees at all levels. The Directors also wish to acknowledge with thanks all other stakeholders, shareholders and regulatory authorities for their valuable sustained support and encouragement. The Board of Directors also places on record its deep and sincere appreciation for the commitment and integrityshown and hard work/dedication put in by the Management and the Employees of the Company in achieving continued robust performance on all fronts.

FOR AND ON BEHALF OF THE BOARD

ANIL NAGU Digitally signed by ANIL NAGU	Brian Wesley Dillard Digitally signed by Brian Wesley Dillard
Anil Nagu Whole Time Director and Chief Financial Officer DIN: 00110529	Brian Dillard Non-Executive Director DIN: 08626376

Place: Mumbai
Date: September 23, 2021

"Annexure A"

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. in Millions)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	KKR India Financial Services Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4.	Share capital	4,602.27
5.	Reserves & surplus	6,101.14
6.	Total assets	25,142.10
7.	Total Liabilities	25,142.10
8.	Investments#	13,886.22
9.	Turnover	4,139.59
10.	Profit/(Loss) before taxation	340.32
11.	Provision for taxation(including deferred tax)	1,734.33
12.	Profit/(Loss) after taxation	(1,394.01)
13.	Proposed Dividend	Nil
14.	% of shareholding	100.00

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Tranzmute LLP
1. Latest audited Balance Sheet Date	March 31, 2020
2. Shares of Associate/Joint Ventures held by the company on the year end	
Number of equity shares	-
Amount of Investment in Associates/Joint Venture	80.5
Extend of Holding%	45.45%
3. Description of how there is significant influence	KKR Capital Markets India Private Limited is a Class A Partner in Tranzmute LLP
4. Reason why the associate/joint venture is not consolidated	Since the shareholding in Tranzmute LLP is less than 50%
5. Net worth attributable to shareholding as per latest audited Balance Sheet	9.86
6. Profit/Loss for the year	
i. Considered in Consolidation	(41.32)
ii. Not Considered in Consolidation	-

1. Names of associates or joint ventures which are yet to commence operations: None
2. Names of associates or joint ventures which have been liquidated or sold during the year: None

For **KKR Capital Markets India Private Limited**

Brian Wesley Dillard Digitally signed by Brian Wesley Dillard

Mr. Brian Dillard
Director
DIN: 08626376

ANIL NAGU Digitally signed by ANIL NAGU

Mr. Anil Nagu
Whole Time Director & Chief Financial Officer
DIN: 00110529

Mr. Binoy Parikh
Company Secretary

Place: Mumbai
Date: September 23, 2021

ANNEXURE B- REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES
[Pursuant to Section 135 of the Companies Act, 2013 and Rules made thereunder]

1. **Brief outline on CSR Policy of the Company:**

The Corporate Social Responsibility (CSR) Policy of the Company sets the framework guiding the Company's CSR activities. CSR has been a long standing commitment of KKR group world-wide. The focus area of CSR initiatives of the KKR group world-wide are environmental, social, and governance (ESG) issues which will ensure positive impact on society and make a difference in lives of undeserved communities.

Focus areas of Company's CSR activities:

- Healthcare and sanitation
- Promotion of Education
- Employment and Community Development
- Skill Development and Livelihood Creation
- Rural Development Projects
- Poverty and Malnutrition
- Rehabilitation and disaster relief
- Women empowerment
- Ensuring environmental sustainability

The Company had worked with various non-profit organization for implementation of its CSR activities and also encourages KKR employees to contribute their resources such as time and skills for the benefit of the underprivileged.

2. **Composition of CSR Committee:**

The Composition of the CSR is as follows as on March 23, 2021:

Sr. No.	Name of Director	Designation / Nature of Directorsh ip	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Anil Nagu	Member, Whole Time Director & Chief Financial Officer	0	0
2	Mr. Brian Dillard	Member, Non-Executive Director	0	0
3	Mr. Karthik Krishna	Member, Non-Executive Director	0	0

The Board of Directors in their Meeting held on March 24, 2021 noted that the amount to be spent as CSR contribution will not be exceeding RS. 50 lakhs and the Board can discharge the functions of CSR Committee pursuant to the recent amendment in Section 135 and the Companies (CSR Policy) Amendments Rules, 2021 effective from January 22, 2021 and approved the dissolution of the Corporate Social Responsibility Committee with immediate effect formed by the Company in accordance with Section 135 of the Act.

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:** The Company does not have any dedicated website of its own and accordingly the Company is not in a position to place its Composition of CSR committee, CSR Policy and CSR projects

approved by the board on the website of the Company

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)** - Not applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (Rs. in Million)	Amount required to be set-off for the financial year, if any (Rs. in Million)
Not applicable since no amount is available for set off			

6. **Average net profit of the company as per section 135(5) - INR 89.2 mm**

7. **(a) Two percent of average net profit of the company as per section 135(5)- INR 1.78 mm**

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - Nil

   (c) Amount required to be set off for the financial year, if any - Nil

   (d) Total CSR obligation for the financial year (7a+7b-7c) – INR 1.78 mm

8. **(a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (Rs. in Million)	Amount Unspent (Rs. in Million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
INR 1.78 mm	Nil as no amount is unspent		Nil as no amount is unspent		

(b) Details of CSR amount spent against ongoing projects for the financial year: Not applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes/ No).**	**Location of the project.**		**Amount spent for the project (Rs. In Million)**	**Mode of implementation - Direct (Yes/No).**	**Mode of implementation - Through implementing agency.**	
				State.	**District.**			**Name.**	**CSR registration number.**
1.	COVID-19 Food Relief Efforts project	Promotion of Education and eradicating Malnutrition	Project is implemented in Pan-India	Project is implemented in Pan-India		0.02	No	The spending is in collaboration with the The Akshaya Patra Foundation, a non profit organisation	CSR00000286
2.	COVID-19: Contribution – PM Cares Fund	Contribution to the Prime Minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women	Project is implemented in Pan-India	Project is implemented in Pan-India		1.76	Yes	--	--
		Total				**1.76**			

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable – Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – INR 1.78 mm

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (Rs. in Million)
(i)	Two percent of average net profit of the company as per section 135(5)	1.78 mm
(ii)	Total amount spent for the Financial Year	1.78 mm
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** Not Applicable

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** - Not applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – Not applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not applicable

On behalf of the Board of Directors

KKR Capital Markets India Private Limited

ANIL NAGU Digitally signed by ANIL NAGU

Anil Nagu

Whole Time Director and Chief Financial Officer

DIN: 00110529

Brian Wesley Dillard Digitally signed by Brian Wesley Dillard

Brian Dillard

Non-Executive Director

DIN: 08626376

Place: Mumbai
Date: September 23, 2021

ANNEXURE – C TO THE DIRECTORS' REPORT
KKR CAPITAL MARKETS INDIA PRIVATE LIMITED

DISCLOSURES ON RESTRICTED STOCK UNIT ('RSU') SCHEME FOR THE YEAR ENDED MARCH 31, 2021 AS REQUIRED UNDER RULE 12 OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014

Name of the Plan: - KKR Capital Markets India Private Limited Share Incentive Plan ("Plan")

Purpose of the Plan:

The Company in their meeting held March 28, 2018 has adopted the Plan to create and issue share-based incentives equivalent to such number of equity shares of the Company which currently have a par value of INR 10/- (Rupees Ten Only) per share not exceeding 32,50,000 equity shares with effect from April 01, 2017 to be administered by the Nomination and Remuneration Committee of the Board of Directors

The purpose of the Plan is to provide a means through which the Company, its subsidiary company ("Subsidiary"), its parent company ("Holding Company") (collectively referred to as "Group") may attract and retain key personnel and to provide a means in accordance with the applicable laws of India including the Companies Act, 2013 and other securities law whereby directors, officers and employees of the Group can acquire and maintain an equity interest in the Company, or bepaid incentive compensation. This will strengthen the Eligible Persons commitment to the welfare of the Company and aligning their interests with those of the shareholders of the Company.

Details of the Plan are given below:

RSUs granted with grant date	• 2,446,690 on April 1, 2017 • 249,888 on January 1, 2018 • 246,725 on June 29, 2018 • 77,167on January 1, 2019 • 251,512 on April 1, 2019 • 513,372 on October 1, 2019
RSUs vested	1,843,250
RSUs exercised	1,034,181
The total no of shares arising as a result of exercise of RSUs	1,034,181
RSUs lapsed/surrendered	2,414,377
The exercise price	Fair market value as on the date of exercise
Variation of term of RSUs	Nil
Money realized by exercise of RSUs	INR 10,341,810
Total number of RSUs in force	336,796

Details of the RSUs granted to the directors, officers and employees of the Group	Refer Annexure I
Details of the employee who received a grant of RSUs in any one year amounting to five percent or more of RSUs granted during that year	March 2018 – Annexure II March 2019 – Annexure III March 2020 - Annexure IV
Details of the employees who were granted RSUs, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil

Details of the options granted to the directors, officers and employees of the Group

Sr No.	Name	Designation of employees	Options Granted
1	Krishnan Brahmadesham V.	Director (ceased w.e.f 28/10/2019) Employee of the Company (Ceased w.e.f 20/12/2019)	10,28,021
2	Tashwinder Singh	Director (ceased w.e.f 28/06/2019) Employee of the Company (Ceased w.e.f 30/06/2019)	9,48,943
3	Mayank Gupta	Employee of the Company (Ceased w.e.f 01/07/2019)	3,28,967
4	Ashima Suri	Employee of the Company	1,27,635
5	Simrun Mehta	Employee of the Group Company	82,242
6	Paroksh Gupta	Employee of the Company (Ceased w.e.f 31/05/2020)	1,85,043
7	Roopak Jain	Employee of the Subsidiary (Ceased w.e.f 15/03/2019)	20,560
8	Amit Lodha	Employee of the Subsidiary Ceased w.e.f 06/03/2020)	20,560
9	Niraj Karia	Employee of the Subsidiary	41,121
10	Jigar Shah	Employee of the Subsidiary	1,49,121
11	Deepak Punjabi	Employee of the Subsidiary	1,02,802
12	Pankaj Chaudhary	Employee of the Subsidiary	15,887
13	Ankur Jain	Employee of the Subsidiary	15,887
14	Vijay Padmanabhan	Employee of the Group Company (Ceased w.e.f 31/03/2020)	79,437
15	Sumanth Cidambi	Employee of the Subsidiary	79,437
16	Narendra Singh	Employee of the Subsidiary	46,319
17	Anil Nagu	Director of the Company (W.e.f 28/06/2019) Employee of the Company (W.e.f 01/01/2020)	48,098
18	Kapil Singhal	Employee of the Subsidiary (Ceased w.e.f 31/01/2021)	4,53,926
19	Barkha Agarwal	Employee of the Group Company	11,348
		Total Options Granted till Mar 21	**37,85,354**

Details of the employee who received a grant of options in any one year of option amounting to five percent or more of options granted during that year

Annexure II-'March 2018

Sr No.	Name	Options Granted
1	Krishnan Brahmadesham V.	10,28,021
2	Tashwinder Singh	9,48,943
3	Mayank Gupta	3,28,967
4	Paroksh Gupta	1,85,043
		24,90,974

Annexure III-'March 2019

Sr No.	Name	Options Granted
1	Krishnan Brahmadesham V.	10,28,021
2	Tashwinder Singh	9,48,943
3	Mayank Gupta	3,28,967
4	Ashima Suri	1,27,635
5	Simrun Mehta	82,242
6	Paroksh Gupta	1,85,043
7	Roopak Jain	20,560
8	Amit Lodha	20,560
9	Niraj Karia	41,121
10	Jigar Shah	1,02,802
11	Deepak Punjabi	1,02,802
		29,88,696

Annexure IV-'March 2020

Sr No.	Name	Options Granted
1	Krishnan Brahmadesham V.	10,28,021
2	Tashwinder Singh	9,48,943
3	Mayank Gupta	3,28,967
4	Ashima Suri	1,27,635
5	Simrun Mehta	82,242
6	Paroksh Gupta	1,85,043
7	Niraj Karia	41,121
8	Jigar Shah	1,49,121
9	Deepak Punjabi	1,02,802
10	Vijay Padmanabhan	79,437
11	Sumanth Cidambi	79,437
12	Narendra Singh	46,319
13	Anil Nagu	48,098
14	Kapil Singhal	4,53,926
		37,01,112

MSKA
& Associates
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of KKR Capital Markets India Private Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited the standalone financial statements of KKR Capital Markets India Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 44 to the Standalone financial statements which states that management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that no there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.

Information Other than the Standalone financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the standalone financial statements and our auditor's report thereon. The Director's report has not been made available to us.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to the standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

MSKA
& Associates
Chartered Accountants

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 38 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 42 to the standalone financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. In our opinion, according to information, explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company as it is a private Company.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.09.24 12:02:25 +05'30'

Srividya Vaidison
Partner
Membership No. 207132
UDIN: 21207132AAAABS3902

Place: Mumbai
Date: September 22, 2021

MSKA
& Associates
Chartered Accountants

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ANNEXURE A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KKR CAPITAL MARKETS INDIA PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2021

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(b) All the fixed assets (Property, Plant and Equipment) have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

ii. The Company is involved in the business of rendering services and consequently, does not hold any inventory. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax Demands	31,35,132	AY 2014-15	Commissioner of Income Tax (Appeal)	
Income Tax Act, 1961	Income Tax Demands	1,74,05,085	AY 2015-16	Commissioner of Income Tax (Appeal)	
Income Tax Act, 1961	Income Tax Demands	8,71,63,754	AY 2016-17	Commissioner of Income Tax (Appeal)	
Income Tax Act, 1961	Income Tax Demands	9,35,63,162	AY 2017-18	Assessing Officer	
Income Tax Act, 1961	Income Tax Demands	15,04,430	AY 2018-19	Assessing Officer	

viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us, since the Company is a Private Company, the provisions of section 197 of the Act will not be applicable. Accordingly, the provisions stated in paragraph 3(xi) of the Order are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.09.24 12:04:11 +05'30'

Srividya Vaidison
Partner
Membership No. 207132
UDIN: 21207132AAAABS3902

Place: Mumbai
Date: September 22, 2021

MSKA
& Associates
Chartered Accountants

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KKR CAPITAL MARKETS INDIA PRIVATE LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of KKR Capital Markets India Private Limited as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls With Reference to Standalone financial statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

MSKA
& Associates
Chartered Accountants

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.09.24 12:03:34 +05'30'

Srividya Vaidison
Partner
Membership No. 207132
UDIN: 21207132AAAABS3902

Place: Mumbai
Date: September 22, 2021

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

(Rs. In Million)

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
I	**ASSETS**			
(1)	**Financial assets**			
	Cash and cash equivalents	4	407.81	533.65
	Trade Receivables	5	16.12	27.96
	Investments	6	10,780.71	12,166.35
	Other financial assets	7	40.78	14.18
	Total Financial Assets		**11,245.42**	**12,742.14**
(2)	**Non-Financial assets**			
	Current Tax Assets (Net)	8	266.58	261.31
	Deferred Tax Assets (Net)	9	2.69	31.64
	Property, Plant and Equipment	10	5.49	10.78
	Capital Work in Progress		5.27	3.10
	Right-to-use of Assets	34	13.14	16.57
	Other non-financial assets	11	327.80	356.90
	Total Non-Financial Assets		**620.97**	**680.30**
	Total Assets		**11,866.39**	**13,422.44**
II	**LIABILITIES AND EQUITY**			
(1)	**Financial Liabilities**			
	Trade Payables	12		
	(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		0.03	-
	(ii) Total Outstanding Dues of Creditors other than Micro enterprises and Small Enterprises		64.69	44.75
	Other Financial Liabilities	13	29.18	27.97
	Total Financial Liabilities		**93.90**	**72.72**
(2)	**Non-Financial Liabilities**			
	Provisions	14	5.09	3.75
	Total Non-Financial Liabilities		**5.09**	**3.75**
(3)	**EQUITY**			
	Equity Share Capital	15	1,925.01	1,914.67
	Other Equity	16	9,842.39	11,431.30
	Total Equity		**11,767.40**	**13,345.97**
	Total Liabilities and Equity		**11,866.39**	**13,422.44**

Significant Accounting Policies
The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.09.24 11:56:55 +05'30'

Srividya Vaidison
Partner
Membership No.: 207132

Place: Mumbai
Date: September 22, 2021

For and on behalf of the Board of Directors of
For KKR Capital Markets India Private Limited

Brian Wesley Dillard
Digitally signed by Brian Wesley Dillard
Date: 2021.09.23 20:45:30 +05'30'

Brian Wesley Dillard
Director
DIN 08626376

ANIL NAGU
Digitally signed by ANIL NAGU
Date: 2021.09.23 20:25:55 +05'30'

Anil Nagu
Director & CFO
DIN 00110529

BINOY K PARIKH
Digitally signed by BINOY K PARIKH

Binoy K. Parikh
Company Secretary

Place: Mumbai
Date: September 22, 2021

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Rs. In Million)

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from Operations				
	Interest Income	17	11.94	28.55
	Fee Income	18	56.14	156.47
	Net Gain on Fair Value Changes	22	8.55	-
	Other Operating Income	19	2.60	20.16
(I)	**Total Revenue from Operations**		**79.23**	**205.18**
(II)	Other Income	20	2.68	0.10
(III)	**Total Income (I+II)**		**81.91**	**205.28**
Expenses				
	Finance Cost	21	1.50	1.32
	Net Loss on Fair Value Changes	22	-	10.76
	Impairment on Financial Instruments	23	-8.82	8.82
	Impairment of Non Current Asset	24	25.20	160.00
	Employee Benefit Expense	25	58.13	50.23
	Depreciation and Amortisation	10	9.70	8.88
	Other Expenses	26	158.02	214.36
(IV)	**Total Expenses**		**243.73**	**454.37**
(V)	**(Loss)/ Profit Before Exceptional items and Tax (III-IV)**		**(161.82)**	**(249.09)**
(VI)	Exceptional Items (Refer Note 44)	6	(1,394.77)	(12,423.91)
	(Loss)/ Profit Before Tax (V-VI)		**(1,556.59)**	**(12,673.00)**
Tax expense				
	Current Tax		-	-
	For earlier year		-1.26	-
	Deferred Tax	9	28.94	(20.83)
(VII)	**Total Tax Expense**		**27.68**	**(20.83)**
(VIII)	**(Loss)/ Profit for The Year**		**(1,584.27)**	**(12,652.17)**
(IX)	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to Profit or Loss	27	0.03	(0.80)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	27	(0.01)	0.20
	Other Comprehensive Income		**0.02**	**(0.60)**
(X)	**Total Comprehensive Income for the Year (IX+X)**		**(1,584.25)**	**(12,652.77)**
(XI)	**Earnings per Equity Share**	34		
	Basic (₹)		(8.25)	(66.08)
	Diluted (₹)		(8.25)	(66.08)

Significant Accounting Policies
The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.09.24 11:57:57 +05'30'

Srividya Vaidison
Partner
Membership No.: 207132

For and on behalf of the Board of Directors of
For **KKR Capital Markets India Private Limited**

Brian Wesley Dillard
Digitally signed by Brian Wesley Dillard
Date: 2021.09.23 20:46:03 +05'30'

Brian Wesley Dillard
Director
DIN 08626376

ANIL NAGU
Digitally signed by ANIL NAGU
Date: 2021.09.23 20:27:13 +05'30'

Anil Nagu
Director & CFO
DIN 00110529

BINOY K PARIKH
Digitally signed by BINOY K PARIKH

Binoy K. Parikh
Company Secretary

Place: Mumbai
Date: September 22, 2021

Place: Mumbai
Date: September 22, 2021

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED
STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash Flow From Operating Activities		
(Loss)/ Profit before tax	(1,556.59)	-12,673.00
Adjustments for		
Depreciation and amortisation	9.70	8.88
Impairment on financial instruments	(8.82)	8.82
Exceptional Items (Refer Note 44)	1,394.77	12,423.91
Impairment of Non current Asset	25.20	160.00
Net loss/ (gain) on fair value changes	(8.55)	10.76
Employee share incentive plan expenses	(4.65)	5.89
Investment Written off (Including accrued interest)	-	10.15
Fees Receivable Write off	10.65	74.17
Provision for Employee benefits	1.37	(3.59)
Finance Cost	1.50	1.32
B. Operating Profit/ (loss) Before Working Capital Changes	**(135.43)**	**27.31**
Working capital changes		
Trade receivables	10.02	28.78
Other financial assets	(26.60)	5.88
Right-to-use of Assets	(0.84)	(19.89)
Other non-financial assets	3.91	(5.08)
Trade and other payables	19.94	(106.54)
Other financial liability	(0.30)	15.17
Cash flows (Used in)/ Generated From Operating Activities	**(129.30)**	**(54.37)**
Income tax paid (net of refund)	(4.01)	(48.13)
Net Cash Flows (Used in)/ Generated from Operating Activities	**(133.31)**	**(102.50)**
C. Cash Flow From Investing Activities		
Purchase of property plant and equipment	(2.29)	(6.45)
Investment in Joint Venture	-	(40.00)
Investment in Alternative Investment Fund	(0.57)	(2.30)
Repayment of investments in NCD's	-	21.48
Repayment of investments in Alternative Investment Fund	-	16.19
Net cash flows used in investing activities	**(2.86)**	**(11.08)**
D. Cash Flow From Financing Activities		
Proceeds from issue of equity shares	10.34	-
Net Cash Flows Generated from/ (used in) Financing Activities	**10.34**	**-**
Net increase in cash and cash equivalents	(125.83)	(113.58)
Cash and cash equivalents at the beginning of the year	533.64	647.22
Cash and Cash Equivalents at the end of the year	**407.81**	**533.64**
***Components of Cash and Cash Equivalents**		
Balances with Banks :		
- In Current Accounts	41.72	513.64
- In Deposit accounts with original maturity of 3 months or less	366.09	20.00
	-	-

The above Statement of Cash Flow has been prepared under the indirect method set out in Ind AS-7-Statement of Cash Flow.

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
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Srividya Vaidison
Partner
Membership No.: 207132

Place: Mumbai
Date: September 22, 2021

For and on behalf of the Board of Directors of
For KKR Capital Markets India Private Limited

Brian Wesley Dillard
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Date: 2021.09.23 20:46:42 +05'30'

Brian Wesley Dillard
Director
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ANIL NAGU
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Anil Nagu
Director & CFO
DIN 00110529

BINOY K PARIKH
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Binoy K. Parikh
Company Secretary

Place: Mumbai
Date: September 22, 2021

Note 1. General Information

KKR Capital Markets India Private Limited (the Company), was incorporated as a private limited company on January 03, 2011 under the provisions of the Companies Act, 1956. The Company is registered with the Securities and Exchange Board of India as a 'Category I Merchant Banker' and the Company is engaged in providing investment advisory, investment management and finance arrangement services.

Note 2. Basis of preparation and significant accounting policies

a. Basis of accounting and preparation of financial statements

The standalone financial statements (financial statements) have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the 'Act') read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter

The financial statements have been prepared and presented on the going concern bases and at historical cost except for the following assets and liabilities, which have been subsequently measured at fair values.

a) Certain Financial instruments measured at fair value
b) Employee's Defined benefit plans as per actuarial valuation
c) Share based payments

b. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note No. XX.

Amounts in the financial statements are presented in Indian Rupees in millions rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places

c. Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and financial liabilities are initially recognised at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit and Loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

• if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

• in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the Statement of Profit and Loss.

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
• Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

• all other financial assets (e.g. investments managed on a fair value basis, or held for sale, or with contractual cash flow that are not SPPI) and equity investments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

• the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and

the Company may irrevocably designate financial assets that meet the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition.

That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

• how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
• the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
• how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When financial assets measured at FVTOCI are derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to the Statement of Profit or Loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss but transferred within equity.

Financial assets that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:
• assets with contractual cash flows that are not SPPI; or/and
• assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
• assets designated at FVTPL using the fair value option.
These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in the Statement of Profit and Loss.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment

The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:
- debt investment securities;
- undrawn debt commitments; and
- trade and other receivables;

No impairment loss is recognised on equity investments.
ECLs are required to be measured through a loss allowance at an amount equal to:

• 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

• full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

• for undrawn debt commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the debt and the cash flows that the Company expects to receive if the debt is drawn down; and

The Company measures ECL on an individual basis, or on a collective basis for portfolios of debt investments that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Equity investments in subsidiaries, jointly controlled entities and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in such entities, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;
• the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
• the disappearance of an active market for a security because of financial difficulties; or
• the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A debt instrument is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Derecognition of financial assets

A financial asset is derecognised only when:
• The Company has transferred the rights to receive cash flows from the financial assets or
• retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial assets is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Write-off

Debt instruments are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company’s enforcement activities will result in impairment gains.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company’s own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company’s own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
• it has been incurred principally for the purpose of repurchasing it in the near term; or
• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
• it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

d. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

e. Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

f. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

Interest and Dividend income

Interest income on financial instruments at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate (EIR) applicable.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

Fee income

Fee income includes finance arrangement fees, investment advisory fees and investment management fees, which are not an integral part of EIR. Such fees are accounted as an accrual basis in the Statement of Profit and Loss, as and when services are rendered.

Other operating income:

Other operating income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

g. Property, plant and equipment (PPE)

Property, plant and equipment (PPE) is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under:

Assets	**Useful Life**
Office equipment	3 years
Computer	3 years
Software	3 years
Leasehold improvements	amortised over the period of lease

Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

h. Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the property, plant and equipment are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i. Employee Benefits

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Defined contribution plans - Provident Fund
Company’s contributions to provident and other funds are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Defined benefit plans - Gratuity
The Company's Gratuity liability under the Payment of Gratuity Act,1972 is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Company’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.
The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability is computed by applying the discount rate, used to measure the net defined liability, to the net defined liability at the start of the financial year after taking into account any changes as a result of payment and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

Long-term employee benefits
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

Employees share-based plan
The Restricted Share Units (RSUs) granted to the employees pursuant to the Group's Employees Share Incentive plan, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

j. Operating Leases

The Company as a Lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset; (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes right-of-use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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 interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset, if the Company changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet, and lease payments have been classified as financing cash flows.

k. Cash and Cash Equivalents

Cash and cash equivalent 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.

l. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs include interest expense calculated using the EIR, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

m. Foreign currencies

(i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company has been determined based on the primary economic environment in which the Company operates considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year end Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks;

n. Earnings per share

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

o. Taxes on income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961, and the rules framed thereunder. .

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. 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-forwards and unused tax credits could be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

p. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

(i) an entity has a present obligation (legal or constructive) as a result of a past event; and
(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(iii) a reliable estimate can be made of the amount of the obligation
Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
(ii) a present obligation arising from past events, when no reliable estimate is possible.
Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.
Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements

Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
a) estimated amount of contracts remaining to be executed on capital account and not provided for;
b) uncalled liability on shares and other investments partly paid;

c) funding related commitment to associate and joint venture companies; and
d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Note 3. Critical accounting judgements and key sources of estimation uncertainties

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Impairment of investments portfolio at amortised cost

The measurement of impairment losses across all categories of financial assets at amortised cost requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors which include quantitative and qualitative information and analysis, based on the Company's historical experience and forward-looking information. In certain cases, the assessment is based on past experience is required for future estimation of cash flow which requires significant judgement. The inputs and method applied for impairment assessment are detailed in Note 36.

Fair value of financial assets

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

All financial assets are initially recognised at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Company's financial instruments are carried at fair value, with changes in fair value either reported within the income statement. Details of the type and classification of the Company's financial assets are set out in note 36 and the accounting policy set out in note 2 (i).

Since the market for the Company's financial assets, which are in unlisted securities, is not active, the Company establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Determination of fair value is based on the best information available in the circumstances and may incorporate the managements' own assumptions, including appropriate risk adjustments for non-performance and lack of marketability.

Because of the inherent uncertainty of the valuation methodologies and assumptions, estimated fair values of such assets may differ from the values that would have been used had a ready market for the assets existed and the differences could be material. Considerable judgement is necessarily required in interpreting market data to determine the estimates of value; accordingly the estimate of value presented in the financial statements are not necessarily indicative of the amounts that the Company could realize in market exchange.

Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to Company's base rate and other fee income/expense that are integral parts of the instrument.

Note 4. Cash and cash equivalents

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Cash in hand	-	0.01
(ii) Balances with banks:		
- In Current Accounts	41.72	513.64
- In Deposit accounts (with original maturity of 3 months or less)	366.09	20.00
Total	**407.81**	**533.65**

Note 5. Trade Receivables (Unsecured)

Particulars	As at March 31, 2021	As at March 31, 2020
Considered Good	16.12	27.96
Credit Impaired	-	8.82
	16.12	**36.78**
Less Impairment Loss Allowance	-	(8.82)
Total	**16.12**	**27.96**

Notes:

(i) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

(ii) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 6. Investments

Particulars	As at March 31, 2021	As at March 31, 2020
At Cost		
Investments in Subsidiary/ Joint Venture	24,541.00	24,541.00
Less: Allowance for Impairment	(13,818.68)	(12,423.91)
At Fair Value Through Profit or Loss		
Investments in Alternative Investment Funds	58.39	49.26
Total Investments	**10,780.71**	**12,166.35**
Investment Outside India	-	-
Investment In India	10,780.71	12,166.35

Note 7. Other financial assets

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Unbilled revenue	-	1.02
Contractually recoverable expenses	38.73	10.48
Security deposits	1.76	1.61
Other deposits	0.29	1.07
Total	**40.78**	**14.18**

Note 8. Current Tax Assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Tax (net of provision for tax)	266.58	261.31
Total	**266.58**	**261.31**

Note 9. Deferred Tax Assets /(Liabilities) (Net)

A) The major components of deferred tax assets and liabilities are:

Particulars	As at March 31, 2021	As at March 31, 2020
Assets:		
Provisions for employee benefit	3.55	3.39
Depreciation	1.15	0.72
Disallowance under section 40(a) of Income-tax Act, 1961	3.86	0.66
Loss on Investments at FVTPL	2.45	4.39
Loss during the period	53.02	21.38
Lease Liability	0.00	-0.33
Others	0.00	1.43
	64.03	**31.64**
Liabilities:		
Deffered tax asset reserve*	61.34	-
	61.34	**-**
Net Deferred Tax Asset	**2.69**	**31.64**

B) The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Deferred tax asset / (liability)	Balance as at April 1, 2020	Impact of Rate change	Recognised in profit or loss (Expense)/Incom	Recognised in other equity	Balance as at March 31 2021
Provisions for employee benefit	3.39	-0.89	1.07	-0.01	3.55
Depreciation	0.72	-0.04	0.47	-	1.15
Disallowance under section 40(a) of Income-tax Act, 1961	0.66	-0.07	3.26	-	3.86
Others	1.43	0.79	-2.22	-	0.00
Deffered tax asset reserve*	-	-	-61.34	-	-61.34
Loss during the period	21.38	-	31.64	-	53.02
Lease Liability	-0.33	-	0.33	-	0.00
(Gain)/Loss on Investments at FVTPL	4.39	0.21	-2.15	-	2.45
Total	**31.64**	**-**	**(28.94)**	**(0.01)**	**2.69**

Note: The Company has recognised deferred tax assets on carried forward tax losses with respect Financial Year (FY) 2019-20 and tax losses incurred in FY 2020-21 where the Company believes that the said deferred tax assets shall be recoverable based on the estimated future taxable income which in turn is based on approved business plans and budgets. The losses are allowed to be carried forward to the years in which the Company expects that there will be sufficient taxable profits to offset these losses.

Note 10. Property, plant and equipment

(Rs. In Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the Year	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Office Equipment	1.30	0.12	-	1.42	0.97	0.22	-	1.20	0.22	0.33
Computers	1.87	-	-	1.87	1.70	0.07	-	1.77	0.10	0.17
Leasehold improvements	0.17	-	-	0.17	0.17	-	-	0.17	(0.00)	(0.00)
Software	15.44	-	-	15.44	5.14	5.14	-	10.27	5.17	10.30
Total	**18.78**	**0.12**	**-**	**18.90**	**7.98**	**5.43**	**-**	**13.41**	**5.49**	**10.80**

Note 11. Other non-financial assets

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	0.45	1.86
Advance for purchase of property	510.10	510.10
GST receivable	1.78	3.23
Advance to Vendors	0.67	0.95
Prepaid Rent	-	0.76
Total	**513.00**	**516.90**
Less: Impairment allowance	-185.20	-160.00
Total	**327.80**	**356.90**

Notes:

1. Impairment allowance represents allowance on advance for purchase of property which in the opinion of the management is doubtful of recovery.

Note 12. Trade Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	0.03	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	64.69	44.75
Total	**64.72**	**44.75**

Note:

There are no significant dues to Micro and Small Enterprises as at March 31, 2021. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note 13. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Obligations under finance lease	14.04	17.26
Statutory liabilities	4.60	2.68
Provision for Salary & Bonus	10.54	8.03
Total	**29.18**	**27.97**

Note 14. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits		
Gratuity	2.03	1.94
Compensated Absences	3.06	1.81
Total	**5.09**	**3.75**

Note 15. Equity Share Capital

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
AUTHORISED		
200,000,000 March 31, 2020: 200,000,000 (Previous year: 200,000,000) Equity Shares of Rs. 10/- each	2,000.00	2,000.00
	2,000.00	**2,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP		
192,501,144 March 31, 2020: 192,501,144 (Previous year 191,466,963) Equity Shares of Rs. 10/- each fully paid-up	1,925.01	1,914.67
	1,925.01	**1,914.67**

Notes:

Term/Right Attached to Equity Shares

The Company has only one class of Equity Shares having a par value of Rs 10 per Share. Each holder of Equity Shares is entitled to one vote per Share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of the Equity Shares held by the shareholders.

(a) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Equity shares outstanding as at the beginning of the year	19,14,66,963	1,914.67	19,14,66,963	1,914.67
Issued during the year	10,34,181	10.34	-	-
Equity shares outstanding as at the end of the year	**19,25,01,144**	**1,925.01**	**19,14,66,963**	**1,914.67**

(b) Details of shareholders holding more than 5 percent shares in the Company are given below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	%	Number	%
KKR India Financial Investments Pte. Ltd. (the Holding Company w.e.f. March 30, 2017) (including one Equity Share held by a nominee)	19,14,66,963	99.4628%	19,14,66,963	100.00%

(c) All the above Equity shares have the same dividend and voting rights and in case of repayment of capital.

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Note 16. Other equity

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Capital Redemption Reserve		
Balance as per the last Balance Sheet	24.20	24.20
Closing balance	**24.20**	**24.20**
(b) Securities premium account		
Balance as per the last Balance Sheet	22,536.39	22,536.39
Add: Received during the year	154.02	-
Closing balance	**22,690.41**	**22,536.39**
(c) Retained earnings (Surplus in Statement of Profit and Loss)		
Balance as per the last Balance Sheet	(11,338.79)	1,314.08
Profit/ (Loss) for the year	(1,584.27)	-12,652.27
Other Comprehensive Income	0.02	(0.60)
Add/(Less): Ind AS adjustments on transition	-	-
Closing balance	**(12,923.04)**	**(11,338.79)**
(d) Employees Share Based Plan Reserve		
Balance as per the last Balance Sheet	209.50	203.61
Add: Expense for the year	(158.68)	5.89
Closing balance	**50.82**	**209.50**
TOTAL	**9,842.39**	**11,431.30**

Note 17. Interest Income

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Income from Fixed Deposits with Bank		
On Financial Assets Measured at Amortised Cost	11.87	27.05
Interest Income from Investments		
On Financial Assets classified at Fair Value Through Profit or Loss	0.07	1.50
Total	**11.94**	**28.55**

Note 18. Fee Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Finance arrangement fees	-	16.50
Investment advisory fees	16.50	25.18
Investment management fees (Refer note 43)	39.64	114.79
Total	**56.14**	**156.47**

Note 19. Other operating income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income from units in Alternative Investment Funds	2.60	20.16
Total	**2.60**	**20.16**

Note 20. Other Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount value of future rent	0.15	0.10
Interest on Income Tax refund	2.53	-
Total	**2.68**	**0.10**

Note 21. Finance cost

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On Financial liabilities measured at Amortised Cost	
Interest expense on lease liability	1.50	1.32
Total	**1.50**	**1.32**

Note 22. Net loss/(gain) on fair value changes

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net loss/(gain) on financial instruments at fair value through profit or loss	-8.55	10.76
Fair Value changes:		
-Realised	0.00	-
-Unrealised	-8.55	10.76
Total Net loss on fair value changes	**(8.55)**	**10.76**

Note 23. Impairment on financial instruments

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On Investment at amortised cost	-	-
On Trade Receivables	(8.82)	8.82
Total	**(8.82)**	**8.82**

Note 24. Impairment of Non Current Asset

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Provision for Advance against property	25.20	160.00
Total	**25.20**	**160.00**

Note 25. Employee benefit expense

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and bonus	46.04	36.36
Contribution to Provident Fund	2.18	0.54
Gratuity (Refer Note 31)	0.57	0.68
Compensated absences	1.61	1.00
Employee share based plan expenses (Refer note below and note 36)	1.96	5.66
Staff welfare expenses	5.77	5.99
Total	**58.13**	**50.23**

Note:
Employee Share Incentive Plan expenses are net of reversal of Rs. 57.62 million (Previous year recovery of Rs. 0.23 million) from a subsidiary company against Restricted Share Units granted to the employees of the subsidiary company.

Note 26. Other expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	-	1.99
Rates and taxes	0.09	2.69
Repairs and maintenance	0.09	0.11
Electricity	0.62	1.16
Travelling and conveyance	(0.16)	7.31
Legal and professional expenses	134.47	97.63
Office expenses	0.83	7.31
Membership and subscription	0.79	2.59
Auditors' remuneration (Refer Note (i) below)	1.35	1.25
Corporate Social Responsibility expenses (Refer Note (ii) below)	1.78	-
Insurance	0.18	0.54
Business promotion	(0.14)	6.62
Investment written off (including accrued interest)	-	10.15
Fees Receivable Write off	10.65	74.17
Foreign exchange loss (net)	2.85	0.38
Miscellaneous expenses (Refer Note (iii) below)	4.62	0.46
Total	**158.02**	**214.36**

Notes:
(i) Auditors' remuneration

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) For Statutory Audit	1.25	1.15
b) For Tax Audit	0.10	0.10
c) For taxation related service	-	-
d) For reimbursement of expenses	-	-
Total	**1.35**	**1.25**

(ii) Corporate Social Responsibility expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross Amount Required to be spent during the year	-	-
Amount spent during the year on CSR for purposes other than construction /acquisition of any asset.	1.78	-

(iii) Miscellaneous Expenses
Miscellaneous expenses include Postage, Courier charges, Printing and Stationary etc.

Note 27. Other comprehensive income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement (loss)/gain on defined benefit plan	0.03	(0.80)
Income tax relating to these items	(0.01)	0.20
Total other comprehensive income for the year, net of tax	**0.02**	**(0.60)**

Note 28. Income Taxes

1. Income Tax recognised in Total Comprehensive Income

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax	-	-
Deferred Tax	28.94	(20.83)
Total Income tax expense recognised in the Statement of Profit and Loss	**28.94**	**(20.83)**
Tax on Other Comprehensive Income	(0.01)	0.20
Total Income tax expense recognised in Total Comprehensive Income	**28.93**	**(20.63)**

2. Reconciliation of income tax expense for the year:

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	(1,556.59)	(12,673.00)
Income tax rate	25.168%	25.168%
Income tax expense	**(391.76)**	**(3,189.54)**
Tax effect of:		
DTA Reserve	61.34	-
Expenses disallowed	8.32	0.42
Tax on temporary differences on which deferred tax is either not created or reversed due to no reasonable certainty of future profits	351.03	3,167.48
Effect on deferred tax balances due to the changes in income tax rate	-	1.01
Total	**420.69**	**3,168.91**
Income tax expense recognised in Total Comprehensive Income	**28.93**	**(20.63)**

Note 29. Financial instruments

A. Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to
The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board.

B. Financial instruments

(i) Fair Value

Classes and categories of financial instruments and their fair values

The following table combines information about:
• classes of financial instruments based on their nature and characteristics;
• the carrying amounts of financial instruments;
• fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
• fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed

Set out below, is the accounting classification of financial instruments by category:

(Rs in Million)

Particulars	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments	58.39	-	49.26	-
Trade receivables (net of provisions)	-	16.12	-	27.96
Cash and cash equivalents	-	407.81	-	533.65
Security deposits	-	1.76	-	1.61
Other financial assets	-	39.01	-	12.56
Total financial assets	**58.39**	**464.70**	**49.26**	**575.78**
Financial liabilities				
Trade and other payables	-	64.71	-	44.75
Finance lease obligation	-	14.04		17.26
Other financial liabilities	-	15.14	-	10.71
Total financial liabilities	**-**	**93.89**	**-**	**72.72**

Note: INDAS 107 shall not apply to financial instruments those entrusts in subsidiaries, associates or joint ventures that are accounted for in accordance with INDAS 110 consolidated financial statement

(ii) Fair value and fair value hierarchy for financial assets at FVTPL

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rs in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements **As at March 31, 2021**	**Notes**	**Carrying Amount**	**Level 1**	**Fair Value Level 2**	**Level 3**	**Total**
Financial assets						
Investments at FVTPL	7	58.39	-	-	58.39	58.39
Total financial assets		**58.39**	**-**	**-**	**58.39**	**58.39**

(Rs in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed **As at March 31, 2021**	**Notes**	**Carrying Amount**	**Fair Value**
Financial assets			
Cash and cash equivalents	5	407.81	407.81
Trade receivables (net of provisions)	6	16.12	16.12
Security deposits	8	1.76	1.76
Other financial assets	8	39.01	39.01
Total financial assets		**464.71**	**464.71**
Financial Liabilities			
Trade and other payables	13 and 14	64.69	64.69
Other financial liabilities	15	29.18	29.18
Total financial liabilities		**93.86**	**93.86**

(Rs in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements **As at March 31, 2020**	**Notes**	**Carrying Amount**	**Level 1**	**Fair Value Level 2**	**Level 3**	**Total**
Financial assets						
Investments at FVTPL	7	49.26		-	49.26	**49.26**
Total financial assets		**49.26**	**-**	**-**	**49.26**	**49.26**

(Rs in Million)

Assets and liabilities which are measured at cost /amortised cost for which fair values are disclosed **As at March 31, 2020**	**Notes**	**Carrying Amount**	**Fair Value**
Financial assets			
Cash and cash equivalents	5	533.65	533.65
Trade receivables (net of provisions)	6	27.96	27.96
Investments	7	-	-
Security deposits	8	1.61	1.61
Other financial assets	8	12.56	12.56
Total financial assets		**575.79**	**575.79**
Financial Liabilities			
Trade and other payables	13 and 14	44.75	44.75
Other financial liabilities	15	27.97	27.97
Total financial liabilities		**72.73**	**72.73**

(iii) Valuation process and technique for financial assets at FVTPL

The management estimates the fair values of financial assets and liabilities required for financial reporting purposes, including level 3 fair values, after giving consideration to purchase price, market conditions, current and projected operating performance, expected cash flows, projected dividends, anticipated future securities' values and the market value of publicly traded shares of portfolio companies. Determination of fair value is based on the best information available in the circumstances and may incorporate the management's own assumptions, including appropriate risk adjustments for non-performance and lack of marketability. The method used to estimate the fair value of such assets is the income approach (e.g. the discounted cash flow method, waterfall approach based on issuer yield curve etc.).

Type of Financial Instrument	**Valuation Technique**
Investments	Income Approach
Borrowings	Income Approach

(iv). Sensitivity of fair value measurements to changes in unobservable market data

The following table demonstrates the sensitivity to a reasonably possible change in the significant unobservable inputs (all other variables being considered as constant) of the Company's Statement of Profit and Loss and Equity.

(Rs in Million)

Particulars	Increase / (decrease) in the Equity Price	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Investments at FVTPL	10% Increase in Price	Impact on Profit before Tax	5.84	Impact on equity	4.37
	10% Decrease in Price		(5.84)		(4.37)
2019-20					
Investments at FVTPL	10% Increase in Price	Impact on Profit before Tax	4.93	Impact on equity	3.69
	10% Decrease in Price		(4.93)		(3.69)

C. Risk management framework

The Company's risks are managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. The company considers ongoing risk management as a critical function and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk and liquidity risk.
It is the Company's policy to ensure that a robust risk awareness is embedded in its organizational risk culture.

1. Credit risk

Credit Risk in simple terms is the risk of borrowers / obligors ability to honour their obligations in timely manner and the loss that may be incurred by the Company in the event of the failure of borrowers to meet their repayment obligations.

2. Impairment assessment

(i) Exposure at Default (EAD)

EAD is aggregate of the amortized principal, accrued interest and committed undrawn lines as on the default date and the same is used for purpose of ECL computation.

Exposure to Investments which are accounted as per amortized cost method have been classified under the following three stages at borrower level in line with Ind AS 109.
Stage 1 – Investments with low credit risk and where there is no significant increase in credit risk. The Investments up to 0-30 days are classified as Stage1.
Stage 2 – Investments with significant increase in credit risk as compared to the risk assessed at their origination are considered as stage 2. These include underperforming assets i.e. assets with overdue > 30 days and < 90 days or any other asset that the management, based on a qualitative assessment, considers to be underperforming in its view irrespective of the numbers of days the account is overdue.
Stage 3 – Non Performing or Impaired borrowers and defined as borrowers with over dues > 90 days or where the management, based on a qualitative assessment, considers the default to be imminent.

(ii) Significant increase in credit risk

The Company continuously monitors all investments subject to ECLs. This monitoring is to evaluate if there has been any significant in the credit risk over the balance life of the investments as compared to the assessed credit risk at the time of their origination. Such evaluation may lead to either revision in the probability of default and / or revision in the asset classification stage (1 or 2) based on overdue status or management's qualitative assessment that the underlying risk has significantly increased and the asset needs to be assessed either on the basis of lifetime PD or default PD if the default is considered imminent. The Company considers an exposure to have significantly increased in credit risk if contractual payments are more than 30 days past due or where the management, based on a qualitative assessment, considers the asset to be underperforming in its view irrespective of the numbers of days the account is overdue.

(iii) Definition of default and cure

In the event any borrower has defaulted on asset repayment obligations for 90 days or more, the same is considered as credit impaired i.e. stage 3.
Factors considered for Stage definition
Besides the number of days an account is overdue, the Company considers various qualitative factors to assess whether any exposure should be moved to Stage 2 or Stage 3 (for imminent threat of default cases). Some of the indicative parameters (non-exhaustive) are :
• Financial parameters such as drop in profitability / increase in debt / adverse changes in debt / EBIDTA or DSCR ratios
• A breach of contract such as a default or past due event or material covenant breaches;
• The restructuring of the asset by the Company on terms that the Company would not consider otherwise; or
• It is becoming probable that the borrower will enter bankruptcy or other financial reorganization

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the borrower makes necessary payments and the borrower is not 90 days past due after such payments. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and the relative credit risk as compared to the asset origination stage.

(iv) estimation process

The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The Company has its own internal ratings for client exposures and these have been mapped to leading external credit rating agency's ratings and probabilities of default. The Company has applied
a. 12 months PD to Stage 1 Investments
b. Lifetime PD for Stage 2 assets
c. 100% PD for Stage 3 assets

(v) 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 would be expected to be received, including from realization of any prime/collateral security. LGD is computed based on discounted expected recoveries at an account level based on collateral valuation after applying appropriate hair cut and appropriate recovery time.

3. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Company has guidelines in place covering the acceptability and valuation of each type of collateral. Generally the Company accepts collaterals such as real estate (residential / commercial / land parcels), shares (listed / unlisted / promoter owned), plant and machinery, stock and book debts etc. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.
In case of defaults by customers (whether of due payments or underlying security conditions / covenants), the Company has the right to enforce the security and monetise the same towards part or full liquidation of the credit exposure.

D. Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations as and when they fall due on account of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis.

Further, the Company's current financial assets are higher than the current financial liabilities on the Balance Sheet date.

(Rs. In Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
LIABILITIES	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Trade and other payables	64.72	-	64.72	44.75	-	44.75
Finance Lease Obligation	3.55	10.49	14.04	3.23	14.04	17.27
Other financial liability	15.14	-	15.14	10.70	-	10.70
Total Financial Liabilities	**83.41**	**10.49**	**93.90**	**58.68**	**14.04**	**72.72**

Note 30. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months.

(Rs. In Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Assets						
Cash and cash equivalents	407.81	-	407.81	533.65	-	533.65
Trade receivables	16.12	-	16.12	27.96	-	27.96
Investments	0.62	10,780.09	10,780.71	-	12,166.35	12,166.35
Other financial assets	38.73	2.05	40.78	11.50	2.68	14.18
Non-Financial assets						
Current Tax Assets (Net)	-	266.58	266.58	-	261.31	261.31
Deferred tax assets (Net)	-	2.69	2.69	-	31.64	31.64
Property, plant and equipment	-	5.49	5.49	-	10.78	10.78
Capital work-in-progress	5.27	-	5.27	-	3.10	3.10
Right-to-use of Assets	4.15	8.99	13.14	3.98	12.59	16.57
Other non-financial assets	2.71	325.09	327.80	1.74	355.16	356.90
Total Assets	**475.41**	**11,390.98**	**11,866.39**	**578.83**	**12,843.61**	**13,422.44**
LIABILITIES						
Financial Liabilities						
Trade and other payables	64.72	-	64.72	44.75	-	44.75
Finance Lease Obligation	3.55	10.49	14.04	3.23	14.04	17.27
Other Financial Liabilities	15.14	-	15.14	10.70	-	10.70
Non-Financial Liabilities						
Provisions	1.00	4.08	5.08	0.23	3.52	3.75
Total Liabilities	**84.41**	**14.57**	**98.98**	**58.91**	**17.56**	**76.47**
Net	**391.00**	**11,376.41**	**11,767.41**	**519.92**	**12,826.05**	**13,345.97**

Note 31

(i) Provident Fund

Provident fund for certain eligible employees is paid to recognised provident fund managed by the Government. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their termination/retirement, in accordance with PF rules. The contribution to the said recognised fund is considered as expenses in the Profit and loss account on accrual basis. The charge during the current year towards employer's share of contribution is INR 2.18 million(Previous year INR 0.54 million).

(ii) Gratuity Fund

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

The gratuity policy of the company provides for lumpsum payment to vested employees at retirement or on termination of employment, based on respective employee's salary and years of employment in accordance with Payment of Gratuity Act, 1972.

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2021:

(Rs. In Million)

Particulars	As at April 1, 2020	Service cost	Net interest expense	Benefits paid	Actuarial changes arising from changes in financial & demographic assumptions	Experience adjustments	As at March 31, 2021
Defined benefit obligation	1.94	0.44	0.13	(0.46)	0.34	(0.37)	2.02
Benefit liability	**1.94**	**0.44**	**0.13**	**(0.46)**	**0.34**	**(0.37)**	**2.02**

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2020:

Particulars	As at April 1, 2019	Service cost	Net interest expense	Benefits paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	As at March 31, 2020
Defined benefit obligation	3.80	0.39	0.29	(3.34)	0.18	0.62	1.94
Benefit liability	**3.80**	**0.39**	**0.29**	**(3.34)**	**0.18**	**0.62**	**1.94**

Sensitivity analysis

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Sensitivity Level	1% increase	1% increase	1% decrease	1% decrease
Impact on defined benefit obligation				
1) Discount Rate	(0.06)	(0.15)	0.07	0.17
2) Future Salary Increases	0.02	0.17	(0.02)	(0.15)
3) Employee Turnover	(0.00)	0.01	0.00	(0.01)

Maturity Analysis of benefit payments

Particulars	As at March 31, 2021	As at March 31, 2020
Within the next 12 months	0.36	0.03
Between 2 and 5 years	1.37	0.60
Between 6 and 10 years	0.49	0.35
Beyond 10 years	0.24	3.81
Total expected payments	**2.46**	**4.79**

Table showing actuarial assumptions

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	5.58%	6.84%
Rate of increase in compensation levels of covered employees	6.00%	6.00%
Mortality rate	Indian Assured Lives (2006-08)	Indian Assured Lives (2006-08)
Attrition rate	20.00%	2.00%

Note 32 Segment Information

The principal object of the Company is to carry on the activities of advisory and finance arrangement services. All other activities of the Company revolve around / are connected with its principal object. Considering this, the Company has only one reportable segment.

Note 33. Lease disclosure

Under Ind-AS 116, the Company recognises right-of-use assets and lease liabilities for leases i.e. these leases are on the balance sheet. Lease liabilities as at 01 April 2020 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average of lessee's incremental borrowing rate applied to the lease liabilities as at 01 April 2020 was 9.50%.

Changes in the carrying value of Right-of-use Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	16.57	-
Additions	-	19.88
Deletion	-	-
Depreciation	3.98	3.31
Closing balance	**12.59**	**16.57**

Changes in the Lease liabilities

The following is the movement in Lease Liabilities during the year ended 31st March, 2021:

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	17.27	-
Addition	-	19.89
Add: Lease interest	1.50	1.32
Less: Lease payments	4.73	3.94
Closing balance	**14.04**	**17.27**

Maturity analysis of Lease liability

The table below provides details regarding the Contractual Maturities of Lease Liabilities on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
a) Payable not later than one year	4.73	4.73
b) Payable later than one year and not later than five years	11.66	16.39
c) Payable later than five years	-	-
Total	**16.39**	**21.12**

The following amounts were recognised as expense in the year:

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on Lease liability	1.50	1.32
Depreciation on Leased asset	3.98	3.31
Total	**5.48**	**4.63**

Amounts recognised in statement of Cash Flows

Particulars	As at March 31, 2021	As at March 31, 2020
Total Cash outflow for lease asset	4.73	3.94

Note 34. Earnings Per Share

The computation of earnings per share is set out below:

Particulars			Year ended March 31, 2021	Year ended March 31, 2020
Net Profit after tax as per Statement of Profit and Loss	(A)	(Rs. In Million)	(1,584.27)	(12,652.17)
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	19,20,01,347	19,14,66,963
Weighted average number of diluted potential equity shares on exercise of Restricted Share Units (Refer note 38)	(C)	Nos.	7,87,314	10,91,140
Weighted average number of equity shares for calculating Diluted EPS	(D)	Nos.	19,27,88,661	19,25,58,103
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share)	(A)/(B)	Rs.	(8.25)	(66.08)
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share)	(A)/(D)	Rs.	(8.25)	(66.08)

Note 35. Related party transactions

A. Details of related parties

Names of related parties	Description of Relationship
Kohlberg Kravis Roberts & Co. L.P.	Ultimate Holding Company
KKR Mauritius PE Investments I, Limited	Fellow subsidiary
KKR India Financial Investments Pte Limited	Holding Company
KKR India Financial Services Limited	Subsidiary Company
KKR India Finance Holding LLC	Company having significant influence over the Company
KKR India Debt Fund I	Fund over which the Company is able to exercise significant influence
KKR India Debt Opportunities Fund III	Fund over which the Company is able to exercise significant influence
KKR India Debt Opportunities Fund II	Fund over which the Company is able to exercise significant influence
India Alternative Opportunities Fund	Fund over which the Company is able to exercise significant influence
KKR Capital Markets Holdings LLP	Fellow subsidiary
KKR Asia Limited	Fellow subsidiary
KKR India Advisors Private Limited	Fellow subsidiary
Tranzmute LLP	Joint Venture
Mr. B V Krishnan	Key Managerial Personnel (Executive Director till October 29,2019)
Mr. Naozad Sirwalla	Key Managerial Personnel (Company Secretary & Chief Financial Officer till June 28,2019)
Mr. Tashwinder Singh	Key Managerial Personnel (Executive Director till June 28,2019)
Mr. Karthik Krishna	Key Managerial Personnel (Non-Executive Director)
Mr. Anil Nagu	Key Managerial Personnel (Whole-Time Director and Chief Financial Officer)
Mr. Binoy Parikh	Key Managerial Personnel (Company Secretary w.e.f July 01, 2020)

(Rs. In Million)

B. Related party transactions	Ultimate Holding Company	Holding Company	Subsidiary Company	Company having having significant influence over the Company	Funds over which company having significant influence	Fellow subsidiaries	Joint Venture	Key Management Personnel
Description of transaction:								
Investments in Units of Alternative Investment Funds:								
India Alternative Opportunities Fund	-	-	-	-	0.57	-	-	-
	(-)	(-)	(-)	(-)	(2.30)	(-)	(-)	(-)
Redemption of Units of Alternative Investment Funds:								
KKR India Debt Fund I	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(8.11)	(-)	(-)	(-)
KKR India Debt Opportunities Fund III	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(8.08)	(-)	(-)	(-)
Investment in Limited Liability Partnership :								
Tranzmute LLP	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(40.00)	(-)
Interest income from units in Alternative Investment Funds:								
KKR India Debt Fund I	-	-	-	-	0.08	-	-	-
	(-)	(-)	(-)	(-)	(4.72)	(-)	(-)	(-)
KKR India Debt Opportunities Fund II	-	-	-	-	1.20	-	-	-
	(-)	(-)	(-)	(-)	(8.93)	(-)	(-)	(-)
KKR India Debt Opportunities Fund III	-	-	-	-	0.08	-	-	-
	(-)	(-)	(-)	(-)	(4.70)	(-)	(-)	(-)
India Alternative Opportunities Fund	-	-	-	-	1.23	-	-	-
	(-)	(-)	(-)	(-)	(1.81)	(-)	(-)	(-)
Investment management fees (income):								
KKR India Debt Fund I	-	-			-	-	-	-
	(-)	(-)	(-)	(-)	(1.93)	(-)	(-)	(-)
KKR India Debt Opportunities Fund II	-	-	-	-	37.97	-	-	-
	(-)	(-)	(-)	(-)	(89.29)	(-)	(-)	(-)
KKR India Debt Opportunities Fund III					-			
	(-)	(-)	(-)	(-)	(0.80)	(-)	(-)	(-)

(Rs. In Million)

B. Related party transactions	Ultimate Holding Company	Holding Company	Subsidiary Company	Company having having significant influence over the Company	Funds over which company having significant influence	Fellow subsidiaries	Joint Venture	Key Management Personnel
Description of transaction:								
Issue of equity shares								
Anil Nagu	-	-	-	-	-	-	-	0.16
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Reimbursement of expenses:								
Kohlberg Kravis Roberts & Co. LP.	0.84	-	-	-	-	-	-	-
	-1.10	(-)	(-)	(-)	(-)	(-)	(-)	(-)
KKR Asia Limited	-	-	-	-	-	5.04	-	-
	(-)	(-)	(-)	(-)	(-)	-5.05	(-)	(-)
KKR India Advisors Private Limited	-	-	-	-	-	16.38	-	-
	(-)	(-)	(-)	(-)	(-)	-6.36	(-)	(-)
KKR India Financial Services Limited	-	-	42.03	-	-	-	-	-
	(-)	(-)	-0.83	(-)	(-)	(-)	(-)	(-)
KKR India Finance Holdings LLC	-	-	-	15.59	-	-	-	-
	(-)	(-)	(-)	-15.09	(-)	(-)	(-)	(-)
Recovery of expenses:								
KKR India Financial Services Limited	-	-	49.63	-	-	-	-	-
	(-)	(-)	-15.34	(-)	(-)	(-)	(-)	(-)
KKR India Advisors Private Limited	-	-	-	-	-	23.79	-	-
	(-)	(-)	(-)	(-)	(-)	-5.54	(-)	(-)
KKR India Debt Opportunities Fund II	-	-	-	-	0.22	-	-	-
	(-)	(-)	(-)	(-)	-1.47	(-)	(-)	(-)
Remuneration including reimbursement to Key Managerial Personnel:								
Mr. B.V. Krishnan	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-2.77
Mr. Tashwinder Singh	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-1.05
Mr. Naozad Sirwalla	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-1.36
Mr. Anil Nagu	-	-	-	-	-	-	-	39.51
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-4.31
Mr. Karthik Krishna	-	-	-	-	-	-	-	0.40
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Binoy Parikh	-	-	-	-	-	-	-	7.75
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

(Rs. In Million)

C. Related party balances as at March 31, 2021	**Ultimate Holding Company**	**Holding Company**	**Subsidiary Company**	**Company having having significant influence over the Company**	**Funds over which company having significant influence**	**Fellow subsidiaries**	**Joint Venture**	**Key Management Personnel**
Equity Share Capital:								
KKR India Financial Investments Pte. Ltd.	-	1,914.67	-	-	-	-	-	-
	(-)	-1,914.67	(-)	(-)	(-)	(-)	(-)	(-)
Anil Nagu	-	-	-	-	-	-	-	0.16
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments in Equity Shares:								
KKR India Financial Services Limited	-	-	24,461.95	-	-	-	-	-
	(-)	(-)	-24,461.95	(-)	(-)	(-)	(-)	(-)
Investments in Units of Alternative Investment Funds:								
KKR India Debt Fund I	-	-	-	-	4.22	-	-	-
	(-)	(-)	(-)	(-)	-4.22	(-)	(-)	(-)
KKR India Debt Opportunities Fund III	-	-	-	-	4.25	-	-	-
	(-)	(-)	(-)	(-)	-4.25	(-)	(-)	(-)
KKR India Debt Opportunities Fund II	-	-	-	-	41.50	-	-	-
	(-)	(-)	(-)	(-)	-41.50	(-)	(-)	(-)
India Alternative Opportunities Fund	-	-	-	-	18.15	-	-	-
	(-)	(-)	(-)	(-)	-17.57	(-)	(-)	(-)
Investments in Limited Liability Partnership:								
Tranzmute LLP	-	-	-	-	-	-	80.50	-
	(-)	(-)	(-)	(-)	(-)	(-)	-80.50	(-)
Payables:								
Kohlberg Kravis Roberts & Co. LP.	0.84	-	-	-	-	-	-	-
	-1.10	(-)	(-)	(-)	(-)	(-)	(-)	(-)
KKR India Finance Holding LLC	-	-	-	3.91	-	-	-	-
	(-)	(-)	(-)	-3.81	(-)	(-)	(-)	(-)
KKR India Advisors Private Limited	-	-	-	-	-	0.24	-	-
	(-)	(-)	(-)	(-)	(-)	-3.54	(-)	(-)
KKR India Financial Services Limited	-	-	2.03	-	-	-	-	-
	(-)	(-)	-21.01	(-)	(-)	(-)	(-)	(-)
Receivables:								
KKR India Financial Services Limited	-	-	13.63	-	-	-	-	-
	(-)	(-)	-4.35	(-)	(-)	(-)	(-)	(-)
KKR India Advisors Private Limited	-	-	-	-	17.40	-	-	-
	(-)	(-)	(-)	(-)	-4.15	(-)	(-)	(-)
KKR India Debt Opportunities Fund II	-	-	-	-	11.63	-	-	-
	(-)	(-)	(-)	(-)	-20.58	(-)	(-)	(-)

Notes :
1. Related parties have been identified by the management.
2. Figures in brackets pertain to those of the previous year.

Note 36 : Employee share-based plan:

Pursuant to the KKR Capital Markets India Private Limited Employee Share Incentive Plan (ESIP) introduced by the Company during the previous year, the Company has granted Restricted Share Units (RSUs), inter alia, to the eligible employees and/or directors (the employees) of the Company and / or its subsidiary KKR India Financial Services Limited (KIFSL). The particulars of RSUs granted to the employees are given below.

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
No. of RSUs granted	24,46,690	2,49,888	2,46,725	77,168	2,51,512	5,13,372
Grant Date	April 1, 2017	January 1, 2018	July 1, 2018	January 1, 2019	April 1, 2019	October 1, 2019
Exercise price (Rs. Per share)	10	10	10	10	10	10
Fair Value on Grant Date	151.40	213.80	214.00	192.50	158.99	102.14
Method of accounting	Fair Value					
Graded Vesting	Tranches 1, 3 and 4: 33.33% of the Tranche 1 RSUs shall vest on each of the 3 anniversaries of the Date of Grant of the respective tranche. Tranche 2: 33.33% of the Tranche 2 RSUs shall vest after 1 year from the Date of Grant, 33.33% of the Tranche 2 RSUs shall vest after 1 year and 9 months from the Date of Grant and 33.33% of the Tranche 2 RSUs shall vest after 2 years and 9 months from the Date of Grant. Tranches 5: 82% of the Tranche 5 RSUs shall vest on each of the 3 anniversaries of the Date of Grant of the tranche. Balance RSUs shall vest on each of 2 anniversaries of the Date of Grant of the tranche. Tranches 6: 3.12% of the Tranche 6 RSUs shall vest after 6months from the Date of Grant, 31.68% of the Tranche 6 RSUs shall vest after 1 year from the Date of Grant, 32.6% of the Tranche 6 RSUs shall vest after 1 year and 6 months from the Date of Grant and 32.6% of the Tranche 2 RSUs shall vest after 2 years and 6 months from the Date of Grant					
Exercise period	The earlier of (A) the third anniversary of the applicable vesting date and (B) a Change of Control and/or KKR Change of Control as specied in the plan or an Initial Public Offering; (C) or such other event as may be notified by the Board in this regard; subject to continued employment on such settlement date.					

(a) The movement of the RSUs granted to the employees is as under:

Particulars	Particulars	
	As at March 31, 2021	**As at March 31, 2020**
Outstanding at the beginning of the year	19,38,607	17,22,000
Granted during the year	-	7,64,884
Exercised during the year	10,34,181	-
Lapsed/ forfeited during the year	5,67,630	5,48,277
Outstanding at the end of the year	3,36,796	19,38,607
Exercisable at the end of the year	1,29,520	9,02,967

(b) Fair Valuation:
The fair value of RSUs used to compute proforma net income and the earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black-Scholes Model. The Key assumptions in Black-Scholes Model for calculating the fair value as on the date of grant are as follows:

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Risk-Free Rate	6.60%-6.70%	7.00%-7.10%	7.70%-7.75%	7.11%-7.17%	6.15%-6.28%	6.15%-6.28%
RSU Life (Years)	5.5-6.5	5.5-6.5	5.5-6.5	5.5-6.51	5.5-6.5	5.5-6.5
Expected Volatility	48.60%-48.10%	48.10%-47.90%	48.20%-48.00%	50.00%	50.00%	50.00%
Dividend Yield	-	-	-	-	-	-
The weighted-average fair value of the RSU on grant date	151.4	213.8	214.00	192.50	158.99	102.14

Note 37. Foreign currency exposure not hedged by derivative instruments

Particulars	As at March 31, 2021		As at March 31, 2020	
	USD in Million	Rs in Million	USD in Million	Rs in Million
Trade payable	0.14	10.47	0.12	9.37

Note 38: Contingent liabilities

Particulars	As at March 31, 2021 Rs in Million	As at March 31, 2020 Rs in Million
Income-tax demands disputed in appeals	182.23	381.63

Note:
The tax impact / demands relate to disallowances of certain expenses / non-granting of credit for tax dedusted at source, by the Assessing Officer, which are disputed in appeals. The Company is hopeful of succeeding in the said appeals.

Note 39 : Investment Management Fees

The Company has entered into Investment Management Agreements (IMAs) with certain Alternative Investment Funds (the Funds). The investment management fees for the year ended March 31, 2021, payable by the Funds to the Company are calculated in accordance with the terms and conditions of the IMAs and form a part of Investment management fees disclosed in Note 22.
During the year, certain processing fees/lender fees are earned by the Company in connection with the investment by the Funds, in the portfolio companies of the Funds. Consequently, the Company has agreed with the Funds to off-set the investment management fees for the year, against such processing fees/lender fees as specified below:

(Rs. in Million)

Processing fees/lender fees available for off-set brought forward	Processing fees/ lender fees earned by the Company in the current year available for off-set	Investment management fees for the year as per the IMA	Investment management fees for the year after off-set	Processing fees/lender fees available for off-set carried forward
-	-	37.97	37.97	-
-	(3.50)	(95.52)	(92.02)	-

Notes:
1. The amounts are excluding goods and services tax.
2. Figures in brackets pertain to those of previous year.

Note 40: Particulars of investments made, as required by clause (4) of Section 186 of the Companies Act, 2013

Name	Nature	Rs in Million	Period (Months)	Rate of interest	Purpose
KKR India Financial Services Limited	Investment in Equity Shares	24,461.95	NA	NA	NA
		(24,461.95)	(NA)	(NA)	(NA)
KKR India Debt Fund I	Investment in units of Alternative Investment Funds	4.22	NA	NA	NA
		(4.22)	(NA)	(NA)	(NA)
KKR India Debt Opportunities Fund III		4.25	NA	NA	NA
		(4.25)	(NA)	(NA)	(NA)
KKR India Debt Opportunities Fund II		41.50	NA	NA	NA
		(41.50)	(NA)	(NA)	(NA)
India Alternative Opportunity Fund		18.15	NA	NA	NA
		(17.57)	(NA)	(NA)	(NA)
Tranzmute LLP	Contribution In LLP	79.05	NA	NA	NA
		(79.05)	(NA)	(NA)	(NA)

Note:
Figures in brackets pertain to those of the previous year.

Note 41. Capital commitment/Other commitments

(Rs. in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital commitments (Capital contracts entered in to by the Company pending completion)	1.42	2.05

Note 42: Long-term contracts

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses need to be provided as required under any law/accounting standards.

Note 43: Impairment of Investment in Subsidiary and Joint Venture

During the year ended 31st March, 2021, the Company has made an assessment of its value of investments in Subsidiary KKR India Financial Services Limited and Joint Venture Tranzmute LLP. Based on such assessments, an amount of INR 139.48 Crore as impairment as at 31st March, 2021, has been provided as impairment loss.

Note 44. Estimation uncertainty relating to COVID-19 global health pandemic:

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus. This pandemic and response thereon have impacted most of the industries. Consequent to the nationwide lock down on March 24, 2020, the Company's operations were scaled down in compliance with applicable regulatory orders. Subsequenlty, during the year, the Company's operations have been scaled up in a phased manner taking into account directives from various Government authorities. The impact on future operations would, to a large extent, depend on how the pandemic further develops and it's resultant impact on the operations of the Company. The Company continues to monitor the situation and take appropriate action, as considered necessary in due compliance with the applicable regulations.

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021and has concluded that no there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.

Note 45. Social Security Code

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published

Note 46. Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021.

Note 47. Merger

On September 9, 2020, the Board of Directors has approved the Composite Scheme of Arrangement and Amalgamation among Bee Finance Limited ('Transferor Company'), KKR Capital Markets India Private Limited ('Company' or 'Transferee Company'), InCred Financial Services Limited ('Demerged Company'), KKR India Financial Services Limited ('Resulting Company') and their respective shareholders under Sections 230 to 232, 66, 234 and other applicable provisions of the Companies Act, 2013 with effect from the appointed date April 1, 2022 ('Scheme') to be submitted to the National Company Law Tribunal and Reserve Bank of India for approval.

Note 48: Approval of financial statements

The financial statements for the year ended March 31, 2021 were authorised for issue by the Board of directors at its meeting held on September 22, 2021.

Note 49: Prior period comparatives

Previous years figures have been regrouped and reclassified where necessary to conform to current year's presentation.

Signatures to Notes 1 to 49

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison Date: 2021.09.24 12:00:38 +05'30'

Srividya Vaidison
Partner
Membership No.: 207132

Place: Mumbai
Date: September 22, 2021

For and on behalf of the Board of Directors of
For KKR Capital Markets India Private Limited

Brian Wesley Dillard Digitally signed by Brian Wesley Dillard Date: 2021.09.23 20:38:12 +05'30'

Brian Wesley Dillard
Director
DIN 08626376

ANIL NAGU Digitally signed by ANIL NAGU Date: 2021.09.23 20:37:36 +05'30'

Anil Nagu
Director & CFO
DIN 00110529

BINOY K PARIKH Digitally signed by BINOY K PARIKH

Binoy K. Parikh
Company Secretary

Place: Mumbai
Date: September 22, 2021

MSKA
& Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

INDEPENDENT AUDITOR'S REPORT

To the Members of KKR Capital Markets India Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of KKR Capital Markets India Private Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which includes Group's share of loss in its Joint Venture and comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the other financial information of the subsidiary and Joint Venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2021, of consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 50 to the consolidated financial statements, which describes that the extent to which the COVID-19 Pandemic will impact the Group financial statements will depend on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report are Director's Report but does not include the consolidated financial statements and our auditor's report thereon. The Director's report has not been made available to us.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statement or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the Joint venture included in the consolidated financial statements, which have been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and its subsidiary included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

We did not audit the financial statements / financial information of Tranzmute LLP, a Joint Venture, whose financial statements reflect total assets of Rs. 1,94,67,100 as at 31st March, 2021, total revenues of Rs. 3,09,39,800 for the year ended on that date. The consolidated financial statements also include the Group's share of net loss of Rs. 27,95,800 for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of Tranzmute LLP, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this Joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid Joint venture, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the report of its subsidiary, incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 45 to the consolidated financial statements.

    ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary.

2. In our opinion, according to information, explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Holding Company as it is a Private Company. The remuneration paid by the subsidiary to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison Date: 2021.09.24 12:18:09 +05'30'

Srividya Vaidison
Partner
Membership No. 207132
UDIN: 21207132AAAABR3647

Place: Mumbai
Date: September 22, 2021

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KKR CAPITAL MARKETS INDIA PRIVATE LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of KKR Capital Markets India Private Limited on the consolidated Financial Statements for the year ended March 31, 2021]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of KKR Capital Markets India Private Limited (hereinafter referred to as "the Holding Company") and its subsidiary, which are companies incorporated in India, as of that date. The joint venture is not a Company incorporated under the Act, and hence requirements of reporting on the internal financial controls over financial reporting is not applicable to the joint venture.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary, which are companies incorporated in India, have, in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.09.24 12:18:50 +05'30'

Srividya Vaidison
Partner
Membership No. 207132
UDIN : 21207132AAAABR3647

Place: Mumbai
Date: September 22, 2021

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

(Rs. In Million)

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
I	**ASSETS**			
(1)	**Financial assets**			
	Cash and cash equivalents	4	7,500.54	6,619.18
	Trade Receivables	5	16.12	28.53
	Loans	6	13,826.60	25,557.97
	Investments	7	136.91	8,062.08
	Other financial assets	8	64.95	48.40
	Total Financial Assets		**21,545.12**	**40,316.16**
(2)	**Non-Financial assets**			
	Current Tax Assets (Net)	9	1,284.43	1,309.91
	Deferred Tax Assets (Net)	10	3,006.07	4,770.73
	Property, Plant and Equipment	11	22.39	36.36
	Capital Work in Progress		5.27	3.09
	Goodwill		2,982.57	2,982.57
	Right-to-use of Assets		70.98	89.48
	Other non-financial assets	12	355.19	367.09
	Total Non-Financial Assets		**7,726.90**	**9,559.23**
	Total Assets		**29,272.02**	**49,875.39**
II	**LIABILITIES AND EQUITY**			
(1)	**Financial Liabilities**			
	Trade Payables	13		
	(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		0.03	-
	(ii) Total Outstanding Dues of Creditors other than Micro enterprises and Small Enterprises		108.93	85.70
	Debt Securities	14	2,594.03	10,384.10
	Borrowings (Other than Debt Securities)	15	9,963.10	18,581.75
	Other Financial Liabilities	16	1,822.99	4,459.06
	Total Financial Liabilities		**14,489.08**	**33,510.61**
(2)	**Non-Financial Liabilities**			
	Current tax liabilities (Net)	17	5.13	14.95
	Provisions	18	27.78	21.22
	Total Non-Financial Liabilities		**32.91**	**36.17**
(3)	**EQUITY**			
	Equity Share Capital	19	1,925.01	1,914.67
	Other Equity	20	12,825.02	14,413.94
	Total Equity		**14,750.03**	**16,328.61**
	Total Liabilities and Equity		**29,272.02**	**49,875.39**

Significant Accounting Policies
The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.09.24 12:08:40 +05'30'

Srividya Vaidison
Partner
Membership No.: 207132

Place: Mumbai
Date: September 22, 2021

For and on behalf of the Board of Directors of
For KKR Capital Markets India Private Limited

Brian Wesley Dillard
Digitally signed by Brian Wesley Dillard
Date: 2021.09.23 20:48:27 +05'30'

Brian Wesley Dillard
Director
DIN 08626376

ANIL NAGU
Digitally signed by ANIL NAGU
Date: 2021.09.23 20:54:49 +05'30'

Anil Nagu
Director & CFO
DIN 00110529

BINOY K PARIKH
Digitally signed by BINOY K PARIKH

Binoy K. Parikh
Company Secretary

Place: Mumbai
Date: September 22, 2021

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Rs. In Million)

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from Operations				
	Interest Income	21	3,907.79	7,398.71
	Fee Income	22	63.93	160.94
	Other Operating Income	23	2.60	20.16
(I)	**Total Revenue from Operations**		**3,974.32**	**7,579.81**
(II)	Other Income	24	238.63	2.80
(III)	**Total Income (I+II)**		**4,212.95**	**7,582.61**
Expenses				
	Finance Cost	25	2,289.00	3,877.07
	Net Loss on Fair Value Changes	26	2,282.80	7,149.05
	Impairment on Financial Instruments	27	(1,875.01)	12,008.93
	Impairment of Non Current Asset	28	25.20	160.00
	Employee Benefit Expense	29	378.56	395.31
	Depreciation and Amortisation	30	38.17	32.01
	Other Expenses	31	895.72	594.23
(IV)	**Total Expenses**		**4,034.44**	**24,216.60**
(V)	**(Loss)/ Profit before Tax and Exceptional Item (III-IV)**		**178.51**	**(16,633.99)**
Tax expense				
	Current Tax		-	-
	For earlier year		(1.87)	56.94
	Deferred Tax	10	1,763.88	(3,904.22)
(VII)	**Total Tax Expense**		**1,762.01**	**(3,847.28)**
(VIII)	**Net (Loss)/ Profit After Tax (V-VI)**		**(1,583.50)**	**(12,786.71)**
	Add/(less): Share of Profit/(Loss) in Joint Venture		(2.80)	(57.45)
(VIII)	**Net Profit After Tax and share of joint venture**		**(1,586.30)**	**(12,844.16)**
(IX)	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to Profit or Loss	32	2.73	(5.42)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	32	(0.69)	1.36
	Other Comprehensive Income		**2.04**	**(4.06)**
(X)	**Total Comprehensive Income for the Year (IX+X)**		**(1,584.26)**	**(12,848.22)**
(XI)	**Earnings per Equity Share**	41		
	Basic (₹)		(8.26)	(66.08)
	Diluted (₹)		(8.26)	(66.08)

Significant Accounting Policies
The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.09.24 12:11:21 +05'30'

Srividya Vaidison
Partner
Membership No.: 207132

Place: Mumbai
Date: September 22, 2021

For and on behalf of the Board of Directors of
For **KKR Capital Markets India Private Limited**

Brian Wesley Dillard
Digitally signed by Brian Wesley Dillard
Date: 2021.09.23 20:48:52 +05'30'

Brian Wesley Dillard
Director
DIN 08626376

ANIL NAGU
Digitally signed by ANIL NAGU
Date: 2021.09.23 20:55:36 +05'30'

Anil Nagu
Director & CFO
DIN 00110529

BINOY K PARIKH
Digitally signed by BINOY K PARIKH

Binoy K. Parikh
Company Secretary

Place: Mumbai
Date: September 22, 2021

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED
Consolidated Cash Flow statement for the year ended March 31, 2021

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash Flow From Operating Activities		
(Loss)/ Profit before tax	178.51	(16,633.99)
Adjustments for		
Depreciation and amortisation	38.17	32.01
Impairment on financial instruments (Expected Credit Loss)	(1,866.19)	12,008.93
Impairment of Non current Asset	25.20	160.00
Net loss/ (gain) on fair value changes	2,282.80	7,149.05
Employee share incentive plan expenses	(4.65)	5.89
Interest expense	2,251.45	3,948.70
Interest income	71.02	223.47
Investment Written off (Including accrued interest)	-	-
Fees Receivable Write off	14.40	74.17
Provision for doubtful advance	(8.82)	38.43
Provision for Employee benefits	17.63	(6.17)
B. Operating Profit/ (loss) Before Working Capital Changes	**2,999.52**	**7,000.49**
Working capital changes		
Loans to Corporate and others	12,263.91	4,164.93
Investments	6,902.85	4,623.44
Trade receivables	6.83	47.33
Other financial assets	(16.54)	23.75
Right-to-use of Assets	(4.54)	(107.39)
Other non-financial assets	(13.30)	(49.54)
Trade and other payables	23.23	(225.09)
Provision for Employee benefits	(8.34)	-
Other financial liability	(30.81)	232.04
Other non-financial liability	-	(46.70)
Cash flows (Used in)/ Generated From Operating Activities	**22,122.81**	**15,663.26**
Income tax paid	17.52	(735.18)
Net Cash Flows (Used in)/ Generated from Operating Activities	**22,140.33**	**14,928.08**
C. Cash Flow From Investing Activities		
Purchase of property plant and equipment	(3.42)	(27.87)
Sale of Fixed asset	0.11	-
Investment in Joint Venture	-	(40.00)
Investment in Alternative Investment Fund	(0.57)	(2.30)
Repayment of investments in NCD's	-	21.48
Repayment of investments in Alternative Investment Fund	-	16.19
Net cash flows used in investing activities	**(3.88)**	**(32.50)**
D. Cash Flow From Financing Activities		
Debt securities repaid	(7,800.00)	(7,550.00)
Borrowings (other than debt securities) taken / (repaid) (net)	(8,571.17)	1,721.13
Addition/(reduction) in securities premium	-	-
Proceeds from issue of equity shares	10.34	-
Finance cost	(4,894.26)	(4,912.03)
Net Cash Flows Generated from/ (used in) Financing Activities	**(21,255.09)**	**(10,740.90)**
Net increase in cash and cash equivalents	881.36	4,154.68
Cash and cash equivalents at the beginning of the year	6,619.18	2,464.50
Cash and Cash Equivalents at the end of the year	**7,500.54**	**6,619.18**
***Components of Cash and Cash Equivalents**		
Balances with Banks :		
- In Current Accounts	66.85	1,634.00
- In Deposit accounts with original maturity of 3 months or less	7,433.69	4,985.16
	-	-

The above Statement of Cash Flow has been prepared under the indirect method set out in Ind AS-7-Statement of Cash Flow.

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison Date: 2021.09.24 12:12:45 +05'30'

Srividya Vaidison
Partner
Membership No.: 207132

For and on behalf of the Board of Directors of
For KKR Capital Markets India Private Limited

Brian Wesley Dillard Digitally signed by Brian Wesley Dillard Date: 2021.09.23 20:49:22 +05'30'

Brian Wesley Dillard
Director
DIN 08626376

ANIL NAGU Digitally signed by ANIL NAGU Date: 2021.09.23 20:56:40 +05'30'

Anil Nagu
Director & CFO
DIN 00110529

BINOY K PARIKH Digitally signed by BINOY K PARIKH

Binoy K. Parikh
Company Secretary

Place: Mumbai
Date: September 22, 2021

Place: Mumbai
Date: September 22, 2021

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

As at April 01, 2019	Changes in equity share capital during the year 2019-20	As at March 31, 2020	Changes in equity share capital during the year 2020-21	As at March 31, 2021
1,914.67	-	1,914.67	10.34	1,925.01

B. OTHER EQUITY

Particulars	Reserves and Surplus					
	Securities Premium	Retained Earnings	Statutory Reserve - Reserve Fund pursuant to Section 45-IC of the RBI Act, 1934	Capital Reserve	Employee Share Based Plan reserve	Total
Balance as at April 1, 2019	**22,536.39**	**4,052.16**	**439.91**	**24.20**	**203.61**	**27,256.27**
Loss for the year	-	(12,844.16)	-	-		**(12,844.16)**
Other Comprehensive Income for the year	-	(4.06)	-	-	-	**(4.06)**
Trasfer from Share Option Outstanding on ESOP's Excercised	-	-	-	-	5.89	**5.89**
Balance as at March 31, 2020	**22,536.39**	**(8,796.06)**	**439.91**	**24.20**	**209.50**	**14,413.94**
Balance as at April 1, 2020	**22,536.39**	**(8,796.06)**	**439.91**	**24.20**	**209.50**	**14,413.94**
Loss for the year	-	(1,586.30)	-	-	**-**	**(1,586.30)**
Other Comprehensive Income for the year	-	2.04	-	-	-	**2.04**
Employess Stock Options Amortised During The Year	-	-	-	-	(158.68)	**(158.68)**
Received during the year	154.02	-	-	-	-	**154.02**
Balance as at March 31, 2021	**22,690.41**	**(10,380.32)**	**439.91**	**24.20**	**50.82**	**12,825.02**

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.09.24 12:14:05 +05'30'

Srividya Vaidison
Partner
Membership No.: 207132

Place: Mumbai
Date: September 22, 2021

For and on behalf of the Board of Directors of
For KKR Capital Markets India Private Limited

Brian Wesley Dillard
Digitally signed by Brian Wesley Dillard
Date: 2021.09.23 20:50:06 +05'30'

Brian Wesley Dillard
Director
DIN 08626376

ANIL NAGU
Digitally signed by ANIL NAGU
Date: 2021.09.23 20:57:37 +05'30'

Anil Nagu
Director & CFO
DIN 00110529

BINOY K PARIKH
Digitally signed by BINOY K PARIKH

Binoy K. Parikh
Company Secretary

Place: Mumbai
Date: September 22, 2021

Note 1. General Information

KKR Capital Markets India Private Limited (the Company), was incorporated as a private limited company on January 03, 2011 under the provisions of the Companies Act, 1956. The Company is registered with the Securities and Exchange Board of India as a 'Category I Merchant Banker' and the Company is engaged in providing investment advisory, investment management and finance arrangement services.

Note 2. Basis of preparation and significant accounting policies

a. Basis of accounting and preparation of financial statements

The Company along with its subsidiary and a joint venture is collectively referred to as 'the Group'. The consolidated financial statements (financial statements) of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below, the relevant provisions of the Companies Act, 2013 (the Act) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements have been prepared and presented on the going concern bases and at historical cost except for the following assets and liabilities, which have been subsequently measured at fair values.

a) Certain Financial instruments measured at fair value
b) Employee's Defined benefit plans as per actuarial valuation
c) Share based payments

b. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in millions rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places.

c. Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiary and its joint venture.

- An entity which is, directly or indirectly, controlled by the Group is treated as subsidiary. Control is achieved when the Company, directly or indirectly:
  - o has power over the investee;
  - o is exposed, or has rights, to variable returns from its involvement with the investee;
  - o and has the ability to use its power to affect its returns.
- The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
- Where necessary, adjustments are made to the financial statements of subsidiary and joint venture to bring their accounting policies into line with the Group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company.
- All intragroup assets and liabilities, equity, income, expenses, unrealised profits/losses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.
- The consolidated financial statements of the Group combines financial statements of the Company and its subsidiary line by-line by adding together the like items of assets, liabilities, income and expenses.

d. Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint venture are incorporated in these consolidated financial statements using equity method of accounting. Under the equity method, an investment in joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture. Distributions received from a joint venture reduce the carrying amount of the investment. When the Group's share of losses of an joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The carrying amount of investment in joint venture is reduced to recognize impairment, if any, when there is objective evidence of impairment.

e. Business Combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the Statement of Profit and Loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12- Income taxes and Ind AS 19- Employee benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interest in the aquiree, and the fair value of acquirer's previously held equity instrument in the aquiree (if any) over the net of acquisition date fair value of identifiable assets acquired and liabilities assumed. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

f. Goodwill

Goodwill on consolidation as on the date of transition represents the excess of cost of acquisition at each point of time of making the investment in the subsidiary over the Group's share in the net worth of a subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents excess of the Group's share in the net worth of a subsidiary over the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying of each asset in the unit. Any impairment loss for goodwill is recognised directly in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

g. Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the Statement of Profit and Loss.

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Loans / investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- all other loans / investments (e.g. loans / investments managed on a fair value basis, or held for sale, or with contractual cash flow that are not SPPI) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- the Group may irrevocably designate loan / investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).
- Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

When loans / investments measured at FVTOCI are derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to the Statement of Profit or Loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss but transferred within equity. Loans/Investments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in the Statement of Profit and Loss.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

Impairment

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and advances to customers;
- debt investment securities;
- lease receivables; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after thereporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for undrawn loan and debt commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans and debt investment that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan / investment is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Derecognition of financial assets

A financial asset is 8erecognized only when:

- The Group has transferred the rights to receive cash flows from the financial assets or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial assets is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is 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 subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Financial liabilities and equity instruments
Classification as debt or equity
Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost.

Financial liabilities subsequently measured at amortised cost
Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of anasset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

h. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

i. Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

j. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

i. Interest income

Interest income on financial instruments at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate (EIR) applicable.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

ii. **Fee income:**

Fee income includes finance arrangement fees, investment advisory fees and investment management fees, which are not an integral part of EIR. Such fees are accounted as an accrual basis in the Statement of Profit and Loss, as and when services are rendered.

iii. **Other operating income:**

Other operating income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

k. Property, plant and equipment (PPE)

Property, plant and equipment (PPE) is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under:

Assets	Useful Life
Furniture and fixtures	3 years
Office equipment	3 years
Computer	3 years
Software	3 years
Leasehold improvements	amortised over the period of lease

l. Impairment of tangible and intangible assets other than goodwill

As at the end of each accounting year, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the property, plant and equipment are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

m. Employee benefits

Defined contribution plans - Provident Fund
Group's contributions to provident and other funds are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Defined benefit plans - Gratuity
The Group's Gratuity liability under the Payment of Gratuity Act,1972 is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability is computed by applying the discount rate, used to measure the net defined liability, to the net defined liability at the start of the financial year after taking into account any changes as a result of payment and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

Short-term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term employee benefits
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

Employees share-based plan

The Restricted Share Units (RSUs) granted to the employees pursuant to the Group's Employees Share Incentive plan, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

n. Operating Leases

The Company as a Lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset; (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes right-of-use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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 interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset, if the Company changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet, and lease payments have been classified as financing cash flows.

o. Cash and Cash Equivalents

Cash and cash equivalent 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.

p. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred. Borrowing costs include interest expense calculated using the EIR, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

q. Foreign currencies

i. The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group has been determinedbased on the primary economic environment in which the Group operates considering the currency in which funds are generated, spent and retained.

ii. Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at thetransaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year end Nonmonetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks;

r. Earnings per share

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

s. Taxes on income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current income taxes are determined based on the taxable income of the Group.

Current income taxes are determined based tax is measured on the basis of estimated taxable income of the Group's current accounting period in accordance with the applicable tax rate and the provisions of the Income-tax Act, 1961, and the rules framed thereunder.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. 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-forwards and unused tax credits could be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

t. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

i. an entity has a present obligation (legal or constructive) as a result of a past event; and
ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
iii. a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;and
ii. a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.
Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:
Contingent assets are not recognised in the financial statements

Commitments
Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) estimated amount of contracts remaining to be executed on capital account and not provided for;
b) uncalled liability on shares and other investments partly paid;
c) funding related commitment to associate and joint venture companies; and
d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Note 3. Critical accounting judgements and key sources of estimation uncertainties

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Impairment of loans / investments portfolio at amortised cost
The measurement of impairment losses across all categories of financial assets at amortised cost requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors which include quantitative and qualitative information and analysis, based on the Group's historical experience and forward-looking information. In certain cases, the assessment is based on past experience is required for future estimation of cash flow which requires significant judgement. The inputs and method applied for impairment assessment are detailed in Note 36.

Fair value of financial assets
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
All financial assets are initially recognised at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Group's financial instruments are carried at fair value, with changes in fair value either reported within the income statement. Details of the type and classification of the Group's financial assets are set out in note 36 and the accounting policy set out in note 2 (i).

Since the market for the Group's financial assets, which are in unlisted securities, is not active, the Group establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Determination of fair value is based on the best information available in the circumstances and may incorporate the managements' own assumptions, including appropriate risk adjustments for non-performance and lack of marketability.

Because of the inherent uncertainty of the valuation methodologies and assumptions, estimated fair values of such assets may differ from the values that would have been used had a ready market for the assets existed and the differences could be material. Considerable judgement is necessarily required in interpreting market data to determine the estimates of value; accordingly the estimate of value presented in the financial statements are not necessarily indicative of the amounts that the Group could realize in market exchange.

Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to Group's base rate and other fee income/expense that are integral parts of the instrument.

Note 4. Cash and cash equivalents

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Cash in hand	-	0.02
(ii) Balances with banks:		
- In Current Accounts	66.85	1,634.00
- In Deposit accounts (with original maturity of 3 months or less)	7,433.69	4,985.16
Total	**7,500.54**	**6,619.18**

Note 5. Trade Receivables (Unsecured)

Particulars	As at March 31, 2021	As at March 31, 2020
Considered Good	16.12	28.54
Credit Impaired	-	16.61
	16.12	**45.15**
Less Impairment Loss Allowance	-	(16.62)
Total	**16.12**	**28.53**

Notes:

(i) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

(ii) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

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Note 6. Loans

(Rs. In Million)

Particulars	As at March 31, 2021 Amortised cost	As at March 31, 2021 At Fair Value through profit or loss	As at March 31, 2021 Total	As at March 31, 2020 Amortised cost	As at March 31, 2020 At Fair Value through profit or loss	As at March 31, 2020 Total
A						
Term Loans to Corporates and others	11,572.03	3,177.78	14,749.81	23,592.28	4,878.38	28,470.66
Total – Gross (A)	11,572.03	3,177.78	14,749.81	23,592.28	4,878.38	28,470.66
Less: Expected Credit Loss	(923.21)	-	(923.21)	(2,912.69)	-	(2,912.69)
Total – Net (A)	**10,648.82**	**3,177.78**	**13,826.60**	**20,679.59**	**4,878.38**	**25,557.97**
B						
(a) Secured by tangible assets (Refer Note (i) below)	10,520.64	-	10,520.64	20,140.40	4,878.38	25,018.78
(b) Secured by intangible assets	-	-	-	-	-	-
(c) Unsecured	1,051.39	-	1,051.39	3,451.88	-	3,451.88
Total – Gross (B)	**11,572.03**	**-**	**11,572.03**	**23,592.28**	**4,878.38**	**28,470.66**
Less: Expected Credit Loss	(923.21)	-	(923.21)	(2,912.69)	-	(2,912.69)
Total – Net (B)	**10,648.82**	**-**	**10,648.82**	**20,679.59**	**4,878.38**	**25,557.97**
C						
Loans in India						
(i) Public Sector	-		-	-	-	-
(ii) Others	11,572.03	3,177.78	14,749.81	23,592.28	4,878.38	28,470.66
Total (C) Gross	**11,572.03**	**3,177.78**	**14,749.81**	**23,592.28**	**4,878.38**	**28,470.66**
Less: Expected Credit Loss	(923.21)	-	(923.21)	(2,912.69)	-	(2,912.69)
Total (C) Net	**10,648.82**	**3,177.78**	**13,826.60**	**20,679.59**	**4,878.38**	**25,557.97**

Notes:
(i) Term loans are secured against tangible assets such as real estate (including land, residential/commercial/Industrial property, etc.), plant and machinery and equity shares of listed / unlisted companies.
(ii) The Group does not have any loans outside India.

Note 7. Investments

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
At Cost		
Investments in Joint Venture (accounted under equity method)	79.05	79.05
Less: Share in losses CY	(2.80)	(41.32)
Less: Share in losses PY	(57.35)	(16.13)
	18.90	21.60
At Amortised Cost		
Investment in Debenture	-	5,049.01
At Fair Value Through Profit or Loss		
Investments in Debentures	59.62	5,849.22
Investments in Equity Share	-	256.22
Investments in Alternative Investment Funds	58.39	49.27
Total	136.91	11,225.31
Less: Allowance for Impairment loss	-	(3,163.23)
Total Investments	**136.91**	**8,062.08**
Investment Outside India	-	-
Investment In India	136.91	8,062.08

Note 8. Other financial assets

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Unbilled revenue	35.00	54.52
Contractually recoverable expenses	53.14	34.37
Security deposits	9.96	9.09
Other deposits	0.29	1.07
Advance to Vendors	1.56	2.84
	99.95	**101.89**
Less: Impairment allowance	(35.00)	(53.49)
Total	**64.95**	**48.40**

Note 9. Current Tax Assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Tax (net of provision for tax)	1,284.43	1,309.91
Total	**1,284.43**	**1,309.91**

Note 10. Deferred Tax Assets /(Liabilities) (Net)

A) The major components of deferred tax assets and liabilities are:

Particulars	As at March 31, 2021	As at March 31, 2020
Assets:		
Provisions for employee benefit	26.89	50.33
Depreciation	7.99	9.62
Disallowance under section 40(a) of Income-tax Act, 1961	5.29	2.14
Expected Credit Loss on Loans / Investments at amortised cost	232.34	1,659.92
Loss on Loans/Investments at FVTPL	257.20	1,011.97
Loss during the period	4,144.86	2,190.46
Amortised Fees Income	14.32	55.30
Others	8.83	1.50
	4,697.72	**4,981.24**
Liabilities:		
Deffered tax asset reserve*	1,686.25	-
Amortised Finance Cost	5.40	0.93
Lease Liability	0.00	0.33
Others	-	209.25
	1,691.65	**210.51**
Net Deferred Tax Asset	**3,006.07**	**4,770.73**

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Note 11. Property, plant and equipment

(Rs. In Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the Year	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Furniture and Fixtures	1.86	-	-	1.86	1.20	0.29	-	1.49	0.37	0.66
Office Equipment	7.93	0.38	0.11	8.20	4.73	1.56	-	6.29	1.91	3.20
Computers	12.77	0.86	-	13.63	6.42	4.46	-	10.88	2.75	6.35
Leasehold improvements	26.05	-	-	26.05	13.57	3.00	-	16.57	9.48	12.48
Software	20.51	-	-	20.51	6.84	5.79	-	12.63	7.88	13.67
				-						
Total	**69.12**	**1.24**	**0.11**	**70.25**	**32.76**	**15.10**	**-**	**47.86**	**22.39**	**36.36**

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2019	Additions	Deductions	As at March 31, 2020	As at April 01, 2019	For the Year	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Furniture and Fixtures	1.15	0.71	-	1.86	1.04	0.16	-	1.20	0.66	0.11
Office Equipment	5.07	2.86	-	7.93	3.48	1.25	-	4.73	3.20	1.59
Computers	8.29	4.48	-	12.77	3.08	3.34	-	6.42	6.35	5.21
Leasehold improvements	12.07	13.98	-	26.05	11.06	2.51	-	13.57	12.48	1.01
Software	-	20.51	-	20.51	-	6.84	-	6.84	13.67	-
Total	**26.58**	**42.54**	**-**	**69.12**	**18.66**	**14.10**	**-**	**32.76**	**36.36**	**7.92**

Note 12. Other non-financial assets

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	1.44	2.19
Advance for purchase of property	510.10	510.10
GST receivable	28.18	9.81
Advance to Vendors	0.67	0.95
Prepaid Rent	-	4.04
Total	**540.39**	**527.09**
Less: Impairment allowance	(185.20)	(160.00)
Total	**355.19**	**367.09**

Note:

Impairment allowance represents allowance on advance for purchase of property which in the opinion of the management is doubtful of recovery.

Note 13. Trade Payables

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	0.03	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	108.93	85.70
Total	**108.96**	**85.70**

Note:

There are no significant dues to Micro and Small Enterprises as at March 31, 2021. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note 14. Debt Securities- At Amortised Cost

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures	2,594.03	10,384.10
Total	**2,594.03**	**10,384.10**

Notes:

(i) The Group does not have any Borrowings outside India.

(ii) Terms of NCD's

(a)The January 2015 Series 5 NCDs of Rs. 600 Million is redeemable on January 16, 2022.

(b) The April 2015 Series 4 NCDs of Rs. 700 Million is redeemable on April 23, 2021.

(c) The December 2016 Series 2 and 3 NCDs of Rs. 650 Million each are redeemable on March 9, 2022 and March 9, 2023

(i) The NCDs are redeemable at the amounts arrived at by multiplying the outstanding principal amount of such NCDs being redeemed on the redemption date, by the Internal Rate of Return (IRR). IRR is calculated as (1 + r)^n, where r = is a rate ranging between 8.90% to 10.50% per annum compounded annually and n = number of days for which the NCDs are outstanding/365. In case of prepayment, an additional prepayment premium would be payable in the range of 0.50% to 2.00% of the face value of the amount being prepaid.

(j) All the NCDs are secured by first priority non-exclusive hypothecation on a floating charge basis over whole of the loans, non-convertible debentures, optionally convertible debentures and receivable thereof, of the Company, whether current or in future, other than excluded assets as defined in the terms of the NCDs.

(k) All NCDS are additionally secured by Cash Security comprising cash in specified bank accounts and fixed deposits created / to be created by the Company.

Note 15. Borrowings (Other Than Debt Securities) - At Amortised Cost

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Term Loans from Banks	6,484.50	14,831.97
Loan Repayable on Demand		
From Banks (Working Capital Demand Loan)	2,250.00	2,250.00
From Banks (Cash Credit)	1,228.60	1,499.78
Unsecured		
Loans from Bank	-	-
Total	**9,963.10**	**18,581.75**

Notes:

(i) The Company does not have any Borrowings outside India.

(ii) Terms of Term loans :

(a) Term loans from banks are repayable in annual instalments commencing from the date of initial disbursement, with a door to door tenor of up-to five years.

(b) The rate of interest is in the range of 8.45% to 9.95% p.a.

(c) Term loans and Working Capital Demand Loans from banks are secured by way of First pari-passu charge on standard loans and advances / receivables of the Company which are eligible for direct bank finance as per RBI guidelines except excluded assets.

Note 16. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Interest Accrued but not due on Debt Securities at amortised cost	1,608.94	4,214.21
Obligations under finance lease	75.81	93.23
Provision for Salary & Bonus	78.56	105.53
Statutory liabilities	48.49	46.09
Advances from customers	11.19	-
Total	**1,822.99**	**4,459.06**

Note 17. Current tax liabilities (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Tax (Net of Advance Tax)	5.13	14.95
Total	**5.13**	**14.95**

Note 18. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits		
Gratuity	9.05	9.69
Compensated Absences	18.73	11.53
Total	**27.78**	**21.22**

Note 19. Equity Share Capital

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
AUTHORISED		
200,000,000 March 31, 2020: 200,000,000 (Previous year: 200,000,000) Equity Shares of Rs. 10/- each	2,000.00	2,000.00
	2,000.00	**2,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP		
192,501,144 March 31, 2021: 192,501,144 (Previous year 191,466,963) Equity Shares of Rs. 10/- each fully paid-up	1,925.01	1,914.67
	1,925.01	**1,914.67**

Notes:

Term/Right Attached to Equity Shares

The Company has only one class of Equity Shares having a par value of Rs 10 per Share. Each holder of Equity Shares is entitled to one vote per Share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of the Equity Shares held by the shareholders.

(a) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Equity shares outstanding as at the beginning of the year	19,14,66,963	1,914.67	19,14,66,963	1,914.67
Issued during the year	1,034,181	10.34	-	-
Equity shares outstanding as at the end of the year	**19,25,01,144**	**1,925.01**	**19,14,66,963**	**1,914.67**

(b) Details of shareholders holding more than 5 percent shares in the Company are given below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	%	Number	%
KKR India Financial Investments Pte. Ltd. (the Holding Company w.e.f. March 30, 2017) (including one Equity Share held by a nominee)	191,466,963	99.4628%	191,466,963	100.00%

(c) All the above Equity shares have the same dividend and voting rights and in case of repayment of capital.

Note 20. Other equity

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Statutory Reserve - Reserve Fund pursuant to Section 45-IC of the RBI Act, 1934 (Refer note below)		
Balance as per the last Balance Sheet	439.91	439.91
Add: Amount transferred from Statement of Profit and Loss	-	-
Closing balance	**439.91**	**439.91**
(a) Capital Redemption Reserve		
Balance as per the last Balance Sheet	24.20	24.20
Closing balance	**24.20**	**24.20**
(b) Securities premium account		
Balance as per the last Balance Sheet	22,536.39	22,536.39
Add: Received during the year	154.02	-
Closing balance	**22,690.41**	**22,536.39**
(c) Retained earnings (Surplus in Statement of Profit and Loss)		
Balance as per the last Balance Sheet	(8,796.06)	4,052.16
Profit/ (Loss) for the year	(1,586.30)	(12,844.16)
Other Comprehensive Income	2.04	(4.06)
Less: Transfer to Reserve Fund under Section 45 I C of Reserve Bank of India Act, 1934	-	-
Closing balance	**(10,380.32)**	**(8,796.06)**
(d) Employees Share Based Plan Reserve		
Balance as per the last Balance Sheet	209.50	203.61
Add: Expense for the year	(158.68)	5.89
Closing balance	**50.82**	**209.50**
TOTAL	**12,825.02**	**14,413.94**

Note 21. Interest Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Loans		
On Financial Assets Measured at Amortised Cost	2,312.27	3,859.47
On Financial Assets classified at Fair Value Through Profit or Loss	559.72	1,063.40
Interest Income from Investments		
On Financial Assets Measured at Amortised Cost	223.17	789.81
On Financial Assets classified at Fair Value Through Profit or Loss	630.65	1,509.56
Interest Income on Fixed Deposits with Bank		
On Financial Assets Measured at Amortised Cost	181.98	176.47
Total	**3,907.79**	**7,398.71**

Note 22. Fee Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Finance arrangement fees	7.75	17.87
Investment advisory fees	16.54	28.28
Investment management fees (Refer note 43)	39.64	114.79
Total	**63.93**	**160.94**

Note 23. Other operating income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income from units in Alternative Investment Funds	2.60	20.16
Total	**2.60**	**20.16**

Note 24. Other Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on disposal of non-current loan/Investment	187.80	-
Reversal of provision on fee of previous year	3.43	-
Interest on Income Tax refund	46.57	-
Income on recovery from loan written off in previous years	-	2.28
Discount value of future rent	0.83	0.52
Total	**238.63**	**2.80**

Note 25. Finance cost

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On Financial Liabilities Measured at Amortised Cost		
Interest on debt securities	972.59	1,973.71
Interest on borrowings (other than debt securities)	1,308.30	1,896.24
Interest expense on lease liability	8.11	7.12
Total	**2,289.00**	**3,877.07**

Note 26. Net loss/(gain) on fair value changes

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(A) Net gain on financial instruments at fair value through profit or loss	-2,715.01	2,996.64
Fair Value changes:		
-Realised	-	-
-Unrealised	-2,715.01	2,996.64
(B) Loans/Investment written off (including accrued interest)	4,997.81	4,152.41
Total Net loss on fair value changes	**2,282.80**	**7,149.05**

Note 27. Impairment on Financial Instruments (Expected Credit Loss)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On Investment at amortised cost	(5,208.81)	4,810.18
On Receivables	(8.82)	8.82
On Loan commitments	56.10	10.11
On Loans written off (including accrued interest)	3,286.52	7,179.82
Total	**(1,875.01)**	**12,008.93**

Note 28. Impairment on Non- Financial Instruments

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Provision for Advance against property	25.20	160.00
Total	**25.20**	**160.00**

Note 29. Employee benefit expense

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and bonus	335.88	340.80
Contribution to Provident Fund	6.29	4.48
Gratuity	3.94	6.49
Compensated absences	10.95	7.43
Employee share based plan expenses	(4.65)	5.89
Staff welfare expenses	26.15	30.22
Total	**378.56**	**395.31**

Note 30. Depreciation and Amortisation Expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of Property, Plant and Equipment	15.10	14.10
Depreciation of Lease Assets	23.07	17.91
Total	**38.17**	**32.01**

Note 31. Other expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	-	5.55
Rates and taxes	0.59	3.74
Repairs and maintenance	2.09	1.27
Electricity	1.27	1.98
Travelling and conveyance	0.54	52.04
Legal and professional expenses	515.84	375.87
Office expenses	1.79	8.20
Membership and subscription	8.34	6.49
Auditors' remuneration (Refer Note (i) below)	3.66	3.45
Donation	0.09	0.15
Corporate Social Responsibility expenses (Refer Note (ii) below)	1.78	-
Insurance	0.56	0.92
Fees written off	14.40	74.17
Business promotion	(0.14)	6.62
Loss on disposal of non-current loan/Investment	325.02	-
Provision for Doubtful Debts	-	38.43
Foreign exchange loss (net)	3.96	1.25
Miscellaneous expenses (Refer Note (iii) below)	15.93	14.10
Total	**895.72**	**594.23**

Notes:

(i) Auditors' remuneration

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) For Statutory Audit	3.30	3.20
b) For Tax Audit	0.25	0.25
c) For taxation related service	-	-
d) For other services (Certification Fees)	0.11	-
d) For reimbursement of expenses	-	-
Total	**3.66**	**3.45**

(ii) Corporate Social Responsibility expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross Amount Required to be spent during the year	-	-
Amount spent during the year on CSR for purposes other than construction /acquisition of any asset.	1.78	-

(iii) Miscellaneous Expenses

Miscellaneous expenses include Postage, Courier charges, Printing and Stationary etc.

Note 32. Other comprehensive income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement (loss)/gain on defined benefit plan	2.73	(5.42)
Income tax relating to these items	(0.69)	1.36
Total other comprehensive income for the year, net of tax	**2.04**	**(4.06)**

Note 33 - Loans / Investments at amortised cost (including Trade advance)

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

1.1 Credit quality of assets

(Rs. In Million)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing grade	8,946.10	-	-	**8,946.10**	17,870.89	-	-	**17,870.89**
Under Performing grade	-	2,625.93	-	**2,625.93**	-	8,122.05	-	**8,122.05**
Non-performing grade	-	-	-	**-**	-	-	2,648.35	**2,648.35**
Total	**8,946.10**	**2,625.93**	**-**	**11,572.03**	**17,870.89**	**8,122.05**	**2,648.35**	**28,641.29**

1.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

(Rs. In Million)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**17,870.89**	**8,122.05**	**2,648.35**	**28,641.29**	**34,187.54**	**2,113.08**	**1,611.07**	**37,911.69**
New assets originated (net)	(46.68)	(178.44)	-	**(225.12)**	8,328.30	3,031.12	186.07	**11,545.49**
Assets derecognised or repaid (excluding write offs) (net)	(7,262.20)	(5,835.66)	(848.30)	**(13,946.16)**	(13,855.25)	(199.80)	-	**(14,055.05)**
Transfers to Stage 1	-	-	-	**-**	-			-
Transfers to Stage 2	(1,615.91)	1,615.91	-	**-**	(5,090.92)	5,090.92		-
Transfers to Stage 3	-	(1,097.93)	1,097.93	**-**	(851.21)		851.21	-
Amounts written off	-	-	(2,897.98)	**(2,897.98)**	(4,847.57)	(1,913.27)	-	(6,760.84)
Gross carrying amount closing balance	**8,946.10**	**2,625.93**	**-**	**11,572.03**	**17,870.89**	**8,122.05**	**2,648.35**	**28,641.29**

Reconciliation of ECL balance is given below:

(Rs. In Million)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**424.01**	**3,601.70**	**2,050.21**	**6,075.92**	615.40	62.97	577.26	**1,255.63**
Assets originated/derecognised/repaid (excluding write-off)	(29.24)	(1,975.32)	(508.98)	**(2,513.54)**	181.45	3,540.69	1,429.62	**5,151.76**
Transfers to Stage 1				-	-	-	-	**-**
Transfers to Stage 2	(37.61)	37.61		-	(61.01)	61.01		**-**
Transfers to Stage 3		(1,097.93)	1,097.93	-	(43.33)		43.33	**-**
Amounts written off		-	(2,639.17)	**(2,639.17)**	(268.50)	(62.97)	-	**(331.47)**
ECL allowance - closing balance	**357.16**	**566.06**	**-**	**923.21**	**424.01**	**3,601.70**	**2,050.21**	**6,075.92**

***Internal rating grades are classified on below basis**

Grade	Classification Basis	Stage
Performing grade	0-30 DPD	Stage 1
Under Performing grade	31-90 DPD	Stage 2
Non-performing grade	>90 DPD	Stage 3

Note 34. Income Taxes

1. Income Tax recognised in Total Comprehensive Income

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax	-	-
Deferred Tax	1,763.88	(3,904.22)
Total Income tax expense recognised in the Statement of Profit and Loss	**1,763.88**	**(3,904.22)**
Tax on Other Comprehensive Income	(0.69)	1.36
Total Income tax expense recognised in Total Comprehensive Income	**1,763.19**	**(3,902.86)**

2. Reconciliation of income tax expense for the year:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	178.51	(16,633.99)
Income tax rate	25.168%	25.168%
Income tax expense	**44.93**	**(4,186.44)**
Tax effect of:		
Expenses disallowed	32.02	1.74
Tax on temporary differences on which deferred tax is either not created or reversed due to no reasonable certainty of future profits	-	40.27
DTA reserve	1,686.24	-
Impact of tax rate change	-	241.57
Total	**1,718.26**	**283.58**
Income tax expense recognised in Total Comprehensive Income	**1,763.19**	**(3,902.86)**

Note 35. Financial instruments

A. Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board.

B. Financial instruments

(i) Fair Value

Classes and categories of financial instruments and their fair values

The following table combines information about:
• classes of financial instruments based on their nature and characteristics;
• the carrying amounts of financial instruments;
• fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
• fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed

Set out below, is the accounting classification of financial instruments by category:

(Rs in Million)

Particulars	As at March 31, 2021		As at March 31, 2020	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments	118.01	-	6,154.70	1,885.78
Trade receivables (net of provisions)	-	16.12	-	28.53
Loans	3,177.78	10,648.82	4,878.38	20,679.59
Cash and cash equivalents	-	7,500.54	-	6,619.18
Security deposits	-	9.96	-	9.09
Other financial assets	-	54.99	-	39.31
Total financial assets	**3,295.79**	**18,230.43**	**11,033.08**	**29,261.48**
Financial liabilities				
Debt Securities	-	2,594.03	-	10,384.10
Borrowings (Other than Debt Securities)	-	9,963.10	-	18,581.75
Trade and other payables	-	108.96	-	85.70
Finance lease obligation	-	75.81	-	93.23
Other financial liabilities	-	1,747.18	-	4,365.83
Total financial liabilities	**-**	**14,489.08**	**-**	**33,510.62**

Note: INDAS 107 shall not apply to financial instruments those entrusts in subsidiaries, associates or joint ventures that are accounted for in accordance with INDAS 110 consolidated financial statement

(ii) Fair value and fair value hierarchy for financial assets at FVTPL

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rs in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements **As at March 31, 2021**	**Notes**	**Carrying Amount**	**Level 1**	**Fair Value Level 2**	**Level 3**	**Total**
Financial assets						
Loans to Corporates and Others at FVTPL	6	3,177.78	-	-	3,177.78	3,177.78
Investments at FVTPL	7	118.01	-	-	118.01	118.01
Total financial assets		**3,295.79**	**-**	**-**	**3,295.79**	**3,295.79**

(Rs in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed **As at March 31, 2021**	**Notes**	**Carrying Amount**	**Fair Value**
Financial assets			
Cash and cash equivalents	4	7,500.54	7,500.54
Trade receivables (net of provisions)	5	16.12	16.12
Loans - To Corporates and others	6	10,648.82	10,142.35
Investments	7	-	
Security deposits	8	9.96	9.96
Other financial assets	8	54.99	54.99
Total financial assets		**18,230.43**	**17,723.96**
Financial Liabilities			
Trade and other payables	13	108.96	108.96
Debt Securities	14	2,594.03	2,526.71
Borrowings other than Debt Securities	15	9,963.10	10,009.90
Finance lease obligation	16	75.81	75.81
Other financial liabilities	16	1,747.18	1,747.18
Total financial liabilities		**14,489.08**	**14,468.56**

(Rs in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements **As at March 31, 2020**	**Notes**	**Carrying Amount**	**Level 1**	**Fair Value Level 2**	**Level 3**	**Total**
Financial assets						
Loans to Corporates and Others at FVTPL	6	4,878.38	-	-	4,878.38	**4,878.38**
Investments at FVTPL	7	6,154.70	256.22	-	5,898.48	**6,154.70**
Total financial assets		**11,033.08**	**256.22**	**-**	**10,776.86**	**11,033.08**

(Rs in Million)

Assets and liabilities which are measured at cost /amortised cost for which fair values are disclosed **As at March 31, 2020**	**Notes**	**Carrying Amount**	**Fair Value**
Financial assets			
Cash and cash equivalents	4	6,619.18	6,619.18
Trade receivables (net of provisions)	5	28.53	28.53
Loans - To Corporates and others	6	20,679.59	19,649.18
Investments	7	1,885.78	1,729.45
Security deposits	8	9.09	9.09
Other financial assets	8	39.31	39.31
Total financial assets		**29,261.48**	**28,074.74**
Financial Liabilities			
Trade and other payables	13	85.70	85.70
Debt Securities	14	10,384.10	10,186.53
Borrowings other than Debt Securities	15	18,581.75	18,686.06
Finance lease obligation	16	93.23	93.23
Other financial liabilities	16	4,365.83	4,365.83
Total financial liabilities		**33,510.62**	**33,417.35**

(iii) Valuation process and technique for financial assets at FVTPL

The management estimates the fair values of financial assets and liabilities required for financial reporting purposes, including level 3 fair values, after giving consideration to purchase price, market conditions, current and projected operating performance, expected cash flows, projected dividends, anticipated future securities' values and the market value of publicly traded shares of portfolio companies. Determination of fair value is based on the best information available in the circumstances and may incorporate the management's own assumptions, including appropriate risk adjustments for non-performance and lack of marketability. The method used to estimate the fair value of such assets is the income approach (e.g. the discounted cash flow method, waterfall approach based on issuer yield curve etc.).

Type of Financial Instrument	**Valuation Technique**
Investments	Income Approach
Borrowings	Income Approach

(iv). Sensitivity of fair value measurements to changes in unobservable market data

The following table demonstrates the sensitivity to a reasonably possible change in the significant unobservable inputs (all other variables being considered as constant) of the Company's Statement of Profit and Loss and Equity.

(Rs in Million)

Particulars	**Increase / (decrease) in the issuer yield curve**	**Sensitivity of profit or loss**		**Sensitivity of equity**	
	2020-21				
Loans/Investments at FVTPL	50 Basis point Up	Impact on Profit before Tax	(118.73)	Impact on equity	(88.85)
	50 Basis point down		198.95		148.88
	2019-20				
Loans/Investments at FVTPL	70 Basis point Up	Impact on Profit before Tax	(387.26)	Impact on equity	(136.42)
	70 Basis point down		(100.68)		139.66

Particulars	Increase / (decrease) in the Equity Price	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Loans/Investments at FVTPL	10% Increase in Price	Impact on Profit before Tax	5.84	Impact on equity	4.37
	10% Decrease in Price		(5.84)		(4.37)
2019-20					
Loans/Investments at FVTPL	10% Increase in Price	Impact on Profit before Tax	9.76	Impact on equity	7.30
	10% Decrease in Price		(8.68)		(6.49)

Particulars	Increase / (decrease) in the Operating Margin	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Loans/Investments at FVTPL	1% Increase in Margin	Impact on Profit before Tax	-	Impact on equity	-
	1% Decrease in Margin		(-)		(-)
2019-20					
Loans/Investments at FVTPL	1% Increase in Margin	Impact on Profit before Tax	9.64	Impact on equity	7.21
	1% Decrease in Margin		(9.64)		(7.21)

Particulars	Increase / (decrease) in the Revenue	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Loans/Investments at FVTPL	1% Increase in Revenue	Impact on Profit before Tax	-	Impact on equity	-
	1% Decrease in Revenue		(-)		(-)
2019-20					
Loans/Investments at FVTPL	1% Increase in Revenue	Impact on Profit before Tax	7.78	Impact on equity	5.83
	1% Decrease in Revenue		(7.57)		(5.67)

C. Risk management framework

The Company's risks are managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. The company considers ongoing risk management as a critical function and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk and liquidity risk.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organizational risk culture. Further the Company has a designated Chief Risk Officer (CRO) overseeing the risk management functions.

1. Credit risk

Credit Risk in simple terms is the risk of borrowers / obligors ability to honour their obligations in timely manner and the loss that may be incurred by the Company in the event of the failure of borrowers to meet their repayment obligations. The Company manages this risk by setting limits for single and group borrower exposures, sectoral exposure norms and limits on unsecured exposures.

2. Impairment assessment

(i) Exposure at Default (EAD)

EAD is aggregate of the amortized principal, accrued interest and committed undrawn lines as on the default date and the same is used for purpose of ECL computation.

Exposure to Investments which are accounted as per amortized cost method have been classified under the following three stages at borrower level in line with Ind AS 109.

Stage 1 – Investments with low credit risk and where there is no significant increase in credit risk. The Investments up to 0-30 days are classified as Stage1.

Stage 2 – Investments with significant increase in credit risk as compared to the risk assessed at their origination are considered as stage 2. These include underperforming assets i.e. assets with overdue > 30 days and < 90 days or any other asset that the management, based on a qualitative assessment, considers to be underperforming in its view irrespective of the numbers of days the account is overdue.

Stage 3 – Non Performing or Impaired borrowers and defined as borrowers with over dues > 90 days or where the management, based on a qualitative assessment, considers the default to be imminent.

(ii) Significant increase in credit risk

The Company continuously monitors all investments subject to ECLs. This monitoring is to evaluate if there has been any significant in the credit risk over the balance life of the investments as compared to the assessed credit risk at the time of their origination. Such evaluation may lead to either revision in the probability of default and / or revision in the asset classification stage (1 or 2) based on overdue status or management's qualitative assessment that the underlying risk has significantly increased and the asset needs to be assessed either on the basis of lifetime PD or default PD if the default is considered imminent. The Company considers an exposure to have significantly increased in credit risk if contractual payments are more than 30 days past due or where the management, based on a qualitative assessment, considers the asset to be underperforming in its view irrespective of the numbers of days the account is overdue.

(iii) Definition of default and cure

In the event any borrower has defaulted on asset repayment obligations for 90 days or more, the same is considered as credit impaired i.e. stage 3.
Factors considered for Stage definition
Besides the number of days an account is overdue, the Company considers various qualitative factors to assess whether any exposure should be moved to Stage 2 or Stage 3 (for imminent threat of default cases). Some of the indicative parameters (non-exhaustive) are :

• Financial parameters such as drop in profitability / increase in debt / adverse changes in debt / EBIDTA or DSCR ratios
• A breach of contract such as a default or past due event or material covenant breaches;
• The restructuring of the asset by the Company on terms that the Company would not consider otherwise; or
• It is becoming probable that the borrower will enter bankruptcy or other financial reorganization

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the borrower makes necessary payments and the borrower is not 90 days past due after such payments. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and the relative credit risk as compared to the asset origination stage.

(iv) estimation process

The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The Company has its own internal ratings for client exposures and these have been mapped to leading external credit rating agency's ratings and probabilities of default. The Company has applied

a. 12 months PD to Stage 1 Investments
b. Lifetime PD for Stage 2 assets
c. 100% PD for Stage 3 assets

(v) 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 would be expected to be received, including from realization of any prime/collateral security. LGD is computed based on discounted expected recoveries at an account level based on collateral valuation after applying appropriate hair cut and appropriate recovery time.

3. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Company has guidelines in place covering the acceptability and valuation of each type of collateral. Generally the Company accepts collaterals such as real estate (residential / commercial / land parcels), shares (listed / unlisted / promoter owned), plant and machinery, stock and book debts etc. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.
In case of defaults by customers (whether of due payments or underlying security conditions / covenants), the Company has the right to enforce the security and monetise the same towards part or full liquidation of the credit exposure.

4. Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations as and when they fall due on account of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with the approved Asset Liability Management (ALM) Policy framed as per the current regulatory guidelines. The Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the ALM Policy.

Further, the Company's current financial assets are higher than the current financial liabilities on the Balance Sheet date.

(Rs. In Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
LIABILITIES	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Long-term borrowings	7,526.63	2,436.47	9,963.10	12,077.51	6,504.24	18,581.75
Debt Securities	1,946.70	647.33	2,594.03	7,043.44	3,340.66	10,384.10
Trade and other payables	108.96	-	108.96	85.70	-	85.70
Finance Lease Obligation	19.15	56.66	75.81	17.43	75.82	93.25
Other financial liability	1,473.58	273.60	1,747.18	2,763.73	1,602.08	4,365.81
	11,075.02	**3,414.06**	**14,489.08**	**21,987.81**	**11,522.80**	**33,510.61**

5. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The core business of the company is providing loans to Corporates and others. The Company borrows through various financial instruments to finance its core lending activity. These activities expose the Company to interest rate risk.

Exposure to interest rate risk

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Variable-rate instruments		
Variable Rate Loans	4,817.71	8,059.63
Variable Rate Borrowings	12,557.14	28,965.85
Total	**17,374.85**	**37,025.48**

Interest rate risk is measured through earnings at risk from an earnings perspective. Further, exposure to fluctuations in interest rates is measured by way of gap analysis across different time buckets (based on contracted / behavioural maturities), providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. Interest rate risk is monitored on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Company's statement of profit and loss and equity.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Company's Statement of Profit and Loss and equity.

(Rs in Million)

Currency	Increase / (decrease) in basis points	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Borrowings	50 Basis point Up	Impact on Profit before Tax	(59.25)	Impact on equity	(44.34)
	50 Basis point Down		60.01		44.90
Variable rate Loans	50 Basis point Up	Impact on Profit before Tax	(45.45)	Impact on equity	(34.01)
	50 Basis point Down		46.18		34.55
2019-20					
Borrowings	70 Basis point Up	Impact on Profit before Tax	(206.22)	Impact on equity	(154.32)
	70 Basis point Down		210.07		157.20
Variable rate Loans	70 Basis point Up	Impact on Profit before Tax	(90.79)	Impact on equity	(67.94)
	70 Basis point Down		92.69		69.36

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED
Notes forming part of the consolidated financial statements

Note 36. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months.

(Rs. In Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Assets						
Cash and cash equivalents	7,500.54	-	7,500.54	6,619.18	-	6,619.18
Trade receivables	16.12	-	16.12	28.53	-	28.53
Loans	1,526.17	12,300.43	13,826.60	6,495.48	19,062.49	25,557.97
Investments	60.25	76.66	136.91	2,023.88	6,038.20	8,062.08
Other financial assets	54.69	10.26	64.95	38.24	10.16	48.40
Non-Financial assets						
Current Tax Assets (Net)	-	1,284.43	1,284.43	-	1,309.91	1,309.91
Deferred tax assets (Net)	-	3,006.07	3,006.07	-	4,770.73	4,770.73
Property, plant and equipment	-	22.39	22.39	-	36.36	36.36
Capital work-in-progress	5.27	-	5.27	-	3.09	3.09
Right-to-use of Assets	4.15	66.83	70.98	3.98	85.50	89.48
Other non-financial assets	3.51	351.68	355.19	3.58	363.51	367.09
Total Assets	**9,170.70**	**17,118.75**	**26,289.45**	**15,212.87**	**31,679.95**	**46,892.82**
LIABILITIES						
Financial Liabilities						
Trade and other payables	108.96	-	108.96	85.70	-	85.70
Debt Securities	1,946.70	647.33	2,594.03	7,043.44	3,340.66	10,384.10
Borrowings (Other than Debt	7,526.63	2,436.47	9,963.10	12,077.51	6,504.24	18,581.75
Finance Lease Obligation	19.15	56.66	75.81	17.43	75.82	93.25
Other Financial Liabilities	1,473.58	273.60	1,747.18	2,763.73	1,602.08	4,365.81
Non-Financial Liabilities						
Current tax liabilities (Net)	5.13	-	5.13	-	14.95	14.95
Provisions	4.07	23.71	27.78	3.27	17.95	21.22
Total Liabilities	**11,084.22**	**3,437.77**	**14,521.99**	**21,991.08**	**11,555.70**	**33,546.78**
Net	**-1,913.52**	**13,680.98**	**11,767.46**	**-6,778.21**	**20,124.25**	**13,346.04**

Note 37. Change in liabilities arising from financing activities

(Rs. In Million)

Particulars	As at April 1, 2019	Cash flows	Other	As at March 31, 2020
Debt securities	10,384.11	(7,800.00)	9.93	2,594.04
Borrowings other than debt securities	18,581.75	(8,571.17)	(47.48)	9,963.09
Total liabilities from financing activities	**28,965.86**	**(16,371.17)**	**(37.55)**	**12,557.13**

Note 38.

(i) Provident Fund

Provident fund for certain eligible employees is paid to recognised provident fund managed by the Government. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their termination/retirement, in accordance with PF rules. The contribution to the said recognised fund is considered as expenses in the Profit and loss account on accrual basis. The charge during the current year towards employer's share of contribution is INR 6.29 million(Previous year INR 4.48 million).

(ii) Gratuity Fund

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

The gratuity policy of the company provides for lumpsum payment to vested employees at retirement or on termination of employment, based on respective employee's salary and years of employment in accordance with Payment of Gratuity Act, 1972.

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2021:

(Rs. In Million)

Particulars	As at April 1, 2020	Service cost	Net interest expense	Benefits paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	As at March 31, 2021
Defined benefit obligation	9.69	3.28	0.66	(1.85)	(0.01)	(2.72)	9.05
Benefit liability	**9.69**	**3.28**	**0.66**	**(1.85)**	**(0.01)**	**(2.72)**	**9.05**

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2020:

Particulars	As at April 1, 2019	Service cost	Net interest expense	Benefits paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	As at March 31, 2020
Defined benefit obligation	10.23	5.68	0.80	(12.44)	0.86	4.56	9.69
Benefit liability	**10.23**	**5.68**	**0.80**	**(12.44)**	**0.86**	**4.56**	**9.69**

Sensitivity analysis

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Sensitivity Level	1% increase	1% increase	1% decrease	1% decrease
Impact on defined benefit obligation				
1) Discount Rate	(0.38)	(0.85)	0.41	1.01
2) Future Salary Increases	0.25	0.70	(0.26)	(0.71)
3) Employee Turnover	(0.16)	0.05	0.17	(0.09)

Maturity Analysis of benefit payments

Particulars	As at March 31, 2021	As at March 31, 2020
Within the next 12 months	0.56	1.46
Between 2 and 5 years	5.79	2.41
Between 6 and 10 years	3.73	3.00
Beyond 10 years	1.77	16.82
Total expected payments	**11.85**	**23.69**

Table showing actuarial assumptions

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	5.58%	6.84%
Rate of increase in compensation levels of covered employees	6.00%	6.00%
Mortality rate	Indian Assured Lives (2006-08)	Indian Assured Lives (2006-08)
Attrition rate	20.00%	2.00%

Note 39. Segment Information

The principal object of the Company is to carry on the activities of advisory and finance arrangement services. All other activities of the Company revolve around / are connected with its principal object. Considering this, the Company has only one reportable segment.

Note 40. Lease disclosure

Under Ind-AS 116, the Company recognises right-of-use assets and lease liabilities for leases i.e. these leases are on the balance sheet. Lease liabilities as at 01 April 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average of lessee's incremental borrowing rate applied to the lease liabilities as at 01 April 2019 was 9.50%.

Changes in the carrying value of Right-of-use Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	89.48	-
Additions	-	107.38
Deletion	-	-
Depreciation	21.48	17.90
Closing balance	**68.00**	**89.48**

Changes in the Lease liabilities

The following is the movement in Lease Liabilities during the year ended 31st March, 2021:

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	93.23	-
Addition	-	107.39
Add: Lease interest	8.11	7.12
Less: Lease payments	25.53	21.28
Closing balance	**75.81**	**93.23**

Maturity analysis of Lease liability

The table below provides details regarding the Contractual Maturities of Lease Liabilities on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
a) Payable not later than one year	20.33	17.42
b) Payable later than one year and not later than five years	57.83	75.81
c) Payable later than five years	-	-
Total	**78.16**	**93.23**

The following amounts were recognised as expense in the year:

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on Lease liability	8.11	7.12
Depreciation on Leased asset	21.48	17.89
Total	**29.59**	**25.01**

Amounts recognised in statement of Cash Flows

Particulars	As at March 31, 2021	As at March 31, 2020
Total Cash outflow for lease asset	25.53	21.28

Note 41. Earnings Per Share

The computation of earnings per share is set out below:

Particulars			Year ended March 31, 2021	Year ended March 31, 2020
Net Profit after tax as per Statement of Profit and Loss	(A)	(Rs. In Million)	(1,586.30)	(12,844.16)
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	19,20,01,347	19,14,66,963
Weighted average number of diluted potential equity shares on exercise of Restricted Share Units (Refer note 38)	(C)	Nos.	7,87,314	10,91,140
Weighted average number of equity shares for calculating Diluted EPS	(D)	Nos.	19,27,88,661	19,25,58,103
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share)	(A)/(B)	Rs.	(8.26)	(67.08)
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share)	(A)/(D)	Rs.	(8.26)	(67.08)

Note 42. Related party transactions

A. Details of related parties

Names of related parties	Description of Relationship
Kohlberg Kravis Roberts & Co. L.P.	Ultimate Holding Company
KKR Mauritius PE Investments I, Limited	Fellow subsidiary
KKR India Financial Investments Pte Limited	Holding Company
KKR India Financial Services Limited	Subsidiary Company
KKR India Finance Holding LLC	Company having significant influence over the Company
KKR India Debt Fund I	Fund over which the Company is able to exercise significant influence
KKR India Debt Opportunities Fund III	Fund over which the Company is able to exercise significant influence
KKR India Debt Opportunities Fund II	Fund over which the Company is able to exercise significant influence
India Alternative Opportunities Fund	Fund over which the Company is able to exercise significant influence
KKR Capital Markets Holdings LLP	Fellow subsidiary
KKR Asia Limited	Fellow subsidiary
KKR India Advisors Private Limited	Fellow subsidiary
Tranzmute LLP	Joint Venture
Mr. B V Krishnan	Key Managerial Personnel (Executive Director till October 29,2019)
Mr. Naozad Sirwalla	Key Managerial Personnel (Company Secretary & Chief Financial Officer till June 28,2019)
Mr. Tashwinder Singh	Key Managerial Personnel (Executive Director till June 28,2019)
Mr. Karthik Krishna	Key Managerial Personnel (Non-Executive Director)
Ms. Aparna Ravi	Key Managerial Personnel (Independent Director)
Mr. Jigar Shah	Key Managerial Personnel (Whole-Time Director)
Mr. Sanjay Nayar	Key Managerial Personnel (Managing Director till December 30, 2020)
Mr. Anil Nagu	Key Managerial Personnel (Whole-Time Director and Chief Financial Officer)
Mrs. Parul Sarda	Key Managerial Personnel (Company Secretary till June 30, 2020)
Mr. Binoy Parikh	Key Managerial Personnel (Company Secretary w.e.f July 01, 2020)

(Rs. In Million)

B. Related party transactions	**Ultimate Holding Company**	**Holding Company**	**Subsidiary Company**	**Company having having significant influence over the Company**	**Funds over which company having significant influence**	**Fellow subsidiaries**	**Joint Venture**	**Key Management Personnel**
Description of transaction:								
Investments in Units of Alternative Investment Funds:								
India Alternative Opportunities Fund	- (-)	- (-)	- (-)	- (-)	0.57 (2.30)	- (-)	- (-)	- (-)
Redemption of Units of Alternative Investment Funds:								
KKR India Debt Fund I	- (-)	- (-)	- (-)	- (-)	- (8.11)	- (-)	- (-)	- (-)
KKR India Debt Opportunities Fund III	- (-)	- (-)	- (-)	- (-)	- (8.08)	- (-)	- (-)	- (-)
Investment in Limited Liability Partnership :								
Tranzmute LLP	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (40.00)	- (-)
Interest income from units in Alternative Investment Funds:								
KKR India Debt Fund I	- (-)	- (-)	- (-)	- (-)	0.08 (4.72)	- (-)	- (-)	- (-)
KKR India Debt Opportunities Fund II	- (-)	- (-)	- (-)	- (-)	1.20 (8.93)	- (-)	- (-)	- (-)
KKR India Debt Opportunities Fund III	- (-)	- (-)	- (-)	- (-)	0.08 (4.70)	- (-)	- (-)	- (-)
India Alternative Opportunities Fund	- (-)	- (-)	- (-)	- (-)	1.23 (1.81)	- (-)	- (-)	- (-)
Investment management fees (income):								
KKR India Debt Fund I	- (-)	- (-)	(-)	(-)	- (1.93)	- (-)	- (-)	- (-)
KKR India Debt Opportunities Fund II	- (-)	- (-)	- (-)	- (-)	37.97 (89.29)	- (-)	- (-)	- (-)
KKR India Debt Opportunities Fund III	(-)	(-)	(-)	(-)	- (0.80)	(-)	(-)	(-)

(Rs. In Million)

B. Related party transactions	**Ultimate Holding Company**	**Holding Company**	**Subsidiary Company**	**Company having having significant influence over the Company**	**Funds over which company having significant influence**	**Fellow subsidiaries**	**Joint Venture**	**Key Management Personnel**
Description of transaction:								
Issue of equity shares								
Anil Nagu	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.16 (-)
Reimbursement of expenses:								
Kohlberg Kravis Roberts & Co. LP.	13.52 -6.90	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
KKR Asia Limited	- (-)	- (-)	- (-)	- (-)	- (-)	23.13 -28.64	- (-)	- (-)
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	- (-)	- (-)	17.93 -29.60	- (-)	- (-)
KKR India Finance Holdings LLC	- (-)	- (-)	- (-)	31.14 -30.37	- (-)	- (-)	- (-)	- (-)
Recovery of expenses:								
KKR India Advisors Private Limited	- (-)	- (-)	- (-)	- (-)	- (-)	45.02 -25.35	- (-)	- (-)
KKR India Debt Opportunities Fund II	- (-)	- (-)	- (-)	- (-)	0.22 -1.47	- (-)	- (-)	- (-)
Remuneration including reimbursement to Key Managerial Personnel:								
Mr. B.V. Krishnan	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- -11.08
Mr. Tashwinder Singh	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- -59.65
Mr. Naozad Sirwalla	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- -1.36
Mr. Anil Nagu	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	39.51 -4.31
Mr. Jigar Shah	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	59.91 -36.84
Mr. Sanjay Nayar	-	-	-	-	-	-	-	3.75

	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-1.53
Mr. Karthik Krishna	-	-	-	-	-	-	-	1.10
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Ms. Aparna Ravi	-	-	-	-	-	-	-	0.30
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mrs. Parul Sarda	-	-	-	-	-	-	-	0.09
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-0.36
Mr. Binoy Parikh	-	-	-	-	-	-	-	7.75
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

(Rs. In Million)

C. Related party balances as at March 31, 2021	**Ultimate Holding Company**	**Holding Company**	**Subsidiary Company**	**Company having having significant influence over the Company**	**Funds over which company having significant influence**	**Fellow subsidiaries**	**Joint Venture**	**Key Management Personnel**
Equity Share Capital:								
KKR India Financial Investments Pte. Ltd.	-	1,914.67	-	-	-	-	-	-
	(-)	-1,914.67	(-)	(-)	(-)	(-)	(-)	(-)
Anil Nagu	-	-	-	-	-	-	-	0.16
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments in Units of Alternative Investment Funds:								
KKR India Debt Fund I	-	-	-	-	4.22	-	-	-
	(-)	(-)	(-)	(-)	-4.22	(-)	(-)	(-)
KKR India Debt Opportunities Fund III	-	-	-	-	4.25	-	-	-
	(-)	(-)	(-)	(-)	-4.25	(-)	(-)	(-)
KKR India Debt Opportunities Fund II	-	-	-	-	41.50	-	-	-
	(-)	(-)	(-)	(-)	-41.50	(-)	(-)	(-)
India Alternative Opportunities Fund	-	-	-	-	18.15	-	-	-
	(-)	(-)	(-)	(-)	-17.57	(-)	(-)	(-)
Investments in Limited Liability Partnership:								
Tranzmute LLP	-	-	-	-	-	-	80.50	-
	(-)	(-)	(-)	(-)	(-)	(-)	-80.50	(-)
Payables:								
Kohlberg Kravis Roberts & Co. LP.	9.97	-	-	-	-	-	-	-
	-6.90	(-)	(-)	(-)	(-)	(-)	(-)	(-)
KKR India Finance Holding LLC	-	-	-	7.80	-	-	-	-
	(-)	(-)	(-)	-7.62	(-)	(-)	(-)	(-)
KKR India Advisors Private Limited	-	-	-	-	-	0.82	-	-
	(-)	(-)	(-)	(-)	(-)	-21.10	(-)	(-)
Receivables:								
KKR India Advisors Private Limited	-	-	-	-	30.69	-	-	-
	(-)	(-)	(-)	(-)	-16.51	(-)	(-)	(-)
KKR India Debt Opportunities Fund II	-	-	-	-	11.63	-	-	-
	(-)	(-)	(-)	(-)	-20.58	(-)	(-)	(-)

Notes :

1. Related parties have been identified by the management.
2. Figures in brackets pertain to those of the previous year.

Note 43 : Employee share-based plan:

Pursuant to the KKR Capital Markets India Private Limited Employee Share Incentive Plan (ESIP) introduced by the Company during the previous year, the Company has granted Restricted Share Units (RSUs), inter alia, to the eligible employees and/or directors (the employees) of the Company and / or its subsidiary KKR India Financial Services Limited (KIFSL). The particulars of RSUs granted to the employees are given below.

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
No. of RSUs granted	24,46,690	2,49,888	2,46,725	77,168	2,51,512	5,13,372
Grant Date	April 1, 2017	January 1, 2018	July 1, 2018	January 1, 2019	April 1, 2019	October 1, 2019
Exercise price (Rs. Per share)	10	10	10	10	10	10
Fair Value on Grant Date	151.40	213.80	214.00	192.50	158.99	102.14
Method of accounting	Fair Value					
Graded Vesting	Tranches 1, 3 and 4: 33.33% of the Tranche 1 RSUs shall vest on each of the 3 anniversaries of the Date of Grant of the respective tranche. Tranche 2: 33.33% of the Tranche 2 RSUs shall vest after 1 year from the Date of Grant, 33.33% of the Tranche 2 RSUs shall vest after 1 year and 9 months from the Date of Grant and 33.33% of the Tranche 2 RSUs shall vest after 2 years and 9 months from the Date of Grant. Tranches 5: 82% of the Tranche 5 RSUs shall vest on each of the 3 anniversaries of the Date of Grant of the tranche. Balance RSUs shall vest on each of 2 anniversaries of the Date of Grant of the tranche. Tranches 6: 3.12% of the Tranche 6 RSUs shall vest after 6months from the Date of Grant, 31.68% of the Tranche 6 RSUs shall vest after 1 year from the Date of Grant, 32.6% of the Tranche 6 RSUs shall vest after 1 year and 6 months from the Date of Grant and 32.6% of the Tranche 2 RSUs shall vest after 2 years and 6 months from the Date of Grant					
Exercise period	The earlier of (A) the third anniversary of the applicable vesting date and (B) a Change of Control and/or KKR Change of Control as specied in the plan or an Initial Public Offering; (C) or such other event as may be notified by the Board in this regard; subject to continued employment on such settlement date.					

(a) The movement of the RSUs granted to the employees is as under:

Particulars	Particulars	
	As at March 31, 2021	As at March 31, 2020
Outstanding at the beginning of the year	19,38,607	17,22,000
Granted during the year	-	7,64,884
Exercised during the year	10,34,181	-
Lapsed/ forfeited during the year	5,67,630	5,48,277
Outstanding at the end of the year	3,36,796	19,38,607
Exercisable at the end of the year	1,29,520	9,02,967

(b) Fair Valuation:

The fair value of RSUs used to compute proforma net income and the earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black-Scholes Model. The Key assumptions in Black-Scholes Model for calculating the fair value as on the date of grant are as follows:

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Risk-Free Rate	6.60%-6.70%	7.00%-7.10%	7.70%-7.75%	7.11%-7.17%	6.15%-6.28%	6.15%-6.28%
RSU Life (Years)	5.5-6.5	5.5-6.5	5.5-6.5	5.5-6.51	5.5-6.5	5.5-6.5
Expected Volatility	48.60%-48.10%	48.10%-47.90%	48.20%-48.00%	50.00%	50.00%	50.00%
Dividend Yield	-	-	-	-	-	-
The weighted-average fair value of the RSU on grant date	151.4	213.8	214.00	192.50	158.99	102.14

Note 44. Foreign currency exposure not hedged by derivative instruments

Particulars	As at March 31, 2021		As at March 31, 2020	
	USD in Million	Rs in Million	USD in Million	Rs in Million
Trade payable	0.32	23.36	0.34	26.70

Note 45: Contingent liabilities

(Rs. in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Letters of comfort issued to bank, in respect of credit facilities availed by third parties	-	320.00
Income-tax demands disputed in appeals	182.43	428.98

Note:
The tax impact / demands relate to disallowances of certain expenses / non-granting of credit for tax dedusted at source, by the Assessing Officer, which are disputed in appeals. The Company is hopeful of succeeding in the said appeals.

Note 46 : Investment Management Fees

The Company has entered into Investment Management Agreements (IMAs) with certain Alternative Investment Funds (the Funds). The investment management fees for the year ended March 31, 2021, payable by the Funds to the Company are calculated in accordance with the terms and conditions of the IMAs and form a part of Investment management fees disclosed in Note 22.
During the year, certain processing fees/lender fees are earned by the Company in connection with the investment by the Funds, in the portfolio companies of the Funds. Consequently, the Company has agreed with the Funds to off-set the investment management fees for the year, against such processing fees/lender fees as specified below:

(Rs. in Million)

Processing fees/lender fees available for off-set brought forward	Processing fees/ lender fees earned by the Company in the current year available for off-set	Investment management fees for the year as per the IMA	Investment management fees for the year after off-set	Processing fees/lender fees available for off-set carried forward
-	-	37.97	37.97	-
-	(3.50)	(95.52)	(92.02)	-

Notes:
1. The amounts are excluding goods and services tax.
2. Figures in brackets pertain to those of previous year.

Note 47: Long-term contracts
The Company did not have any long term contracts including derivative contracts for which any provision is required for the foreseeable losses.

Note 48. Additional information as required under Schedule III of Companies Act, 2013

A. Entities included in consolidation

Name of the entity	Proportion of interest (in %)	
	As at March 31, 2021	As at March 31, 2020
KKR India Financial Services Limited (formerly known as KKR India Financial Services Private Limited)	100.00	100.00
(Subsidiary incorporated in India)		
Tranzmute LLP (Joint Venture incorporated in India)	45.45	50.00

B. Information in respect of the entity consolidated as a subsidiary and Joint Venture

Particulars	Net asset i.e. total asset minus total liabilites		Share in Profit or Loss		Share in other comprehensive income		Share in total comprehensive income	
	Rs. In Million	As % of consolidated net assets	Rs. In Million	As % of consolidated profit or loss	Rs. In Million	As % of consolidated OCI	Rs. In Million	As % of total comprehensive income
Parent								
KKR Capital Markets India Private Limited	11,767.41	79.78%	(1,584.27)	99.87%	0.02	1.18%	(1,584.25)	100.00%
Subsidiary								
KKR India Financial Services Limited (formerly known as KKR India Financial Services Limited	10,703.41	72.57%	(1,394.01)	87.88%	2.02	98.82%	(1,391.99)	87.86%
Joint Venture								
Tranzmute LLP*	18.90	0.13%	(2.80)	0.18%	-	0.00%	(2.80)	0.18%
Consolidation Difference	(7,739.69)	-52.47%	1,394.78	-87.93%	-	0.00%	1,394.78	-88.04%
TOTAL	14,750.03	100.00%	(1,586.30)	100.00%	2.04	100.00%	(1,584.26)	100.00%

* Tranzmute LLP is joint venture between KKR Capital Markets India Pvt Ltd and other partner's of the LLP. As per Clause 10.7 of the LLP agreement no loss shall be charged to any partner in excess of amount of contribution made or due to be made by the partner in the LLP in terms of LLP Agreement. KKR Capital Markets India Pvt Ltd has contributed Rs. 80.50 Million as on March 31, 2021 in the Partners Capital and Current Account and other partners have not made any contribution hence all loss for the FY 2020-21 and FY 2019-20 has been charged to KKR Capital Markets India Pvt Ltd current account in the LLP.

Note 49. Capital commitment/Other commitments

(Rs. in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital commitments (Capital contracts entered in to by the Company pending completion)	1.42	2.05

Note 50. Estimation uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial statements. Included in the allowance for expected credit loss is also the adjustment on account of macro-economic factors which involves significant judgement. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The ultimate outcome of the impact of the said global health pandemic may be materially different from that estimated as on the date of approval of these financial statements and will depend on future developments' which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. The Company will continue to closely monitor any material changes to future economic conditions.

Note 51. Reversal of interest on interest accrued during the period of Moratorium:

The Hon. Supreme Court of India vide its order dated March 23, 2021 requires the lenders to refund / adjust any interest on interest charged to the borrowers during the moratorium period. i.e. March 1, 2020 to August 31 2020.
In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, the Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the aforesaid moratorium period. The Company has estimated the said amount to be at Rs. 17.63 Million and reversed the same by way of debit to interest income for the year. The Company is in the process of adjusting / refunding the said amounts to the respective borrowers.

Note 52. Social Security Code

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

Note 53. Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021.

Note 54. Merger

On September 9, 2020, the Board of Directors has approved the Composite Scheme of Arrangement and Amalgamation among Bee Finance Limited ('Transferor Company'), KKR Capital Markets India Private Limited ('Company' or 'Transferee Company'), InCred Financial Services Limited ('Demerged Company'), KKR India Financial Services Limited ('Resulting Company') and their respective shareholders under Sections 230 to 232, 66, 234 and other applicable provisions of the Companies Act, 2013 with effect from the appointed date April 1, 2022 ('Scheme') to be submitted to the National Company Law Tribunal and Reserve Bank of India for approval.

Note 55. Approval of financial statements

The consolidated financial statements for the year ended March 31, 2021 were authorised for issue by the Board of directors at its meeting held on September 22, 2021 .

Note 56: Prior period comparatives

Previous years figures have been regrouped and reclassified where necessary to conform to current year's presentation.

Signatures to Notes 1 to 56

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison Date: 2021.09.24 12:15:52 +05'30'

Srividya Vaidison
Partner
Membership No.: 207132

Place: Mumbai
Date: September 22, 2021

For KKR Capital Markets India Private Limited

Brian Wesley Dillard Digitally signed by Brian Wesley Dillard Date: 2021.09.23 20:50:57 +05'30'

Brian Wesley Dillard
Director
DIN 08626376

ANIL NAGU Digitally signed by ANIL NAGU Date: 2021.09.23 20:53:50 +05'30'

Anil Nagu
Director
DIN:00110529

BINOY K PARIKH Digitally signed by BINOY K PARIKH

Binoy K. Parikh
Company Secretary

Place: Mumbai
Date: September 22, 2021

Bee Finance Limited

Annual Separate Financial Statements

For the year ended

31 March 2020

CERTIFIED TRUE COPY

Ramluggun

CHANDLEE RAMLUGGUN
FOR AND ON BEHALF OF THE SECRETARY
APEX FUND SERVICES (MAURITIUS) LTD
(Licensed by the Financial Services Commission of Mauritius)
4th Floor, 19 Bank Street,
Cybercity, Ebène, 72201
Mauritius.

Date: 14/09/2021

Bee Finance Limited
Annual Separate Financial Statements
For the year ended 31 March 2020

CONTENTS

Bee Finance Limited

Company information

		Date of appointment
DIRECTORS:	Tevina Ramsaha-Gulab	01 December 2015
	Mahmad Hayder Amiran	01 December 2015
	Bhupinder Singh	22 April 2016
	Harinarayan Sharma	13 January 2020
	Gyaneshwarnath Gowrea	28 October 2020

ADMINISTRATOR & SECRETARY:

Apex Fund Services (Mauritius) Ltd
4th Floor, 19 Bank Street
Cybercity
Ebène 72201
Republic of Mauritius

REGISTERED OFFICE:

4th Floor, 19 Bank Street
Cybercity
Ebène 72201
Republic of Mauritius

BANKERS:

SBM Bank (Mauritius) Ltd
SBM Tower
1, Queen Elizabeth II Avenue
Port-Louis
Republic of Mauritius

CUSTODIAN:

YES Bank Ltd
18th Floor, Tower Two
Indiabulls Finance Tower
Mumbai, India

AUDITOR:

KPMG
KPMG Centre
31, Cybercity
Ebène
Republic of Mauritius

Bee Finance Limited

DIRECTORS' REPORT

The directors are pleased to present their report and the audited separate financial statements of **Bee Finance Limited** (the "Company") for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is to engage in investment holding activities.

RESULTS

The results for the year are shown in the accompanying separate financial statements. The Company's loss for the year ended 31 March 2020 is **USD 7,862,790** (2019: Profit of USD 35,303,820). The Directors do not recommend the payment of dividend for the year under review (2019: Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Mauritius Companies Act requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the separate financial statements for the year ended 31 March 2020.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the separate financial position of the Company and to enable them to ensure that the separate financial statements are prepared in accordance with IFRS and in compliance with the requirements of the Mauritius Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern, as described in Note 16 to the separate financial statements and have no reason to believe the business will not be a going concern in the year ahead. The directors have confirmed that they have complied with the above requirements and also considered the impact of COVID-19 in preparing the separate financial statements as disclosed in Note 4.

AUDITOR

The auditor, KPMG, have indicated their willingness to continue in office until the next annual meeting.

Signed on behalf of the Board of Directors:

Director	**Director**
Tevina Ramsaha-Gulab	**Gyaneshwarnath Gowrea**

Bee Finance Limited

Certificate from the secretary

Under section 166 (d) of the Mauritius Companies Act 2001

We certify to the best of our knowledge and belief, we have filed with the Registrar of Companies all such returns as are required of **Bee Finance Limited** under Section 166(d) of the Mauritius Companies Act 2001 for the year ended 31 March 2020, except for filing of the audited separate financial statements within the prescribed period.

For Apex Fund Services (Mauritius) Ltd
Secretary

Registered office:
4th Floor, 19 Bank Street
Cybercity
Ebène 72201
Republic of Mauritius

Date: 28 July 2021

KPMG

KPMG
KPMG Centre
31, Cybercity
Ebène
Mauritius
Telephone +230 406 9999
Telefax +230 406 9988
BRN No. F07000189
Website www.kpmg.mu

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BEE FINANCE LIMITED

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Bee Finance Limited (the company), which comprise the separate statement of financial position as at 31 March 2020 and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies, as set out on pages 10 to 47.

In our opinion, these separate financial statements give a true and fair view of the separate financial position of Bee Finance Limited as at 31 March 2020, and of its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the separate financial statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Company information, Directors' report and Certificate from the secretary, but does not include the separate financial statements and our auditors' report thereon.

KPMG

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BEE FINANCE LIMITED

Report on the audit of the separate financial statements (continued)

Other information (continued)

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

KPMG

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BEE FINANCE LIMITED

Report on the audit of the separate financial statements (continued)

Auditors' responsibilities for the audit of the separate financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the company's members as a body, those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BEE FINANCE LIMITED

Report on other legal and regulatory requirements

Mauritius Companies Act

We have no relationship with or interests in the company other than in our capacity as auditors.

We have obtained all the information and explanations we have required. In our opinion, proper accounting records have been kept by the company as far as it appears from our examination of those records.

KPMG

KPMG
Ebène, Mauritius

Date: 29 July 2021

Christo Smith
Licensed by FRC

Bee Finance Limited

Separate statement of financial position
As at 31 March 2020

	Notes	2020 USD	2019 USD
ASSETS			
Non-current assets			
Financial asset at fair value through profit or loss ("FVTPL")	7	**172,813,189**	180,647,039
Total non-current assets		**172,813,189**	180,647,039
Current assets			
Asset held-for-sale	8	-	1,300,000
Other receivables and prepayments	12	**1,614,089**	1,594,136
Cash and cash equivalents		**199**	49,315
Total current assets		**1,614,288**	2,943,451
TOTAL ASSETS		**174,427,477**	183,590,490
EQUITY			
Capital and reserves			
Share capital	6	**100,000**	100,000
Share premium	6	**56,101,450**	56,101,450
Retained earnings		**116,618,083**	124,480,873
Total equity		**172,819,533**	180,682,323
Current liabilities			
Other payables and accruals	9	**24,297**	66,426
Loan from shareholder	10	-	1,258,094
Loan from parent company	11	**1,583,647**	1,583,647
Total current liabilities		**1,607,944**	2,908,167
TOTAL EQUITY AND LIABILITIES		**174,427,477**	183,590,490

Authorised and approved for issue by the Board of Directors on 28 July 2021 and signed on its behalf by:

}
}
} **DIRECTORS**

Tevina Ramsaha-Gulab **Gyaneshwarnath Gowrea** }

The notes on pages 14 to 47 are an integral part of these separate financial statements.

Bee Finance Limited

Separate statement of profit or loss and other comprehensive income
For the year 31 March 2020

	Notes	2020 USD	2019 USD
INCOME			
Realised gain on asset held-for-sale	8	**187,800**	-
Unrealised (loss)/gain on financial asset at fair value through profit or loss	7	**(7,833,850)**	35,334,658
		(7,646,050)	35,334,658
EXPENSES			
Licence fees		**(2,279)**	(2,088)
Directors' fees		**(3,000)**	(3,000)
Secretarial and administration fees		**(3,333)**	(3,000)
Audit fees		**(11,937)**	(10,005)
Professional fees		**(3,500)**	(1,900)
Legal fees		-	(9,187)
Interest expense		**(187,160)**	-
Other expenses		**(5,531)**	(1,658)
		(216,740)	(30,838)
(LOSS)/PROFIT BEFORE INCOME TAXATION		**(7,862,790)**	35,303,820
Taxation	13	-	-
(LOSS)/PROFIT FOR THE YEAR		**(7,862,790)**	35,303,820
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(7,862,790)**	35,303,820

The notes on pages 14 to 47 are an integral part of these separate financial statements.

Bee Finance Limited

Separate statement of changes in equity
For the year ended 31 March 2020

	Share capital USD	Share premium USD	Retained earnings USD	Total equity USD
At 01 April 2018	100,000	56,101,450	89,177,053	145,378,503
Comprehensive income				
Profit for the year	-	-	35,303,820	35,303,820
At 31 March 2019	100,000	56,101,450	124,480,873	180,682,323
At 01 April 2019	**100,000**	**56,101,450**	**124,480,873**	**180,682,323**
Comprehensive income				
Loss for the year	-	-	**(7,862,790)**	**(7,862,790)**
At 31 March 2020	**100,000**	**56,101,450**	**116,618,083**	**172,819,533**

The notes on pages 14 to 47 are an integral part of these separate financial statements.

Bee Finance Limited

Separate statement of cash flows
For the year ended 31 March 2020

	2020 USD	2019 USD
Cash flows from operating activities		
(Loss)/profit before income taxation	**(7,862,790)**	35,303,820
Adjustments for:		
Realised gain on asset held-for-sale (note 8)	**(187,800)**	-
Unrealised loss/(gain) on financial asset at fair value through profit or loss (note 7)	**7,833,850**	(35,334,658)
Interest expense	**187,160**	-
Operating loss before working capital changes	**(29,580)**	(30,838)
Changes in working capital		
(Increase)/decrease in other receivables and prepayments	**(19,953)**	1,543
Decrease in other payables and accruals	**(42,129)**	(17)
Disposal of asset held-for-sale (note 8)	**1,487,800**	-
Net cash generated from/(used in) operating activities	**1,396,138**	(29,312)
Cash flows from financing activities		
Loan received from parent company (note 11)	-	504,000
Repayment of loan from parent company (note 11)	-	(504,000)
Repayment of loan from shareholder (note 10)	**(1,258,094)**	-
Interest paid	**(187,160)**	-
Net cash used in financing activities	**(1,445,254)**	-
Net movement in cash and cash equivalents	**(49,116)**	(29,312)
Cash and cash equivalents at beginning of year	**49,315**	78,627
Cash and cash equivalents at end of year	**199**	49,315

The notes on pages 14 to 47 are an integral part of these separate financial statements.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

1 GENERAL INFORMATION

Bee Finance Limited (the "Company") is a private company limited by shares incorporated and domiciled in the Republic of Mauritius under the Mauritius Companies Act 2001 on 01 December 2015 and holds a Global Business License issued by the Financial Services Commission ("FSC"). The Company's registered office is at 4th Floor, 19 Bank Street, Cybercity, Ebène, 72201, Republic of Mauritius.

The principal activity of the Company is to engage in investment holding.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these separate financial statements are set out below. The policies have been consistently applied to the period presented, unless otherwise stated.

Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 March 2020 as issued by the International Accounting Standards Board ("IASB") and in compliance with the Mauritius Companies Act.

Basis of measurement

The separate financial statements for the year ended 31 March 2020 have been prepared under the going concern principle under the historical cost convention, except for financial asset at fair value through profit or loss ("FVTPL"), which are measured at fair value, as disclosed in the accounting policies thereafter.

Functional and presentation currency

The separate financial statements of the Company are presented in USD, which is the Company's functional currency. All financial information presented in USD have been rounded to the nearest dollar unless otherwise stated.

Use of estimates and judgements

The preparation of separate financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, as well as critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the separate financial statements are provided in note 4.

Changes in accounting policy and disclosures

New standards, amendments and interpretations adopted during the year

Up to date of issue of these separate financial statements, the IASB has issued a number of amendments, new standards and interpretations which are effective for the year ended 31 March 2020 and which have been adopted on these separate financial statements.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policy and disclosures (continued)

New standards, amendments and interpretations adopted during the year (continued)

IFRIC 23 Uncertainty over Income Tax Treatment

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the separate financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted. The Directors have assessed the adoption of IFRIC 23 and they believe that it does not have any impact on the separate financial statements as the Company does not have any tax uncertainties.

New standards, amendments and interpretations issued but not yet adopted

Up to the date of issue of these separate financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not effective for the year ended 31 March 2020 and which have not been adopted in these separate financial statements. Those which may be relevant are set out below. The Company does not plan to adopt these standards early, but rather in the periods they become mandatory, unless otherwise stated.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the directors do not expect significant change – the refinements are not intended to alter the concept of materiality.

Bee Finance Limited

Notes to the separate financial statements.
For the year ended 31 March 2020

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policy and disclosures (continued)

New standards, amendments and interpretations issued but not yet adopted (continued)

Amendments to References to Conceptual Framework in IFRS standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered, and certain guidance was unclear or out of date. The revised Conceptual Framework issued by the IASB in March 2018, which is effective for annual periods beginning on or after 1 January 2020, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

Although management expects this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs. The directors do not expect significant change on the Company's separate financial statements.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments are to be applied retrospectively from the effective date. The directors do not expect significant change on the Company's separate financial statements.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these separate financial statements except for new standards, amendments and interpretations to standards effective and adopted, as discussed above.

Foreign currency translation

Functional and presentation currency

Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company. Share capital is issued in USD. The expenses of the Company are denominated and settled in USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the separate statement of profit or loss and other comprehensive income.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Foreign currency differences arising on financial instruments at fair value through profit or loss, which are recognised as a component of net gain from financial instruments at fair value through profit or loss ("FVTPL").

Assessing criteria for meeting the definition of an investment entity

'Subsidiaries' are investees controlled by the Company. The Company 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company is an investment entity and measures its investments held at FVTPL. In determining whether the Company meets the definition of an investment entity, as per Note 3, management considered the objective of the Company as per its Shareholders' Agreement. In particular, the Company has assessed the existence of investment exit strategies and whether the Company has more than one investment.

Management concluded that the Company meets the definition of an investment entity. Consequently, management concluded that the Company should not consolidate Incred Financial Services Limited ("INCRED"), as described in Note 4.

Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

(i) Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value with transaction costs recognised in separate statement of profit or loss. For an item not at FVTPL are measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Classification of financial assets

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

All other financial assets of the Company are measured at FVTPL.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This include whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

Business model assessment (continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

(ii) Classification and subsequent measurement (continued)

Classification of financial assets (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

The Company has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents and other receivables and are held to collect contractual cash flow.
- Other business model: this includes equity investments. These financial assets are managed, and their performance is evaluated, on a fair value basis.

Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Subsequent measurement and gains and losses

Category	Subsequent measurement
Financial asset at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any expense and foreign exchange gains and losses, are recognised in profit or loss in 'net (loss)/gain from financial instruments at FVTPL' in profit or loss. Equity investments are included in this category.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Cash and cash equivalents and other receivable are included in this category.

Financial liabilities – classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost:

- This includes other payables and accruals, loan from shareholder and loan from parent company.

(iii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

(iii) Fair value measurement (continued)

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction, as described in Note 5(d) and 7.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

(iv) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability at initial recognition. When calculating the effective interest rate, the Company estimates the future cash flows considering all contractual terms of the financial instruments but not the future credit losses.

(v) Impairment

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

(v) Impairment (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default:

- when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising assets (if any is held); or
- the financial asset is more than 90 days past due.

All financial assets that are receivable from related parties, other than loan receivable, are considered to have low credit risk. The Company also considers its cash at bank to have low credit risk based on the external credit ratings of the financial institution with which cash is held.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

(v) Impairment (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the separate statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(vi) Derecognition and modification

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. Realised gain is calculated based on proceeds realised on disposal of investment less its cost.

The Company enters into transactions whereby it transfers assets recognised on its separate statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

(vi) Derecognition and modification (continued)

If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

The Company recalculates the gross carrying amount of financial assets and recognises a modification gain or loss in profit or loss when the contractual cash flows are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset.

The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate.

(vii) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the separate statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

There is no offsetting of financial instruments applied as on reporting in the separate statement of financial position.

(viii) Specific instruments

Cash at bank

Cash at bank includes deposits with banks. Cash at bank are short-term, with maturity of three months or less from the date of acquisition and highly liquid financial assets that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company has elected to present the separate statement of cash flows using the indirect method.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Share capital

Stare capital consists of ordinary shares which are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Non-recognition of deferred tax

Deferred tax is not recognised for temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future, as described in Note 13.

Taxation

Taxation comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Taxation includes the current income tax charge which is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised using the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Net (loss)/gain on financial asset at FVTPL

Net (loss)/gain on financial asset at fair value through profit or loss includes foreign exchange differences but excludes dividend income.

Expense recognition

Expenses are accounted for in separate statement of profit or loss and other comprehensive income on an accrual basis.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Uses of estimates and judgements

The preparation of separate financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities within the next financial period. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The separate financial statements have been prepared on a going concern basis based on the continuous financial support from its ultimate beneficial owner to enable the Company to meet its liabilities as and when they fall due and to carry on business without a significant curtailment of operations in the next twelve months from date of approval of these separate financial statements.

The preparation of the separate financial statements requires the board of directors to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent liabilities at reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amount of the asset and liability affected in the future.

In the process of applying the Company's accounting policies, management has made the following estimates and judgements that are significant to the separate financial statements:

Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Company operates. The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. The directors consider the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Investments made are denominated in Indian Rupee (INR) however, the performance of the Company is measured and reported to the holding company in USD. The expenses of the Company are denominated and settled in USD and shares are issued in USD.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Impairment

A financial asset not measured at FVTPL is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets, and that loss events had an impact on the estimated future cash flows of that assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of amount due on terms that the Company would not consider otherwise, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account against receivables.

Impact of COVID-19

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. Many governments have taken increasingly stringent steps to help contain the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries.

There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies.

COVID-19 has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted. The fair value of investments is already adjusted for the impact of Covid-19 as at reporting date.

In the context of COVID-19 Outbreak, the directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the separate financial statements continue to be prepared on the going concern basis.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

For instruments for which there is no active market, the Company may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity for which markets were or have been inactive during the financial year.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Fair value measurement (continued)

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

For 2020, INCRED was fair valued using the discounted cash flow approach, as described in Note 5 (d). For the year ended 30 March 2019, INCRED was fair valued based on the recent transaction price.

Utilisation of tax losses

Significant judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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.

Investment entity and consolidation exemption

The Board of Directors of the Company has made an assessment of the criteria set out under IFRS 10 Consolidated Financial Statements paragraph 27 for not consolidating its financial statements with that of the Investee Company, INCRED on the basis that it is classified as an Investment Entity.

Under the IFRS 10, an Investment Entity has the following criteria:

- The entity obtains funds from one or more investors to provide its investors with investment management services;
- The entity commits to its investors that its business purpose is to invest for returns solely from capital appreciation and/or investment income;
- Investment related services provided to investors are not prohibited, but some services to investees are restricted and some relationships and transactions with investees are prohibited; and
- The entity measures and evaluates the performance of substantially all investments on a fair value basis.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Investment entity and consolidation exemption (continued)

In addition, an Investment Entity typically has:

- More than one investment;
- More than one investor;
- Investors that are not related parties; and
- Ownership interests in the form of equity or similar interests.

At the reporting date, the Company has several investors, who are neither related parties to the Company nor related party to each other, who have pooled together their funds to gain access to investment management services and investment opportunities that they might not have had access to individually.

As mentioned in the Shareholders Agreement, the investors have contributed capital for the purpose of acquiring directly or indirectly INCRED, Booth Fintech Private Limited and Bee Fintech Private Limited. The only objective of the Company is to act as an investment holding company.

Therefore, the Company, under the guidance and supervision of its Board of Directors, who have the required knowledge and expertise, is indirectly providing the necessary investment platform, support and administrative services to its investors.

Furthermore, one of the directors of the Company also served as a Board member and Chief Executive Officer of INCRED. As CEO, a key management personnel, he is providing strategic advice and is participating in strategic decision making. He is making available his management expertise and skills to the good, smooth and profitable running of INCRED and Booth Fintech.

Moreover, the Major Investors of the Company (as outlined in the Shareholders Agreement dated 17 February 2017) have been bestowed with reserved matter rights on key decision matters; this is to ensure interest of shareholders is upheld in the day to day functioning of the Company and the shareholders' objective is achieved.

Should the need arise, the Company, being the major shareholder of INCRED, intends to take necessary steps to ensure the financial support required by INCRED and in the form it requires.

It is further noted that, under the Shareholders Agreement:

- the investors are not allowed to dispose their shares in the Company within 4 years-lock in period which is a conclusive evidence that the latter's ultimate objective of investing into the Company is capital appreciation and not short terms gains or the generation of trading income; and

- the investors are also entitled to dividends and any other distributions.

The Board confirms its intention to fair value its investment under IFRS 13: Fair Value Measurement using the appropriate valuation technique for example, income, cost or market approach. The Board has kept its investments at fair value at reporting date.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Investment entity and consolidation exemption (continued)

The Board, as result, concludes that the Company meets the definition of an Investment Entity and further concludes that the investment has been carried at fair value, in line with IFRS 9 and the latter should not consolidate its accounts with that of INCRED .

5 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company's exposure to market risk is determined by several factors, including interest rates and foreign currency exchange rates. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate measures 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 in the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments are detailed below.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company is exposed to currency risks on investments that are denominated in a currency other than its functional currency.

The Company shall primarily invest in Indian rupee denominated instruments, which may be subject to exchange rate fluctuations with consequent reductions in the USD. Foreign currency exposure will not normally be hedged. The repatriation of capital may be hampered by changes in Indian regulations concerning foreign exchange controls or political circumstances. Any amendments to such regulations may impact adversely on the Company's performance.

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Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market risk (continued)

(i) Foreign exchange risk (continued)

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2020 USD	Financial assets 2019 USD	**Financial liabilities 2020 USD**	Financial liabilities 2019 USD
Indian Rupee ("INR")	**172,813,189**	180,647,039	-	-
United States Dollar ("USD")	**1,609,660**	2,942,502	**1,607,944**	2,908,167
	174,422,849	183,589,541	**1,607,944**	2,908,167

Prepayments of **USD 4,628** (2019: USD 949) have not been included in the financial assets.

Sensitivity analysis

The following table indicates the approximate change in the total assets in response to reasonable possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date. The Company is mainly exposed to the Indian rupee.

A 5% increase and decrease in the USD against the relevant foreign currency is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. Management has determined that a fluctuation in exchange rate of **3%** (2019: 5%) is reasonable possible considering the economic environment in which the Company operates.

	2020		2019	
	Change in foreign exchange rates %	**Effect on profit or loss and equity USD**	Change in foreign exchange rates %	Effect on profit or loss and equity USD
INR	**3**	**(5,344,738)**	5	(8,602,240)
INR	**(3)**	**5,033,394**	(5)	9,507,739

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. Results of the analysis of the above table represent the effects on the Company's total assets for any changes in the foreign exchange rates. The exposure to foreign currency risk and price risk is managed in this way. The Company does not apply hedge accounting.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market risk (continued)

(ii) Price risk

Price risk is the risk of unfavorable changes in fair values of equities as the result of changes in the value of individual shares. The Company was not exposed to equity price risk at the reporting date as it does not invest in listed equity investments.

(iii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Company was not exposed to interest rate risk at the reporting date as interest rate has been fixed in accordance with the relevant loan agreements.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, when due. The carrying amount of financial assets represents the maximum credit exposure. The Company uses the probability of default and loss given default approach to calculate any expected credit losses on financial assets.

The maximum exposure to credit risk at the reporting date was as follows:

Current assets	**2020**	2019
	USD	USD
Other receivable	**1,609,461**	1,593,187
Cash and cash equivalents	**199**	49,315
	1,609,660	1,642,502

Prepayments of **USD 4,628** (2019: USD 949) have not been included in the financial assets.

The credit risk is considered minimal on the cash and cash equivalents since the bank balance is held with a high credit quality financial institution, which has a credit rating of Ba1. Other receivable mainly consists of amount receivable from related party. The credit risk on amount receivable from related party is considered low. Based on the probability of default and loss given default ratios of the counter parties, the expected credit loss on the financial assets were minimal as at 31 March 2019 and 2020.

The Company is exposed to credit risk in relation to the financial guarantee in the form of the Letter of Comfort dated 17 February 2020 issued to the State Bank of India ("SBI") for the purpose of the term loan granted to Incred. The maximum amount of guaranteed is deemed to be INR 750,000,000. The Company is exposed to credit risk in relation to the investment in INCRED held in the custody of the Custodian, Yes Bank. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk. For this purpose, the management team of INCRED has provided an assessment of its adherence to all loan covenants, as set out in the agreement between INCRED and SBI.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

The financial covenants and position of the Facility agreement are set out in the table below and these were valid as of 31 March 2021:

No.	Covenant	As per Sanction Terms	Actual Position as of 31 March 2021	Comments
1	Total Outside Liabilities / Net Owned Fund	Maximum 8x	1.70x	Complied
2	Gross NPA / Total Advances	Maximum 4%	3.43%	Complied
3	Total Debt / Equity	Maximum 4:1	1.63x	Complied
4	Overdue / Demand Raised	Maximum 5%	5.87%*	Not Complied
5	Promoter (Bee Finance Shareholding	Minimum 30%	59.66%	Complied
6	Capital Adequacy Ratio	Minimum 20%	37.20%	Complied
7	Assets Cover Ratio	Minimum 1.33x	1.33x	Complied

The management team of INCRED has indicated that they have, at all instances, complied to all covenants, with an exception to Covenant 4.

*As per the facility agreement, penal interest would be levied only in case of deviation of two financial covenants. As such, there has been no breach within the contractual agreement. Management has confirmed that INCRED has a strong financial position and there are no past due amounts.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations, associated with its financial liabilities, when they fall due. The Company's approach to managing liquidity risk is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

During the year, a letter of comfort was issued by the Company to its investee company, Incred Financial Services Limited ("INCRED"). The management team of INCRED has confirmed its adherence to all loan covenants, as set out in the agreement between INCRED and the State Bank of India, as describe in Note 5b.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

As such, the management of Bee Finance Limited does expect any financial liability to arise with regards to the letter of comfort issued to INCRED.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments:

2020

Financial liabilities	**On demand**	**Within 3 months**	**Within 3 months and 1 year**	**Total**
	USD	**USD**	**USD**	**USD**
Loan from parent company	**1,583,647**	**-**	**-**	**1,583,647**
Accruals	**-**	**15,525**	**-**	**15,525**
Amount payable to related parties	**8,772**	**-**	**-**	**8,772**
	1,592,419	**15,525**	**-**	**1,607,944**

2019

Financial liabilities	On demand	Within 3 months	Within 3 months and 1 year	Total
	USD	USD	USD	USD
Loan from shareholder	1,258,094	-	-	1,258,094
Loan from parent company	1,583,647	-	-	1,583,647
Accruals	-	15,109	-	15,109
Amount payable to related parties	51,317	-	-	51,317
	2,893,058	15,109	-	2,908,167

d) Fair value estimation

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

(i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

(i) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

(ii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Fair value estimation (continued)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques.

For instruments for which there is no active market, the Company may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk. The carrying value of other receivables, cash and cash equivalents, loan from shareholder, loan from parent company and other payables and accruals are assumed to approximate their fair values due to their short-term nature.

The following table analyses within the fair value hierarchy the Company's assets measured at fair value at 31 March 2020.

	Level 1	Level 2	Level 3	Total
At 31 March 2020	**USD**	**USD**	**USD**	**USD**
Financial asset at fair value through profit or loss (Note 7)	-	-	**172,813,189**	**172,813,189**
	=======	===========	============	============
At 31 March 2019				
Financial asset at fair value through profit or loss (Note 7)	-	-	180,647,039	180,647,039
	========	===========	============	============

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	Financial asset at fair value through profit or loss	
	2020	2019
	USD	USD
At start of the year	**180,647,039**	145,312,381
Unrealised (loss)/gain on financial asset at fair value through profit or loss	**(7,833,850)**	35,334,658
	------------------	------------------
	172,813,189	180,647,039
	============	============

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Fair value estimation (continued)

Significant unobservable inputs used in measuring fair value

The unquoted investment of INCRED was fair valued based on the discounted cash flow model as at 31 March 2020.

The discounted cash flow model considers the present value of the net cash flows expected to be generated by the investee. The expected net cash flows were discounted using a risk-adjusted discount rate and other unobservable inputs as at 31 March 2020.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The discount rate was a post-tax measure estimated based on the historical industry average cost of equity. The equity value was computed using the levered cash flows. A discounting factor of 12.25% was used.

The cash flow projections included specific estimates for four years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term growth rate, consistent with the assumptions that a market participant would make.

The below sets out information about significant unobservable inputs used at reporting date in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Investee	Fair value at 31 March 2020	Valuation techniques	Range of estimates for unobservable inputs	Multiple/ Percentage	Sensitivity to changes in significant unobservable inputs
Incred Financial Services Limited ("INCRED")	**172,813,189**	Discounted cash flow	- Cost of Capital - Growth multiple	12.25% 6%	The estimated fair value would increase/decrease if: • the weighted average cost of capital was lower/higher; or • The growth rate was higher/lower.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Fair value estimation (continued)

Although the Company considers that its estimates of fair value are appropriate, the use of different methodologies and assumptions could lead to different measurements of fair value.

Changing the variable considered to be the most sensitive by 1% would have the following effects:

Effect on profit or loss	Net Movement 2020 USD	Net Movement 2019 USD
Weighted average cost of capital (WACC) (1% increase)	(6,073,663)	N/A(*)

Management has also determined that a fluctuation of 1% in the unobservable input is reasonably possible considering the economic environment in which the operating companies operate.

Effect on profit or loss	Net Movement 2020 USD	Net Movement 2019 USD
Growth rate (0.5% decrease)	(4,392,707)	N/A(*)

(*) The sensitivity on WACC and growth rate is not applicable for 2019 given the fair value was based on price of recent investment.

e) Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholder and maintain an optimal capital structure to reduce cost of capital. The directors consider the shareholder's equity as capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt. The Company has issued a letter of comfort to its investee company, as described in Note 7.

f) Financial instruments by category

Financial assets At 31 March 2020	Financial assets at amortised cost USD	Asset held-for-sale USD	Financial asset at fair value through profit or loss USD	Total USD
Financial asset at fair value through profit or loss (Note 7)	-	-	172,813,189	172,813,189
Other receivable (Note 12)	1,609,461	-	-	1,609,461
Cash and cash equivalents	199	-	-	199
	1,609,660	-	172,813,189	174,422,849

Bee Finance Limited

Notes to the separate financial statements
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5 FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Financial instruments by category (continued)

All the financial liabilities of the Company are classified as other liabilities at amortised cost.

Financial liabilities **At 31 March 2020**	**Financial liabilities at amortised cost** **USD**	**Total** **USD**
Other payables and accruals (Note 9)	**24,297**	**24,297**
Loan from parent company (Note 11)	**1,583,647**	**1,583,647**
	1,607,944	**1,607,944**

Financial assets At 31 March 2019	Financial assets at amortised cost USD	Asset held-for-sale USD	Financial asset at fair value through profit or loss USD	Total USD
Financial asset at fair value through profit or loss (Note 7)	-	-	180,647,039	180,647,039
Asset held-for-sale	-	1,300,000	-	1,300,000
Other receivable (Note 12)	1,593,187	-	-	1,593,187
Cash and cash equivalents	49,315	-	-	49,315
	1,642,502	1,300,000	180,647,039	183,589,541

Financial liabilities At 31 March 2019	Financial liabilities at amortised cost USD	Total USD
Other payables and accruals (Note 9)	66,426	66,426
Loan from shareholder (Note 10)	1,258,094	1,258,094
Loan from parent company (Note 11)	1,583,647	1,583,647
	2,908,167	2,908,167

Prepayments of **USD 4,628** (2019: USD 949) have not been included in the financial assets.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

6 SHARE CAPITAL AND PREMIUM

	No of shares	Class A USD	Class B USD	Class C USD	Share premium USD	Total USD
At 01 April 2019	**100,000**	**58,678**	**9,792**	**31,530**	**56,101,450**	**56,201,450**
Transfer of shares	-	-	-	-	-	-
At 31 March 2020	**100,000**	**58,678**	**9,792**	**31,530**	**56,101,450**	**56,201,450**

	No of shares	Class A USD	Class B USD	Class C USD	Share premium USD	Total USD
At 01 April 2018	100,000	58,678	7,542	33,780	56,101,450	56,201,450
Transfer of shares	-	-	2,250	(2,250)	-	-
At 31 March 2019	100,000	58,678	9,792	31,530	56,101,450	56,201,450

All classes of shares confer the rights to receive notice of and vote at any meeting of shareholders with each ordinary share having one vote, including equal right of distribution of income among shareholders.

During the year ended 31 March 2019, B Singh Holdings Limited transferred 2,250 class C shares into class B shares, respectively which were then disposed to The Bee Finance Employee Welfare Trust. There was transfer of shares for the following:

- 2,250 Class B shares from Bee Finance Employee Welfare Trust to SRA Capital PTE

7 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 USD	2019 USD
At beginning of the year	**180,647,039**	145,312,381
Unrealised (loss)/gain on financial asset at fair value through profit or loss	**(7,833,850)**	35,334,658
At end of year	**172,813,189**	180,647,039

Bee Finance Limited

Notes to the separate financial statements
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7 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The table below describes the type of structured entity that the Company does not consolidate but in which it holds an interest.

Name of company	Country	Type of instrument held	% held	Cost USD 31 March 2020	Fair value USD 31 March 2020
Incred Financial Services Limited ("INCRED")	India	Equity	59.66	**56,143,616**	**172,813,189**

Name of company	Country	Type of instrument held	% held	Cost USD 31 March 2019	Fair value USD 31 March 2019
Incred Financial Services Limited ("INCRED")	India	Equity	74.89	56,143,616	180,647,039

Investment in Incred

Incred, incorporated in India, operates as a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and is engaged in providing loans for personal, business and educative purposes.

There are no restrictions resulting from any borrowing arrangements, regulatory requirements nor contractual arrangements, on the ability of INCRED to transfer funds to the investment entity in the form of cash dividends or to repay loans or advances made to INCRED by the Company.

Other than disclosed below, there are no current commitments nor intentions on the Company's part to provide financial or other support to INCRED, including commitments or intentions to assist INCRED in obtaining financial support.

Financial support to INCRED

A letter of comfort was issued by the Company to INCRED during the year. Management has assessed the going concern basis of INCRED based on the independent valuation report. As such, management does not expect any financial liability to arise. The Ultimate Beneficial Owner of Bee Finance Limited is also responsible for the operational and financial conduct of INCRED and to ensure that no covenant is breached.

The ultimate beneficial owner has also confirmed through a letter of support that it will continue to provide financial support to the Company to enable it to meet its obligations as they fall due.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

8 ASSET HELD-FOR-SALE

An entity shall classify a non-current asset as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Since Bee Finance Limited intends to dispose of Booth Fintech Private Limited to INCRED within a year, it has been classified under current assets.

Booth Fintech Private Limited operates an online and mobile platform under the brand name "Instapaisa", which connects prospective borrowers and lenders, provides borrowers with easier and quicker access to credit, and lenders with online customer acquisition and credit profiling of customers.

Management has completed the process of disposal of Booth Fintech during the financial year end 2020.

	2020	2019
	USD	USD
At beginning of the year	**1,300,000**	1,300,000
Realised gain on asset held-for-sale	**187,800**	-
Disposal during the year	**(1,487,800)**	-
At end of the year	-	1,300,000

9 OTHER PAYABLES AND ACCRUALS

	2020	2019
	USD	USD
Amount payable to related parties (Note 14)	**8,772**	51,317
Accruals	**15,525**	15,109
	24,297	66,426

The amount payable to related parties are unsecured, interest free and repayable on demand.

10 LOAN FROM SHAREHOLDER

	2020	2019
	USD	USD
Balance at beginning of year	**1,258,094**	1,258,094
Repayment of loan	**(1,258,094)**	-
Balance at end of year	-	1,258,094

As per the Loan Agreement, the shareholder loan was interest bearing at the rate of 2.5% up to 15 March 2017. An Addendum to the existing Loan Agreement was entered into on 31 March 2021 and would be effective as from 18 June 2019, as per which the interest rate will change from 2.5% to 10.9979%.

Bee Finance Limited

Notes to the separate financial statements
For the year ended 31 March 2020

11 LOAN FROM PARENT COMPANY

	2020	2019
	USD	USD
Balance at start of year	**1,583,647**	1,583,647
Loan received	-	504,000
Loan repaid	-	(504,000)
Balance at end of year	**1,583,647**	1,583,647

The loan from parent company is unsecured, interest free and repayable on demand. Default interest will be applied in case Borrower fails to make payment at repayment date.

12 OTHER RECEIVABLE AND PREPAYMENTS

	2020	2019
	USD	USD
Other receivable (Note 14)	**1,609,461**	1,593,187
Prepayments	**4,628**	949
	1,614,089	1,594,136

The amount due from related party is unsecured, interest free and receivable on demand.

13 TAXATION

Mauritius

The Company holds a Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Entities which had obtained their Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed foreign tax credit") on its foreign source income resulting in a maximum effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of Shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

Bee Finance Limited

Notes to the separate financial statements
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13 TAXATION (CONTINUED)

India

As a tax resident of Mauritius, the Company expects to obtain benefits under the double taxation treaty between India and Mauritius ("DTAA"). To obtain benefits under the double taxation tax treaty, the Company must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. The Company has obtained a tax residence certificate ("TRC") from the Mauritius Revenue Authority, renewable annually and believes such certification is determinative of its resident status for treaty purposes.

Gains from disposal of shares has been shifted from Mauritius to India effective from 01 April 2017 and there has been the implementation of Long-Term Capital Gain Tax (LTCGT) in India on long term capital gains. However, investments made by Mauritius structures up to 31 March 2017 shall be grandfathered and thus exempted from capital gains tax in India irrespective of the date of disposal. During the year, the Company disposed its shares in Booth Fintech Private Limited, which resulted in a realised gain of USD 187,800. Since investment in Booth Fintech Private Limited was made prior to 01 April 2017, the gains from the disposal of shares was not subjected to Capital Gains Tax.

In addition, based on the update in the Finance Bill in India in April 2018, the cost of acquisition for the long-term capital asset acquired on or before 31st of January 2018 shall be the actual cost. However, if the actual cost is less than the fair market value of such asset as on 31st of January 2018, the fair market value shall be deemed to be the cost of acquisition. Further, if the full value of consideration on transfer is less than the fair market value, then such full value of consideration or the actual cost, whichever is higher, shall be deemed to be the cost of acquisition.

It has also been clarified that the holding period for computation of LTCGT shall be counted from the date of acquisition.

Capital Gains Tax rates applicable

The long-term capital gains on sale of listed securities exceeding INR 100,000 are taxed at 10.92% and the Short-term capital gains shall be taxed at 16.38%. On sale of unlisted securities, the tax rates are 10.92% and 43.68% for Long-term capital gains and Short-term capital gains respectively.

Disposal of investments made by a Mauritius company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change and will continue to be exempted from capital gains tax in India.

As per the revised DTAA, interest arising in India to Mauritian residents shall be subject to withholding tax in India at the rate of 7.5% in respect of debt claims or loans made after 31 March 2017.General anti-avoidance rule (GAAR) has become effective as from 01 April 2017 and therefore, investments made till 31 March 2017 are outside the purview of GAAR.

During the year, the Company disposed its shares in Booth Fintech Private Limited, which resulted in a realised gain of USD 187,800. Since investment in Booth Fintech Private Limited was made prior to 01 April 2017, the gains from the disposal of shares was not subjected to Capital Gains Tax. As such, there was no capital gain tax for the year ended 2020 and 2019.

Bee Finance Limited

Notes to the separate financial statements
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13 TAXATION (CONTINUED)

Deferred tax assets, amounting to **USD 52,015** (2019: USD 52,015), in respect of tax losses carried forward amounting to **USD 346,765** (2019: USD 346,765) have not been recognised as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

A numerical reconciliation between the accounting loss and taxation is shown below:

	2020	2019
	USD	USD
(Loss)/profit before income taxation	**(7,862,790)**	35,303,820
(Loss)/profit before tax at applicable rate – 15 %	**(1,179,419)**	5,295,573
Impact of:		
Less non-taxable income – Realised gain on investment revaluation	**(28,170)**	(5,300,199)
Add non-deductible expenses*	**1,203,151**	1,477
Deferred tax asset not recognised	**-**	3,149
Unauthorised deductions	**4,438**	-
Taxation expense	**-**	-

*Non-deductible expenses consist of unrealised loss on financial asset at fair value through profit or loss and interest expense.

Deferred tax asset has not been recognised in respect of accumulated tax losses amounting to **USD Nil** (2019: USD 649) because the directors consider that it will not be probable that future taxable income will be available against which the loss can be utilised.

Bee Finance Limited

Notes to the separate financial statements
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13 TAXATION (CONTINUED)

The tax losses are available for set off against taxable profits of the Company as follows:

Up to the year ending:	USD	Income year
31 March 2021	3,821	31 March 2016
31 March 2022	-	31 March 2017
31 March 2023	322,522	31 March 2018
31 March 2024	20,422	31 March 2019
31 March 2025	-	31 March 2020
Total	346,763	

14 RELATED PARTY DISCLOSURES

During the year ended 31 March 2020, the Company transacted with related parties. The nature, volume of transactions and balances with related parties are as follows:

Related party 31 March 2020	Relationship	Nature of transactions	Volume of transactions USD	Balance USD
The Bee Finance Employee Welfare Trust		Loan to Trust	-	1,583,02
	Shareholder	Expenses paid	5,063	15,22
B Singh Holdings Limited	Parent company	Expenses paid	11,211	11,21
Apex Fund Services (Mauritius) Ltd	Administrator, Secretary, Registrar and Directorship	Administration and professional fees	1,334	(3,416
Bhupinder Singh	Ultimate Beneficiary, Shareholder & Director	Interest on loan payable	229,705	(8,772
		Loan payable	1,258,094	-
INCRED	Investee Company	Disposal proceeds of investment in assets held-for-sale	1,487,800	-
B Singh Holdings Limited	Parent company	Loan payable	-	(1,583,647

Bee Finance Limited

Notes to the separate financial statements
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14 RELATED PARTY DISCLOSURES (CONTINUED)

Other than the transactions detailed above, the Company issued a letter of comfort to its investee company, Incred Financial Services Limited ("INCRED"). The management team of INCRED has confirmed its adherence to all loan covenants, as set out in the agreement between INCRED and the State Bank of India, as described in Note 5b and Note 5c.

During the year ended 31 March 2019, the Company transacted with related parties. The nature, volume of transactions and balances with related parties are as follows:

Related party	Relationship	Nature of transactions	Volume of transactions	Balance
31 March 2019			USD	USD
The Bee Finance Employee Welfare Trust		Loan to Trust	-	1,583,022
	Shareholder	Expenses paid	4,250	10,165
Apex Fund Services (Mauritius) Ltd	Administrator, Secretary, Registrar and Directorship	Administration and professional fees	7,900	(4,750)
Bhupinder Singh	Ultimate Beneficiary, Shareholder & Director	Interest on loan	-	(51,317)
		Loan payable	-	(1,258,094)
B Singh Holdings Limited	Parent company	Loan payable	-	(1,583,647)

Key management personnel

Since authority and responsibility for planning, directing and controlling the activities of the Company is with the board of directors, any person who was a director of the Company at any time during the year ended 31 March 2020 is considered to be key management personnel of the Company. The directors of the Company, Ms Tevina Ramsaha-Gulab and Mr Mahmad Hayder Amiran are also employees of Apex Fund Services (Mauritius) Ltd (the "Corporate Secretary") and hence are deemed to have beneficial interests in the Corporate Service Agreement between the Company and the Corporate Secretary.

No compensation was paid directly to key management personnel during the year ended 31 December 2020 (2019: USD Nil).

15 PARENT AND ULTIMATE BENEFICIARY

The directors consider B Singh Holdings Limited as the parent company and Mr Bhupinder Singh as its ultimate beneficiary owner.

Bee Finance Limited

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For the year ended 31 March 2020

16 GOING CONCERN

The Company incurred a net loss of **USD 7,862,790** (2019: Net Profit of USD 35,303,820) for the year ended 31 March 2020 and as of that date, its current assets exceeded its current liabilities by **USD 6,344** (2019: USD 35,284). The net assets position amounts to **USD 172,819,533** (2019: USD 180,682,323). As at 31 March 2020, there was a low cash and cash equivalent balance of **USD 199**.

The Ultimate Beneficial Owner has confirmed through a letter of support issued on 28 May 2021 that it will provide financial support to the Company to enable it to meet its obligations as they fall due. The letter of support shall be effective from 31 March 2020 and shall endure in full force and effect for the next 24 months, subsequent to which, an assessment shall be made to conclude whether such financial assistance would be further required.

Management has assessed the ability of the Company to continue as a going concern and is satisfied that the Company will have the resources to continue in business for the foreseeable future. Furthermore, the Company is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the separate financial statements have been prepared on the going concern basis.

17 EVENTS AFTER REPORTING DATE

On 28 October 2020, the Company approved the appointment of Mr. Gyaneshwarnath Gowrea as Director.

Other than as disclosed above, there have been no significant events after the reporting date which would require disclosure or amendment to the separate financial statements for the year ended 31 March 2020.

DIRECTORS' REPORT

TO
THE MEMBERS OF
KKR INDIA FINANCIAL SERVICES LIMITED

The Board of Directors of KKR India Financial Services Limited ("Company") present the Twenty Sixth Annual Report on the business and operations of the Company for the Financial Year ("FY") ended March 31, 2021. This was an unprecedented year, with the Covid-19 pandemic affecting the businesses and individuals in India and across the world. Lockdown and restrictions imposed on various activities due to the pandemic called for extraordinary changes in the way operations were managed by the Company.

FINANCIAL RESULTS

The Company's financial results for the FY ended March 31, 2021, as compared to previous FY ended March 31, 2020 are summarized in the table below:

(Rupees in million)

Particulars	**FY 2020-21**	**FY 2019-20**
Revenue from Operations	3,903.64	7,374.63
Other Income	235.95	2.70
Total Income	**4,139.59**	**7,377.33**
Profit before depreciation & Amortization and taxes	**368.78**	**(16,361.64)**
Depreciation and Amortization Expenses	**28.46**	**23.17**
Profit/ (loss) before Tax	**340.32**	**(16,384.81)**
Provision for Taxation (net)	1,734.33	(3,826.43)
Net Loss after Tax	(1,394.01)	(12,558.38)
Other Comprehensive Income	2.02	(3.46)
Total comprehensive income	**(1,391.99)**	**(12,561.84)**
Add: Balance brought forward	**(6,555.87)**	**6,005.97**
Amount available for appropriations	**(7,947.86)**	**(6,555.87)**
Appropriations:		
Transfer to Reserve fund under section 45-IC of the Reserve Bank of India Act, 1934	**Nil**	**Nil**
Dividend Paid	**Nil**	**Nil**
Dividend Tax thereon	**Nil**	**Nil**
Transfer to General Reserve	**Nil**	**Nil**
Balance carried forward to profit loss account	**(7,947.86)**	**(6,555.87)**

STATEMENT OF COMPANY'S AFFAIRS

The Company was incorporated as a private limited company on February 03, 1995 under the provisions of the Companies Act, 1956. In order to facilitate business plans, the Company was converted to a public limited company effective July 24, 2019. The Audited Financial Statements have been prepared in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 "**Ind AS**" read with Section 133 of the Companies Act 2013 (**"Act**"). The Company being Non-Deposit Systemically Important Non-Banking Financial Company follows the RBI Master Directions with regards to various disclosures to be made in the audited accounts.

Revenue from operations of the Company for FY 2020-21 has been INR 3,903.64 million, as against INR 7,374.63 million in the previous FY. During the FY end, the Company has reported loss after tax amounting to INR 1,394.01 million as against the loss after tax of INR 12,558.38 million in the previous FY.

With the challenges in the non-banking financial sector-continuing, credit squeeze, several regulatory changes, the sector is expected to innovate and experiment to adapt to the changes. The Company witnessed a moderate scale of operations in FY 2020-21. With the Company's prudent systems, sound processes, conservative leverage philosophy, focus on prudent liquidity management, the Company during the year has adopted a cautious approach to new lending and, is striving to maintain a balanced and diversified portfolio across its credit segment.

CHANGE IN THE NATURE OF BUSINESS:

During the year under review, there has been no change in the nature of business of your Company.

LOANS AND INVESTMENTS

During the year under review, the Company's total outstanding loans and investments stood at INR 13,886.22 million at March 31, 2021 as against INR 33,549.19 million during the year ended March 31, 2020. The details of the same are reported in the Audited Financial Statements.

The Company has Nil Non-Performing Assets as on March 31, 2021.

FINANCE

During the year under review, the Company has not availed any new sanctions for its borrowings through bank loans. The total outstanding amount as on March 31, 2021 is INR 12,557.13 million as against INR 28,965.85 million as on March 31, 2020. The debt equity ratio of the Company as on March 31, 2021 is 1.17 times as against 2.39 times as on March 31, 2020. The Company has been regular in servicing all its debt obligations. Basis the consent received from the holders of the Non-Convertible Debentures (NCDs) of the Issuance maturing on July 9, 2020, October 4, 2020, March 14, 2021 and April 14, 2021, the Company has prepaid the NCDs having face value of INR 700 million in June 2020, face value of INR 1,000 million in August 2020, face of INR 450 million in October 2020 and face value of INR 750 million in March 2021 respectively.

As per Ind AS 109, the company is required to apply Expected Credit Loss (ECL) model on loans and trade receivables based on assessment of level of credit risk and recognize the impairment allowance. Consequent to this, the impairment on financial instruments stood at INR (1,866.19) million during the year as against INR 12,000.11 million during the previous year.

CAPITAL ADEQUACY

The Company is well capitalized and has a capital adequacy ratio of 53.42% as at March 31, 2021, compared to 21.13% in the previous FY ended March 30, 2020 and is significantly above the norms prescribed by RBI for Systemically Important Non-Banking Financial Company.

AMOUNT CARRIED TO RESERVES

Section 45-IC of the Reserve Bank of India Act, 1934 requires Non-Banking Finance Companies to transfer an amount not less than 20% of its net profit to Special Reserve Fund. In view of the losses during the year, the Company has not transferred any amount to the Special Reserve Fund for the year ended March 31, 2021 (Previous year amount was INR Nil mm).

EFFECT OF COVID-19 ON THE OVERALL PERFORMANCE OF NBFC VIS-VIS COMPANY

During the year under review, the COVID 19 pandemic developed rapidly into a global crisis and has caused a huge disruption creating an unprecedented impact on the financial well-being of nations, corporations and individuals. This forced the Government of India to lockdown all economic activities. A detailed discussion on impact of COVID-19 on the NBFC sector and operations of the Company is covered in the 'Management Discussion and Analysis.'

MORATORIUM OF LOANS

In accordance with the guidelines on the COVID-19 Regulatory Package announced by Reserve Bank of India, vide Circular No. DOR.No.BP.BC.47/21.04.048/2019-20 on March 27, 2020 and April 17, 2020 and the Board approved Moratorium Policy, the Company has granted a moratorium of upto 6 months on the repayment of principal and/or interest installment, as applicable, falling due between March 2020 and August 2020 to certain Borrowers.

Further in conformity with the judgement by the Hon'ble Supreme Court of India in the matter of Small- Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021 and as per the methodology given by IBA vide their Notification (CIB/ADV/MBR/9833) dated April 19, 2021, the Company has decided to refund Interest on interest/compound interest/penal interest, if any charged during the moratorium period.

REGISTRATION WITH RESERVE BANK OF INDIA

The Company continues to hold the registration with the Reserve Bank of India (RBI) as a Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Company, as the total assets of the Company are in excess of INR 500 crore.

AMOUNT CARRIED TO DEBENTURE REDEMPTION RESERVE

Pursuant to Rule 18(7) (c) of the Companies (Share Capital and Debentures) Rules, 2014, the Company is not required to maintain Debenture Redemption Reserve since the Company has issued privately placed debentures.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms an integral part of this Directors' Report and is set out in **'Annexure A'**.

ANNUAL RETURN

The Annual Return in Form MGT-7 for the FY ended March 31, 2021, is hosted on the Company's website at the web link: www.kkr.com/nbfc.

SUBSIDIARY/ JOINT VENTURE/ ASSOCIATE COMPANY

The Company does not have any Subsidiary, Joint Venture or Associate Companies in accordance with the provisions of the Act, and hence, disclosure regarding the same is not applicable.

CREDIT RATING

During FY 2020-21, the rating agencies CRISIL Limited (CRISIL) have reaffirmed / issued the following ratings for the various facilities availed by the Company, the details of which are as below:

Instruments	Amount	Ratings	Date
Long Term Rating	INR 3,400 crore	CRISIL AA/Stable (Reaffirmed)	May 2020
Non-Convertible Debentures	INR 3,100 crore	CRISIL AA/Stable (Reaffirmed)	May 2020
Commercial Paper	INR 500 crore	CRISIL A1+ (Reaffirmed)	May 2020

DIVIDEND

The Board of Directors has not recommended any dividend on the Equity Shares of the Company for the FY ended March 31, 2021.

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, the Company did not have any amount lying unpaid or unclaimed for a period of seven years, as contemplated under Section 125 of the Act and hence no amount was transferred to Investor Education and Protection Fund (IEPF).

SHARE CAPITAL

Authorized Share Capital:

As on March 31, 2021, the Authorized Share Capital ("ASC") of the Company stood at INR 5,000,000,000 comprising of 500,000,000 Equity Shares of INR 10/- each.

Issued, Subscribed and Paid-up Share Capital:

As on March 31, 2021, the Issued, Subscribed and Paid up Share Capital of the Company stood at Rs. 4,602,265,380 comprising of 460,226,538 fully paid-up equity Shares of face value of INR 10/- each. KKR Capital Markets India Private Limited, holding company and its nominees hold the equity share capital of the Company and as required under the provisions of Act, the said shares are held in dematerialized form.

The Company has not issued shares under ESOP or as Sweat Equity to its employees.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board comprises of the following Directors as on March 31, 2021:

Name	DIN	Designation
Mr. Jigar Shah	08496153	Whole time Director and Key Managerial Personnel
Mr. Anil Nagu	00110529	Executive Director, Chief Financial Officer and Key Managerial Personnel
Mr. Brian Wesley Dillard	08626376	Non-Executive Director
Mr. Karthik Krishna	06993503	Independent Non-Executive Director
Ms. Aparna Ravi	07935533	Independent Non-Executive Director

The following changes were made in the composition of the Board of Directors of the Company as on date of this Report:

a) Directors Appointments/Re-designation/Cessation:

- The following Directors resigned from the Board during the FY 2020-21:

Name of the Director	Position	Date of Retirement
Ms. Diane Raposio	Non- Executive Director	June 29, 2020
Mr. Sanjay Nayar	Managing Director	December 30, 2020

The Board of Directors places their sincere appreciation and gratitude for the valuable contribution appreciation made by Ms. Diane Raposio and Mr. Sanjay Nayar during their tenure to the growth and success of the Company.

- Mr. Karthik Krishna's appointment as an Independent Director was regularized/approved by the Shareholders of the Company at the 25th Annual General Meeting held on September 29, 2020 for a period of five years with effect from March 12, 2020.

- Mr. Brian Dillard's appointment was regularized/approved by the Shareholders of the Company at the 25th Annual General Meeting held on September 29, 2020 as a Non-Executive Director of the

Company.

- Ms. Aparna Ravi was appointed as an Additional Non-Executive Director with effect from February 24, 2021 and in accordance with the applicable provisions of the Act, Ms. Aparna Ravi holds office upto the date of ensuing Annual General Meeting of the Company. The Company has received in writing a notice from Member proposing her candidature for the office of Director in terms of Section 160(1) of the Act. Further, subject to the approval of the Shareholders of the Company, Ms. Aparna Ravi was also appointed as Independent Non- Executive Director with effect from February 24, 2021 for a period of five years not liable to retire by rotation from the date of appointment.

In the opinion of the Board, Ms. Aparna Ravi is person of high integrity and possess relevant experience and expertise to be appointed / reappointed as Independent Non-Executive Director of the Company and she fulfils the conditions specified in the Act and the Rules made thereunder and is Independent of the management. Brief profile of Ms. Aparna Ravi, proposed to be appointed / reappointed along with her experience and specific areas of expertise is annexed to the Notice convening Annual General Meeting. In accordance with the applicable provisions of the Act, the approval of the shareholders will be sought at the ensuing Annual General Meeting of the Company for the appointment of Ms. Aparna Ravi as an Independent Non- Executive Director, not liable by rotation, for a term of five years commencing from February 24, 2021 to February 23, 2026.

b) Director liable to retire by Rotation

Pursuant to the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Anil Nagu will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment.

Necessary details for re-appointment as required under the Act is given in the notice of ensuing Annual General Meeting.

c) Declaration by Directors

Each of the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed under Chapter XI of RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated 1st September, 2016 (as amended from time to time) and that they are not disqualified from being appointed/ continuing as Directors in terms of section 164(2) of the Act.

The Board of Directors has confirmed that all existing Directors are fit and proper to continue to hold the appointment as Directors on the Board, as reviewed and recommended by the Nomination and Remuneration Committee on fit and proper criteria under RBI Master Directions.

d) Declaration by Independent Directors

The Company has received necessary declaration from each of the Independent Directors of the Company under Section 149(7) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules 2014 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Act and also affirmed compliance to the code of conduct for independent directors as prescribed in Schedule IV to the Act.

Further, the Independent Directors have also confirmed the compliance with respect to sub rule (1) and sub-rule (2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and during the year there has been no circumstance affecting their status as an Independent Director of the Company.

In accordance with the provisions of Section 150 of the Act read with the applicable Rules made thereunder, the Independent Directors of the Company have registered themselves in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs, Manesar.

During the FY 2020-21, sitting fee of INR 100,000 per meeting was paid to Independent Directors of the Company for every meeting of the Board and/or Committee of the Board attended by them.

e) Key Managerial Personnel

Pursuant to the provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following officials are the Key Managerial Personnel of the Company as on March 31, 2021 as well as on date of this report:

Name	Designation
Mr. Jigar Shah	Whole-time Director
Mr. Anil Nagu	Executive Director and Chief Financial Officer
Mr. Binoy Parikh	Company Secretary

During the year under review, the following changes took place in the Key Managerial Personnel of the Company:

- Mr. Binoy Parikh was appointed as Company Secretary and Key Managerial Personnel of the Company with effect from July 1, 2020 in place of Ms. Parul Sarda who ceased to be Company Secretary and Key Managerial Personnel with effect from June 30, 2020. Mr. Binoy Parikh was also appointed as Company Secretary and Key Managerial Personnel of the holding Company KKR Capital Markets India Private Limited with effect from July 1, 2020.

- The Shareholders in their Annual General Meeting held on September 29, 2020 approved re-designation of Mr. Anil Nagu from the position of Non-Executive Director to Executive Director of the Company with effect from September 29, 2020.

- The Shareholders in their Annual General Meeting held on September 29, 2020 approved appointment of Mr. Jigar Shah (DIN: 08496153) as the Whole Time Director and Key Managerial Personnel of the Company for a period of 5 (five) years with effect from December 10, 2019, not liable to retire by rotation.

- The Shareholders in their Annual General Meeting held on September 29, 2020 approved re-designation of Mr. Sanjay Nayar as Managing Director and Key Managerial Personnel with effect from December 10, 2019 for a period of five years. However, Mr. Sanjay Nayar ceased as Managing Director and Key Managerial Personnel with effect from December 30, 2020.

Mr. Anil Nagu does not draw any remuneration as Executive Director or Chief Financial Officer of the Company, However, he continues to be a Whole Time Director of holding Company M/s KKR Capital Markets Private Limited and he draws remuneration from the holding Company. The Remuneration payable to him is in accordance with the provisions of the Act and Rules made thereunder.

f) Board Diversity

The Company recognizes and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage difference in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race, gender that will help us retain our competitive advantage.

MEETINGS OF THE BOARD

During the FY 2020-21, the Board met five times on June 29, 2020, September 17, 2020, December 14, 2020, February 25, 2021 and March 24, 2021. The necessary quorum was present for all the Meetings and the maximum interval between any two meetings did not exceed 120 days.

Attendance record of Directors:

	Name of the Director	Category	No of Board Meeting attended	Whether attended AGM held on September 30, 2020
1.	Mr. Sanjay Nayar[1]	Managing Director	3 of 3	Yes
2.	Mr. Anil Nagu	Executive Director	5 of 5	Yes
3.	Mr. Jigar Shah	Whole-Time Director	5 of 5	Yes
4.	Mr. Brian Wesley Dillard	Non-Executive Director	5 of 5	Not applicable
5.	Mr. Karthik Krishna	Independent Director	5 of 5	Yes
6.	Ms. Aparna Ravi[2]	Independent Director	2 of 2	Not applicable

1. Mr. Sanjay Nayar ceased to be Managing Director w.e.f. December 30, 2020.

2. Ms. Aparna Ravi was appointed as an Independent Director w.e.f February 24, 2021

COMMITTEES OF THE BOARD

The Board has constituted the various following committees to support the Directors in discharging its responsibilities and ensure expedient resolution of diverse matters in accordance with the applicable provisions of the Act and RBI regulations:

1. Audit Committee
2. Asset Liability Management Committee
3. Risk Management Committee
4. Nomination Committee
5. Corporate Social Responsibility Committee
6. Investment and Credit Committee

7. Internal Complaints Committee
8. IT Strategy Committee
9. Information Technology Steering Committee
10. Borrowing Committee

The Company Secretary act as the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions, which are noted by the Board / respective Committees of the Board at their next meetings. Board notes the Minutes of meetings of all Committees at regular intervals.

The details of formation, constitution, terms of reference, meeting held and attendance of the Members is annexed as **'Annexure B'** with this report.

EVALUATION OF DIRECTORS, BOARD AND COMMITTEE

The Board of Directors for evaluating the effectiveness of its functioning, that of the Committees and of the individual Directors circulated following structured questionnaire, taking into consideration various aspects of the Board's functioning and Directors role and responsibilities:

- Self-Assessment;
- Evaluation of the Board as a whole;
- Chairperson of the Board; and
- Committee evaluation

Basis the filled in structured questionnaire / assessment template received from each of the Directors (as detailed below), the Board of Directors evaluated the performance of the Board as a whole, Committees of the Board, Individual Directors and the Chairman of the Company at their meeting held on March 24, 2021

- Performance of Non-Independent Directors and the Board as a whole;
- Performance of the Chairperson of the Company, taking into account the views of Executive Director and Non- Executive Directors;
- The quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties

The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, the cohesiveness that exists amongst the Board Members, the two-way candid communication between the Board and the Management and the openness of the Management in sharing strategic information to enable Board Members to discharge their responsibilities.

POLICY ON APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Pursuant to the provisions of section 178 of the Act, the Nomination and Remuneration Committee of the Board has devised a policy which lays down the criteria for determining qualifications, competencies, positive attributes and independence for appointment of Directors, Key Managerial Personnel and

Senior Management and policies of the Company relating to their remuneration. The Company has also adopted a ‘Fit and Proper’ Policy with regard to ascertaining the ‘fit and proper’ criteria to be adopted at the time of appointment of directors and on a continuing basis, pursuant to the RBI Master Directions for NBFCs. Pursuant to applicable provisions of the Companies Act, 2013, the Nomination and Remuneration Policy has been hosted on the Company’s website at the web link: www.kkr.com/nbfc.

We affirm that the remuneration paid to Directors, Key Managerial Personnel and Senior Management is in accordance with the remuneration policy of the Company.

DEPOSITS

The Company being a “Non-Deposit Accepting Non-Banking Financial Company” provisions of Section 73 and Section 74 of the Act read with Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, are not applicable to the Company.

The Company has not accepted nor does it hold any public deposit as on the date of the balance sheet and shall not accept any deposits from the public without seeking prior written approval from the Reserve Bank of India.

AUDITORS AND THEIR AUDIT REPORT

Statutory Auditors:

Pursuant to the provision of Section 139, 142, and other applicable provisions of the Act read with Companies (Audit and Auditors) Rules, 2014 and in view of completion of Deloitte and Haskins Sells LLP’s term as Statutory Auditors of the Company, the Shareholder of the Company at their Meeting held on September 30, 2019 had appointed MSKA & Associates, Chartered Accountants (ICAI Registration No. 105047W) Mumbai as Statutory Auditors to hold office for a term of five consecutive years from the conclusion of the 24th Annual General Meeting held in 2019 until the conclusion of the 29th Annual General Meeting to be held in 2024 of the Company.

The Statutory Auditors’ in their Audit Report to the Members, have given qualified opinion and the response of the Company with respect to it is detailed below:-

Qualification	Response
As on March 31, 2021 and during financial year 2020-21 the company has exceeded the lending limit of single borrower of 15 % of its owned fund and group borrower of 25% of its owned fund as prescribed in the Master Direction. Accordingly, this resulted in non-compliance to the above-mentioned RBI circulars and the Master Direction.	SBL and GBL reduced due to significant credit losses during the year ended 31-March-2020. Consequently, 12 existing borrowers at that time exceeded SBL and 5 existing borrowers at that time exceeded GBL. As on Mar-2021, the SBL and GBL improved slightly to Rs.115.4 crores and Rs.192.4 crores respectively due to write back of provisions and improvement in net worth seen in FY21. No new borrowers have been taken on

	since Dec 2019.Due to concerted action by Management, the concentration position has significantly improved. There are only 3 borrowers who remain in excess. All borrowers are within the GBL as on date.

In compliance with Reserve Bank of India (RBI)'s Guidelines issued vide its circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 for appointment of Statutory Auditors (SAs) of Non-Banking Finance Companies (NBFCs) ("RBI Guidelines"), M/s MSKA & Associates, Chartered Accountants, (ICAI Firm Registration Number: 105047W) the existing statutory auditors has informed the Company that they will not be able to continue as the Statutory Auditors of the Company, as their limit to act as Statutory Auditors for NBFCs will be above the threshold prescribed under the said RBI Guidelines and hence tendered their resignation as the Statutory Auditors of the Company, resulting in a casual vacancy in the office of the Statutory Auditors of the Company with effect from September 28, 2021, as per section 139(8) of the Act.

In accordance of provisions of Section 139(8) of the Act and upon the recommendation from the Audit Committee and subject to the approval of the Shareholders at the ensuing Annual General Meeting, the Board of Directors had approved the appointment of M/s V.C. Shah & Co., Chartered Accountants (ICAI Firm Registration No. 109818W) as the Statutory Auditors of the Company with effect from September 29, 2021 to fill the casual vacancy caused by the resignation of M/s MSKA & Associates, Chartered Accountants and to hold the office as the Statutory Auditors up to the conclusion of the ensuing Annual General Meeting.

In terms of the aforesaid Guidelines, the Audit Committee and Board of Directors of the Company have also recommended the appointment of M/s V.C. Shah & Co.,, Chartered Accountants (ICAI Firm Registration No. 109818W), as the Statutory Auditors of the Company for a continuous period of three years from the conclusion of the 26th Annual General Meeting till the conclusion of 29th Annual General Meeting of the Company to be held in the year 2024, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Pursuant to Section 139 (1) and 141 of the Act and in compliance with RBI Guidelines, the Company has received certificate from M/s V.C. Shah & Co., Chartered Accountants, for the fulfillment of their requisite eligibility criteria to act as the Statutory Auditors of the Company.

Secretarial Auditor:

Pursuant to the provisions of Section 204 (1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and on the recommendation from Audit Committee, the Board of Director had appointed M/s Nilesh Shah & Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company, to conduct Secretarial Audit of the Company for the FY 2020-21.

The Secretarial Audit Report for the FY ended March 31, 2021 is appended to this Report as "**Annexure C**". The observations made by the Secretarial Auditors, in their Audit Report for the FY 2020-21 are self-explanatory.

Internal Auditors:

Pursuant to the requirements of Section 138 of the Act read with Rule 13 of the Companies (Accounts) Rules, 2014 and on the recommendation from Audit Committee, the Board of Directors had appointed M/s KPMG Assurance and Consulting Services LLP, Chartered Accountants, as Internal Auditors of the Company for conducting Internal Audits for the FY 2020-21.

The Internal Audit Report for the FY ended March 31, 2021 does not contain any qualifications, reservations, adverse remarks or disclaimer which require any clarifications/ explanations by the Board.

Reporting of frauds by auditors:

During the year under review the Statutory Auditors, have not reported any instance of frauds committed in the Company by its officers or employees to the Audit Committee/Board of Directors under Section 143(12) of the Act details of which needs to be mentioned in this Report.

INTERNAL CONTROL/INTERNAL FINANCIAL CONTROLS SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate internal financial controls with reference to the financial statements commensurate with the size, scale and complexity of the operations of the Company as on March 31, 2021.

During the year under review, the Internal Auditors of the Company evaluated the adequacy of all internal controls and processes, and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework and no material weaknesses in the design or operations were observed and reported by the Auditors.

The Audit Committee regularly reviews the internal audit reports and the adequacy and effectiveness of internal controls.

RELATED PARTY TRANSACTIONS

In terms of Section 188 of the Act there were no Related Party Transactions (RPTs), entered into by the Company during the FY under review. Accordingly, the disclosure of RPTs, as required under Section 134 (3) (h) of the Act in Form AOC-2 is not applicable to the Company.

However, a statement showing the disclosure with related party as per Ind AS 24 is set out in Note No. 36 to the Standalone Audited Financial Statements.

The Company has in place a RPT Policy as required under the applicable laws. The said Policy has been hosted on the Company's website at the web link: www.kkr.com/nbfc.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

COMPLIANCE

The Company has complied with the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (as may be amended from time to time) issued to Non-Banking Financial Companies ("**NBFCs**") relating to accounting standards, prudential norms for asset classification, income recognition, provisioning norms and capital adequacy, as also the applicable circulars/guidelines/ notifications issued by the RBI to NBFCs.

The Company has also complied with the applicable provisions of the Act, the Reserve Bank of India Act, 1934 and other applicable rules/regulations/guidelines, issued from time to time.

SECRETARIAL STANDARDS

The Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India with respect to the Board Meetings & General Meetings.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company being a Non-Banking Finance Company, the provisions of Section 186 of the Act pertaining to granting of loans to any person or body corporate and giving of guarantees or providing security in connection with a loan to any other body corporate or persons are not applicable to the Company.

MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE END OF FY 2021 AND THE DATE OF REPORT

The material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report are reported below:

KKR India Financial Services Limited ("KIFS") and InCred Financial Services ("InCred Finance"), the retail and micro, small and medium enterprise ("MSME") lending business of InCred have entered into a strategic transaction to create a diversified Indian lending company by combining both the entities. This transaction will bring together two of India's best-known non-banking finance companies and combine their resources to better meet the needs of retail borrowers, small businesses, and entrepreneurs across India. The existing equity shareholders of KIFs continue will be a long-term strategic partner to the newly formed business and the largest single investor. The combined business will be run by Bhupinder Singh, Founder and CEO of the InCred group.

RISK MANAGEMENT FRAMEWORK

The Company has in place a Risk Management Committee constituted in accordance with the RBI Master Directions to assist the Board in overseeing the Risk Management activities of the Company, approving measurement methodologies and suggesting appropriate risk management procedures mitigating all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks which have been identified and assessed. There is an adequate risk management framework in place capable of addressing those risks. The Company's management monitors and reports principal risks and uncertainties that can affect its ability to achieve its strategic objectives. The Company's management systems, organizational structures, policy, processes, standards, and code of conduct together form the risk management governance system of the Company. The Company has in place a Risk Management Policy and introduced several measures to strengthen the internal controls systems and processes. Details of the risks and concerns relevant to the Company are discussed in detail in the Management Discussion and Analysis Report which forms part of the Annual Report.

MAINTENANCE OF COST RECORDS

The Central Government has not specified maintenance of cost records for any services rendered by the Company under section 148(1) of the Act.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, hereby confirm that:

a) in the preparation of the Audited Annual Accounts for the FY March 31, 2021, applicable accounting standards have been followed, with proper explanations provided for relating to material departures.
b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the FY and of the losses of the Company for that period.
c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
d) they have prepared the accounts for the FY ended March 31, 2021, on a 'going concern' basis.
e) they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

The provisions of Section 197 of the Act read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with respect to disclosure pertaining to remuneration and other details of the Employees is not applicable to the Company.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & EXCHANGE EARNINGS & OUTGO

Information pursuant to Section 134(3) of the Act read with the Rule 8(3) of Companies (Accounts) Rules 2014:

A. CONSERVATION OF ENERGY

Since the Company is engaged in the financial services industry, this disclosure is not applicable to the Company.

B. TECHNOLOGY ABSORPTION

Since the Company is engaged in the financial services industry, Rule 8(3)(B) of the Companies (Accounts) Rules, 2014 in relation to technology absorption is not applicable to the Company.

C. FOREIGN EXCHANGE EARNING & OUTGO

During the year under consideration, the Foreign Exchange Earnings and Expenditures were as follows:

(Rupees in million)

Particulars	2020-21	2019-20
Foreign exchange earning	-	-
Foreign exchange expenditure	59.08	56.33

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy on prevention of sexual harassment of women at workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act). The Company has complied with the provisions of relating to the constitution of Internal Complaints Committee to redress complaints received regarding sexual harassment under POSH Act.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the Year 2020-21, pursuant to the POSH Act and Rules framed thereunder:

a) Number of complaints of Sexual Harassment received during the year – Nil

b) Number of complaints disposed off during the year – Nil

c) Number of cases pending for more than ninety days – Nil

d) Number of workshops / awareness programme against sexual harassment carried out – 1

e) Nature of action taken by the employer or District Officer – Nil

VIGIL MECHANISM

The Company has in place the Whistleblower Policy & Vigil Mechanism (“the Policy”) for Directors and Employees of the Company to approach the Chairperson of the Audit Committee for raising their concerns / grievances and report any allegations of misconduct or noncompliance in an anonymous and confidential way and prohibits retaliation against anyone who, in good faith, makes a report or provides assistance.

The policy provides for adequate safeguards against victimization of persons who avail the same and provides for direct access to the Chairperson of the Audit Committee. No employee has been denied access to the Audit Committee. The Members of the Audit Committee of the Company are responsible to oversee the implementation of the Whistle Blower Policy and vigil mechanism.

During the FY 2020-21, no cases under this mechanism were reported to the Company.

The Whistle-Blower policy & Vigil Mechanism has been hosted on the Company's website at the web link: www.kkr.com/nbfc.

APPLICATIONS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016:

Below are the details of the application filed under insolvency and bankruptcy code 2016:

- The Company filed an insolvency application against SBAPL on 25 July 2020 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (**Code**), based on defaults under the Facility Agreement and the DTD. KIFS also filed an Interim Application on 08 November 2020; seeking a stay over the transactions undertaken by various creditors and the management of SBAPL under the Trust and Retention Account (**TRA**) of SBAPL. The insolvency application and the Interim Application for stay were finally heard on 06 July 2021. The NCLT admitted the insolvency application filed by KIFS on 19 July 2021, and appointed Mr. Ashish Chhawchharia as the Interim Resolution Professional of SBAPL. In addition, KIFS has also filed various applications under the Code in the NCLT and NCLAT against withdrawl of SBAPL from the CIRP process as well as to protest appropriation of amounts by working capital creditors of SBAPL.

- The Company filed an insolvency application against Kwality Limited (Corporate Debtor) in Oct 2018 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (Code), based on defaults under the Facility Agreement. The application was admitted w.e.f 11 December 2018 and Mr. Shailendra Ajmera from Ernst & Young was appointed as the Resolution Professional for the matter. The RP ran the process of inviting bids for sale of Corporate Debtor, however the Committee of Creditors (COC) rejected the sole bid received in the bidding process twice. The sole bidder filed an appeal with NCLT to reconsider the application and seek responses for rejection of the bid, however the application was dismissed by NCLT. Subsequently NCLT ordered for Liquidation of the company vide order dated 11 January 2021. Mr. Shailendra Ajmera continues to work as Liquidator for Kwality Limited. The Liquidator has commenced the process for inviting bids under e-auction for sale of company as a going concern. The process has been getting delayed due to extension of time sought by interested bidders in providing requisite documents and also depositing the bid amount. Currently, the Liquidator in process of rescheduling the E-Auction bidding date, pursuant to which, an Addendum 7 to be read with Process Memorandum dated 15th April 2021 will be shared with the members of the Stakeholders Consultation Committee (SCC) and prospective bidders defining the rescheduled date of the E-Auction bidding process.

DETAILS OF ONE-TIME SETTLEMENT WITH ANY BANK OR FINANCIAL INSTITUTION

During the year under review, there was no instance of one-time settlement with any Bank or Financial Institution.

ACKNOWLEDGEMENT

The Board of Directors would like to place on record their gratitude for the valuable guidance and support received from the Reserve Bank of India and other regulatory authorities and also wish to acknowledge with thanks all other stakeholders for their valuable sustained support and encouragement. The Board of Directors also places on record its deep and sincere appreciation for the commitment and integrity shown and hard work/dedication put in by the Management and the Employees of the Company in achieving continued robust performance on all fronts.

FOR AND ON BEHALF OF THE BOARD

JIGAR DINESHCHANDRA SHAH Digitally signed by JIGAR DINESHCHANDRA SHAH

ANIL NAGU Digitally signed by ANIL NAGU

Jigar Shah
Whole Time Director
(DIN: 08496153)

Anil Nagu
Executive Director and Chief Financial Officer
(DIN: 00110529)

Place: Mumbai
Date: September 29, 2021

KKR INDIA FINANCIAL SERVICES LIMITED

Annexure A- Management Discussion and Analysis

For the Year ended March 31, 2021

Industry Structure and Developments

Economy & Pandemic

The economy witnessed sharp degrowth owing to lockdowns with restrictions on travel and trade dampening business sentiment. As commerce started slowing down, the Indian Government promptly took measures, to announce fiscal and monetary policies to limit economic disruption. In the second half of the year, gradual un-locks and phased resumption of business across sectors boosted confidence. However, the second wave of COVID-19 once again pulled brakes on the otherwise improving economic scenario.

Given the impact of the pandemic, FY2021 was expected to be an extremely demanding year. The National Statistical Office's (NSO) provisional estimate of GDP for FY21 is contraction of 7.3%. No other large economy shrank so much during the pandemic.

In the past, India has seen a recession only thrice: in 1957-58, 1965-66 and 1979-80 largely affected by monsoon shocks affecting agriculture, which was then a sizeable part of the economy. The lockdown induced recession in FY2021 had agriculture being a bright spot, and severely affecting the manufacturing and service sectors. The manufacturing sector has since benefitted from some recovery aided by the pent-up demand and shifting consumer preferences. Long term impact on such trends are still to be assessed as we go into a second lockdown in FY2022.

To alleviate the economic stress induced by the pandemic the Government of India announced a Rs. 20.9 lakh crore economic package (or about 10% of GDP). Of this, 1.2% of GDP comprised direct fiscal spending, 5% of GDP in guarantee schemes and 3.8% of GDP being RBI liquidity measures.

RBI liquidity measures and growth-centric and expansionary Union Budget for FY2022 calmed sentiments in financial markets which had seen volatile conditions in March and April 2020. These timely measures announced by the Government and RBI helped revive confidence amongst investors resulting in sustained foreign capital inflows leading to sustained buoyancy thereafter. The vaccine rollout further added to this confidence.

Thus, the business model of the NBFC sector was severely tested in FY2021. This was the fourth large external stress that the sector has faced in the last few years, namely, (i) demonetisation, (ii) GST implementation, (iii) failure of a large NBFC, and (iv) the pandemic.

Through the pandemic, most NBFCs realigned their strategies to focus on cost optimisation and building stress absorption capacity through raising capital and increasing provision on balance sheet.

However, the challenges of availing capital from non-bank sources remain for the sector, specifically for the large wholesale focussed NBFCs and will be key to watch.

Regulatory Developments for the NBFC sector

The Reserve Bank of India ("RBI") continues to monitor the activity and performance of the NBFC sector with a focus on major entities, their inter-linkages with other sectors and has also been taking steps to improve the funding situation. Further, the government's willingness to go the extra mile for the sector's stability and growth in the larger interests of the economy has eased concerns somewhat. With this objective, in January 2021, RBI also suggested a multi-layer framework based on scale, to increase regulatory overview on NBFCs and prevent recurrence of any systemic risk to the financial system. Some of the aspects in the scale based regulations for NBFCs being considered are:

a. Single borrower & group borrower limit to be consolidated into one limit
b. Appointment of Chief Compliance Officer mandatory
c. Additional disclosures on breaches of covenants, governance structure, certifications by management, etc.

RBI continued its policy measures inter alia liquidity management regime for NBFCs, to improve bank governance culture, for resolution of stressed assets, liberalization of ECB framework, Statement of Development and Regulatory Policies to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic. Some of the notable regulatory measures for NBFCs during FY2021 were:

2. In March 2020 & May 2020 RBI had announced a moratorium for EMIs / payments falling due from 1 March 2020 till 31 August 2020.Approximately 40.4% of total outstanding loans of financial institutions as on 31 August 2020 were under moratorium
   However such moratorium was not available to NBFCs leading to NBFCs liquidating part of their portfolio to raise funds.
3. The Honourable Supreme Court then directed all banks and financial institutions to refund compound interest or penal interest collected during the moratorium; RBI too disallowed charging of compounded interest during the moratorium period
4. In August 2020, RBI allowed NBFCs to undertake one-time restructuring of stressed loans on account of COVID-19 pandemic

IBC: Continuing improvements to the IBC process has helped refine the process and outcomes. This has led to visible change in borrower behaviour and leaving the issues with timeline & process aside, the IBC has provided a structured exit to lenders in difficult situations. Couple of changes to the IBC process during the current year were:

5. No accounts could be classified as non-performing assets during the moratorium period. This ban was later lifted by the Honourable Supreme Court
6. On April 4, 2021, the Government also introduced "pre-pack regulations", viz., Pre-Packaged Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 ("IBC"). This process would provide legitimacy through the IBC process for any informal / "out-of-court" settlement with defaulting borrowers.

Outlook

Various multilateral organisations and rating agencies have projected the Indian economy to grow at around 9%. The economic growth is likely to be aided by a very low statistical base, mass vaccination drive and a supportive fiscal stance.

In India, commercial and business activities are expected to gather pace in H2FY2022 as by then majority of the population is likely to be inoculated. Moreover, the Central Government has remained committed to providing further impetus to the economy through the Union Budget 2021-22. Additionally, it has also proposed a sharp increase in capital expenditure of the magnitude of Rs. 5.54 Tln. Collectively, these have the potential to create a plethora of fresh investment opportunities and eventually support economic growth.

But with the second wave of COVID-19 and the emergence of newer virus variants have made India the new hotspot of infections – adding uncertainty to the anticipation of a smooth recovery.

Overall NBFCs have become an integral part of the financial system and are here to stay and grow as a source of finance. This has also created a need for increased regulatory framework for NBFCs to avoid any systemic risks. Hence NBFCs will need to recalibrate their strategies in a post pandemic world.

However, as it has proven through the 4 recent events leading to tighter liquidity in the financial system and especially for NBFCs, liquidity for NBFCs can no longer be taken as a given. With the regulatory fist tightening on NBFCs, cash will be coming to only solvent NBFCs while liquidity situation for NBFCs with lower creditworthiness may continue to remain tight. Another issue of concern for NBFCs will be a tepid growth in the loan book. While a slew of measures have been announced to ensure NBFC funding is not affected, a lot more needs to be done to ensure NBFCs get back in into the growth mode so that credit needs of the informal sector in the country are not choked.

After all the narrative above, as India's economy grows NBFCs as good economic agents of change will need to step up to the challenge and power the economy with free-flowing credit lines.

Company's Business

The Company continues to focus on wholesale lending, including promoter financing, and mezzanine and acquisition financing, and hence, has sizeable single-borrower exposure. The company has sound risk management policy and processes to help structure and manage these exposures. Also, the Company primarily focuses on secured lending and hence maintains adequate collateral cover against its exposures in the form of promoter-owned shares, fixed assets, current assets and real estate, as applicable. Additionally, as part of its strategy, the company has grown gradually and intends to grow its mid-market financing portfolio to diversify and reduce the concentration risk in the loan book.

The Company's operations are closely integrated with its ultimate parent company, KKR & Co. Inc. ("KKR") and its group's global operations. The Company is part of the common platform comprising KKR's private equity, fund management, capital market, and non-banking finance company (NBFC) business in India, and derives synergies, especially in deal sourcing and client relationships. Furthermore, KKR has senior level representation on the various investment and risk committees of the Company and is actively involved in all key decisions taken by the Company. The Company also benefits from the KKR's globally aligned compliance, finance, and risk management systems and processes. It derives synergistic benefits from KKR's private equity business in India and leverages all existing client relationships. The Company has established sound risk-management framework and processes to help structure and manage these credit exposures.

The Company is cautiously optimistic in its outlook for the next financial year wherein the Company with a smaller book size, healthy capital and liquidity position will continue to have a significant and sustained improvement in the Company's scale of operations while maintaining asset quality. The Company's healthy capitalization metrics, benefits from strong linkages with ultimate parent, KKR , adequate earnings profile, benefits from the parent's globally aligned compliance, finance, and risk management systems and processes.

Opportunities and Risks

Opportunities and Strengths: The Company has seen management changes at senior level over the last 2 years. The positions have been filled internally with people having strong experience in wholesale lending. The Company has a professional and experienced senior management team with experience of over a decade in India. It also benefits from the support of KKR which has an oversight role in management and governance of the company.

The Company follows prudent lending policies and a conservative gearing policy. The lending risk management practices of the Company's business is in line with KKR's global strategy. Despite the losses recorded during the year, the company continues to maintain its gearing at conservative levels and a buffer in stipulated capital adequacy ratio. With the senior management's extensive network in India and support from KKR, the Company's resource raising ability from global banks present in India, local financiers, and KKR's Indian partners is strong. The company has strong liquidity, financial flexibility and is focussed to grow the business and achieve diversification in lending book.

We believe that our strengths give us the competitive advantage in the financial services sector in India :

Strengths

- High quality and long-term shareholders
- Experienced management and Board
- Focus on managing risks in the portfolio and actively looking to de-risk the book
- Increased focus to diversify the book into more of mid-market and small businesses sectors, through senior secured lending
- AA (Stable) Rating from CRISIL Limited
- Conservative leverage.
- Strong focus on Asset Liability management

Risks and Challenges: Availability of new and additional capital has been a concern for NBFCs. The failure of some of some NBFCs in the last few years has led to Mutual Funds restricting their participation in NBFC fund raising. This has put pressure on the Banking sector to meet the increasing funds requirement of NBFCs. While Banks were providing incremental funding, this was being rationed across the sector. Secondly, the sector has also been impacted adversely with Covid-19 outbreak since early FY2021. Availability of liquidity suffered as borrowers asked for moratorium benefit on its payment obligations, however similar moratorium benefits were not made available to the NBFCs. The company had decided to remain focussed on preserving liquidity in such scenario since outbreak of Covid-19 and also made portfolio risk management the critical focus area. The Company's ability to foresee and manage business risks is crucial in its efforts to achieve favourable results. While management is positive about the Company's long term outlook, it is subject to a few risks and uncertainties, as discussed below.

Challenges

- Vulnerability of asset quality to risks inherent in wholesale financing accentuated by the COVID 19 outbreak and also the impact of second wave. This has led to financial difficulties at borrower's end and has required the company to be more focussed to resolving the difficult borrowers
- Concentration risk – asset books concentration has increased with the drop in book size and repayment, prepayment seen by borrowers despite a difficult year.

- Interest rate risk volatility / vulnerable to sharp spikes in credit costs
- Increased competition.
- Availability of adequate debt financing in the local market
- Suspension of proceedings under IBC for 6 to 12 months period during the year and slow progress in ongoing cases

Performance

The Company, a non-deposit taking, systemically important NBFC engaged in providing structured funding, senior secured lending, promoter financing, acquisition financing and mezzanine financing, commenced operations in October 2009. Following the restructuring in March 2017, the Company is a 100% owned subsidiary of KKR Capital Markets India Private Limited ("**KCM India**").

The Company had an outstanding asset book of Rs. 13,886.22 mm as on March 31, 2021, as compared to Rs 33,549.19 mm as on March 31, 2020 – a decrease of Rs. 19,662.96 mm.

During 2020-21, the Company reported a loss after tax of Rs. 1,393.93 mm on a total income of Rs. 4,277.87 mm, as compared to loss after tax of Rs. 12,558.40 mm on a total income of Rs. 7,377.33 mm, during 2019-20.

Sources of Funds

The Company has diversified funding sources. It has a healthy capitalisation metrics with equity infused at various intervals by KKR and thereafter by a leading global limited partner and most recently in November 2017 by Abu Dhabi Investment Authority (ADIA).

Funds are raised by way of bank loans in the form of working capital facilities and term loans. The aggregate debt outstanding as at March 31, 2021 was Rs. 12,557.13 mm (of which, a debt amount of 9,473.34 mm is payable within one year), as against Rs. 28,965.85 mm during the previous year. The Debt/Equity ratio as on March 31, 2021 was 1.17 times as against 2.39 times as on March 31, 2020. No interest payment or principal repayment of the Term Loans was due and unpaid by the Company as on March 31, 2021. The assets of the Company which have been made available to the banks by way of security are sufficient to discharge the claims of the banks as and when they become due.

During the year, the Company has made repayment towards 780 NCDs aggregating to Rs. 7,880 mm. This was on account of repayment of 70 NCDs of Rs. 700 mm in relation to series 1 - Dec 2016 issuance in Dec 2016, repayment of 100 NCDs of Rs 1,000 mm in relation to series 2 - Nov 2016 issuance in Nov 2016, repayment of 45 NCDs of Rs 450 mm in relation to series 3 - Jan 2016 issuance in Jan 2016, repayment of 75 NCDs of Rs 750 mm in relation to series 3 - Feb 2016 issuance in Feb 2016, repayment of 200 NCDs of Rs 2,000 mm in relation to series 1 - Apr 2017 issuance in Apr 2017, repayment of 60 NCDs of Rs 600 mm in relation to series 4 - Jan 2015 issuance in Jan 2015, repayment of 200 NCDs of Rs 2,000 mm in relation to series 2 – Apr 2017 series issuance in Apr 2017, repayment of 30 NCDs of Rs 300 mm in relation to series 3 - Jan 2016 issuance in Jan 2016. The NCDs outstanding as on March 31, 2021 is Rs. 2,600 mm, as compared to Rs. 10,400 mm as on March 31, 2020. The NCDs are rated CRISIL AA Stable by CRISIL Limited, indicating highest degree of safety with regard to timely servicing of financial obligations. There was no interest on the NCDs in aggregate which was due and unpaid as on March 31, 2021. The Company has not received any grievances from the respective NCD holders. The assets of the

Company which have been made available by way of security are sufficient to discharge the claims of the NCD holders as and when they become due.

The Company's capital adequacy ratio is 53.42% as on March 31, 2021 which is above the minimum requirement of 15% mandated under the RBI directions. The net worth of the Company as on March 31, 2021 is Rs. 10,703.47 mm, as compared to Rs. 12,095.39 mm as on March 31, 2020.

Internal Control

The Company has in place internal control systems, and a structured internal audit process charged with the task of ensuring that the internal control systems are adequate enough to protect the Company against any revenue loss and/or misappropriation of funds and other assets of the Company. The scope of the Internal Audit was enhanced during the year to comprehensively cover all risks .The audit conducted helps in review of the operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with applicable laws and regulations. Internal audit reports are discussed with the management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company and monitors the implementation of audit recommendations.

The Company's internal control system is commensurate with the size and nature of the operations of the Company. The procedures and controls prescribed for the Company are operating effectively, and monitoring procedures are in place.

Risk and Concerns

The Company's business activities are exposed to a various risks, namely credit risk, operational risk, regulatory risk, IT risk, liquidity risk, interest rate risk, market risks, reputational risk, event risk, compliance risk and strategic risks.

The Company has established various functional committees of the board of directors, viz. risk management committee, asset liability management committee, audit committee, corporate social responsibility committee, IT strategy committee, nomination committee, investment and credit committee and IT steering committees for framing specific policies, frameworks and systems for effective evaluation and mitigation of the aforesaid risks faced by the Company. Each committee's terms of reference establishes its respective roles and responsibilities.

The most important among them are liquidity risk, credit risk, market risk and operational risk. The company is also putting in place additional governance framework for managing risks such as Risk Register which tracks and rates all the risks for the company and also assesses the controls in place. Further the company is in the process of introducing Risk Appetite Statement which lists the Key Risk Indicators (KRIs) including financial and non-financial indicators and also the thresholds and tolerance levels against each KRIs for effective governance and oversight. The risk identification, accurate risk measurement and effective risk mitigation remains key focus area for the Company.

Liquidity Risk: Liquidity Risk is the risk that a Company may not be able to meet its financial obligations due to an asset–liability mismatch. The Company's framework for liquidity risk management has been spelt out in its Liquidity Risk Management Policy that is implemented, monitored and periodically reviewed by the Asset Liability Management Committee (ALCO) along with the Risk Management Committee and Board. As a part of this process, the Company, for measuring and managing net funding requirements, has adopted a standard tool that uses a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity intervals. The

Company has maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2021. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest-bearing fixed deposits or is used to prepay due repayment in the short term. while ensuring sufficient liquidity to meet its liabilities.

Credit Risk: Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The Company's Credit Risk management is governed by a comprehensive Corporate Loans Policy in conjunction with, Exposure Policy, Compliance Policy, KYC and Anti Money Laundering Policy, Fair Practice Code, nd Investment Policy. The objective of this is to lay down guiding principles that would aid in growth in operations of the Company's activities with a strong risk framework to safeguard the Company's and its stakeholders interests. The Company monitors risks through various metrics, viz. portfolio industry classification, product mix, borrower and group concentration. The company also has inhouse Expected Credit Loss (ECL) Provisioning Policy to make suitable provisions for credit risk faced by the company.

Market Risk: The Company's market risk management is governed by a comprehensive Liquidity Risk Management policy. The Company monitors risks through various metrics, viz. Liquidity Gap Analysis, Cash Flow Analysis, residual tenor bucket, interest rate risk etc.

Operational Risk: To manage operational risks, the Company has in place a Risk Management Policy whose implementation is supervised by the Risk Management Committee of the Board. The framework enables the Company to identify, assess and monitor risks, strengthen controls and minimize operating losses. The Company ensures the effectiveness of internal controls relating to the operational activities, which will identify the risks faced and develop strategies to mitigate them.

The risk management committee has overall responsibility for monitoring and approving the risk management framework and associated practices of the Company.

Human Resources

The Company considers professionals as the most valuable asset of the Company and key drivers in making our brand prominent and promising. The Company is professionally managed with senior management personnel having decades of experience in financial services, assisted by a team of experienced professionals and are in long tenure with the Company. This helps the Company perform its function in a smooth and efficient manner and has been a strong force in driving company's success. The Company is committed to provide the employees an enabling workplace, ensuring their welfare and offering opportunities to develop and grow.

As on March 31, 2021, the Company had 14 employees, as compared to 16 as on March 31, 2020.

Annexure B

In accordance with the requirements of applicable RBI guidelines and Companies Act, 2013 and Rules made thereunder, the Company at present has Nine committees as detailed below:

1. Audit Committee

Formation:

The Audit committee of the Company was originally constituted on February 17, 2011 as per the requirement of Reserve Bank of India and is in accordance with the provisions of Section 177 of the Companies Act, 2013 **("Act").**

Constitution of the Committee:

As per the provisions of Section 177 of the Act, the composition of the Audit Committee should be three Directors with Independent Directors forming majority of the said constitution.

As on February 24, 2021, on account of appointment of two new Independent Directors on the Board, the Audit Committee was validly re-constituted in compliance with the applicable provisions of Section 177 of the Act and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**NBFC Regulations**") with the following Members:

Name	Category
Mr. Anil Nagu	Member, Executive Director and Chief Financial Officer
Mr. Karthik Krishna	Member, Independent Director
Ms. Aparna Ravi	Member, Independent Director

All the Members of the Committee have relevant experience in financial matters.

Terms of Reference:

The roles and responsibilities of the Audit Committee includes:

1) To review periodic and annual financial statements (and the auditors' report thereon) before submission to the Board focusing primarily on:

   - any changes in accounting policies and practices;
   - major accounting entries based on exercise of judgment by the management;
   - significant adjustments arising out of the audit;
   - compliance with accounting standards;

- any related party transactions i.e.transactions of KIAF of material nature, with promoters or the management, their subsidiaries or associates or relatives etc. that may have potential conflict with the interest of KIAF at large;

2) To recommend appointment, remuneration and terms of appointment of auditors of the company;
3) To discuss the appointment, performance of the statutory auditor and recommending audit fees payable to the statutory auditor and approving payments for any other services to the Board
4) To review and monitor the auditors independence and performance, and effectiveness of audit process
5) To review adequacy of internal audit function, approving internal audit plans and efficacy of the functions including the structure of the internal audit department, staffing, reporting structure, coverage and frequency of internal audits.
6) To discuss with internal auditors and statutory auditors regarding the scope of audit and their observations.
7) To review the functioning of the whistle-blower Mechanism.
8) To approve or subsequently modify transactions of KIAF with its related parties including granting of omnibus approval to related party transactions.
9) To scrutinize inter corporate loans and investments.
10) To undertake valuation of assets / undertakings of KIAF, where required.
11) To ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by KIAF.
12) To evaluate internal financial controls and risk management systems.
13) All such other matters as specified under the Companies Act, 2013 and Corporate Governance policy of the Company.

The Committee monitors and conducts an effective supervision of the financial reporting process, to ensure accurate and timely disclosure, with the highest level of transparency, integrity and quality of financial reporting.

The Committee believes that the Company's financial statements are fairly presented in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Act in and there is no material discrepancy or weakness in the Company's internal control over financial reporting.

Details of meeting and attendance:

During the Financial Year 20-21, the Members of the Audit Committee met 1 (one) time March 23, 2021.

The details of the attendance of the Members of the Committee are provided herein below:

Name of the Member	**Number of meetings held during their tenure**	**Number of meetings Attended**
Mr. Anil Nagu	1	1
Mr. Karthik Krishna	1	1
Ms. Aparna Ravi	1	1

There was no occasion wherein the Board could not accept the recommendation of Audit Committee during the year under review.

2. Risk Management Committee

Formation:

The Risk Management Committee ("RMC") was constituted on May 8, 2015 to assist the Board in the execution of its responsibility for the governance of risk and functions in line with NBFC Regulations.

Constitution of the Committee:

The Composition of the RMC is as follows as on March 31, 2021:

Name	Category
Mr. Brian Dillard	Member, Non- Executive Director,
Mr. Anil Nagu	Member, Executive Director, Chief Financial Officer and Key Managerial Personnel
Mr. Jigar Shah	Member, Whole-Time Director and Key Managerial Personnel

Terms of Reference of the Committee include the following:

1) To review the existing framework / polices for measuring, monitoring and managing risks
2) To discuss if there is any significant risk to the valuation/recovery of the investment made/loans extended as well as review of risk categorization of all outstanding accounts and corrective steps / mitigating strategies (if required)
3) To deliberate on various types of risks including operational, regulatory, IT risks and other risks faced
4) To assess business contingency plan, risk and possible solutions / implementation aspects
5) To discuss and obtain functional update from the officials on challenges and issues faced by the divisions and potential and inherent risk involved
6) To review processes and procedures to ensure the effectiveness of internal systems of control
7) To discuss external developments and the reporting of specifically associated risk, including emerging and prospective impacts
8) To deliberate over implementation of risk and other policies including Anti Money Laundering and KYC (Know your Customer) Policies
9) To do anything necessary or incidental to perform its functions, including approving documents and authorising any individual(s) to perform any action(s) as may be required.

Details of meeting and attendance:

During the Financial Year 20-21, the Members of the RMC met 4 (Four) times June 17, 2019; September 9, 2020, December 10, 2020 and March 11, 2021.

The details of the attendance of the Members of the Committee at Meeting, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended
Mr. Sanjay Nayar*	3	2**
Mr. Brian Dillard	4	4
Mr. Deepak Punjabi*	2	2
Mr. Anil Nagu	4	4
Mr. Jigar Shah	4	3

Note:
*Mr. Sanjay Nayar and Mr. Deepak Punjabi ceased to be the Member of the Committee w.e.f January 4, 2021 and September 29, 2020 respectively
** Mr. Sanjay Nayar attended the meeting held on September 9, 2020 via audio conference

3. Investment and Credit Committee

Formation:

The Investment and Credit committee (ICC) of the Company was constituted on July 24, 2015 for reviewing, transacting, approving and restructuring of the proposals for loans / advances or investments provided or to be provided by the Company.

Constitution of the committee:

The Composition of the ICC is as follows as on March 31, 2021:

Name	Category
Mr. Brian Dillard	Member, Non- Executive Director
Mr. Anil Nagu	Member, Director, Chief Financial Officer and Key Managerial Personnel
Mr. Jigar Shah	Member, Whole-Time Director and Key Managerial Personnel

Noted:

1. Mr. Sanjay Nayar ceased to be the Member of the Committee w.e.f January 4, 2021

Terms of Reference:

The Investment and Credit Committee is the Board delegated committee pursuant to the provisions of Section 179 of the Companies Act, 2013. The purpose of the Investment and Credit Committee is to review and approve the investment and credit proposals of the Company and matters related thereto, to do anything necessary or incidental to perform its functions, including but not limited to approving document(s), amendments thereof, delegating powers of employees to undertake any actions in relation to the investments, approve down selling of the investment or of any security or asset and authorising any individual(s) to perform any action(s) as may be required and otherwise as may be delegated by the Board from time to time.

4. Nomination and Remuneration Committee

Formation:

The Nomination Committee of the Company was originally constituted on March 7, 2011 as per the requirement of Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 of Reserve Bank of India, and in accordance with the provisions of Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

Constitution of the Committee:

As per the provisions of Section 178 of the Act, the composition of the Nomination Committee should be three Non-Executive Directors with Independent Directors forming majority of the said constitution.

As on February 24, 2021, on account of appointment of two new Independent Directors on the Board, the Nomination Committee was validly re-constituted in compliance with the applicable provisions of Section 178 of the Act and NBFC Regulations with the following Members as on March 31, 2021:

Name	Category
Mr. Brian Dillard	Member, Non-Executive Director
Mr. Karthik Krishna	Member, Independent Director
Ms. Aparna Ravi	Member, Independent Director

Terms of Reference:

The role and responsibility of the Nomination Committee inter-alia includes:

1) To ensure that the general character of the management shall not be prejudicial to the interest of its present and future stakeholders
2) To discuss and confirm that existing Directors are of 'fit and proper' status
3) To confirm that directors are nominated and remunerated based on the parameters set by the NRC in the policy.
4) To discuss every Director's performance, the structure, size and composition.
5) To evaluate current position of Directors and make recommendations, if any, to the Board with regard to any changes
6) To discuss the succession planning for Directors
7) To confirm that the proposed appointees (if any) have given their consent in writing to KIAF
8) To review existing nomination and remuneration policy
9) To discuss remuneration of KMP and Senior Management of the company
10) To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance

11) To do anything necessary or incidental to perform its functions, including approving document(s) and authorising any individual(s) to perform any action(s) as may be required.

Details of meeting and attendance:

There were no meetings held during the year under review.

5. Asset Liability Management Committees

Formation:

The Asset Liability Management Committee ("ALMC") was constituted on March 7, 2011 to help the Board in formulating business strategy of the Company in line with overall business objectives and functions in line with Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time. Capital management, liquidity and interest rate risk is the main domain of the ALMC.

Constitution of the committee:

The Composition of the ALMC is as follows as on March 31, 2021:

Name	Category
Ms. Ashima Suri	Member
Mr. Deepak Punjabi[1]	Member
Mr. Brian Dillard	Member, Non- Executive Director,
Mr. Anil Nagu	Member, Executive Director, Chief Financial Officer and Key Managerial Personnel
Mr. Jigar Shah	Member, Whole-Time Director and Key Managerial Personnel

Note:

1. Mr. Deepak Punjabi has ceased to be the Member of the Committee effective from close of business hours of March 31, 2021.

Terms of Reference:

The Roles and responsibilities of the ALMC inter-alia includes:

1) To monitor the asset liability gap and strategize action to mitigate the risk associated
2) To confirm that CRAR is in compliance with RBI Guidelines for previous half year
3) To review and confirm periodic return/ reports/ statements to be submitted by KIAF with RBI/ any other statutory authorities.
4) To review and discuss the balance sheet of KIAF from assets and liability management perspective
5) To deliberate on achieving optimal return on capital employed
6) To review currency risk, market risk and liquidity risk management, interest rate risk and address

7) To ensure adherence to risk tolerance / limits set by the Board of KIAF
8) To implement the liquidity risk management strategy of KIAF including deciding on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk.
9) To source data from the market and other NBFCs, review and compare such data to gauge early warning signs of stress in borrower accounts.
10) To do anything necessary or incidental to perform its functions, including approving document(s) and authorising any individual(s) to perform any action(s) as may be required.

Details of meeting and attendance:

During the Financial Year 20-21, the Members of the ALMC met 4 (Four) times June 8, 2020; September 7, 2020; December 07, 2020 and March 10, 2021.

The details of the attendance of the Members of the Committee at Meeting, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended
Ms. Ashima Suri	4	3
Mr. Deepak Punjabi	4	4
Mr. Brian Dillard	4	4
Mr. Anil Nagu	4	4
Mr. Jigar Shah	4	4

6. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee ("CSRC' or 'Committee") was constituted on June 25, 2014 in line with the provisions of the Section 135 of the Companies Act 2013.

As per the provisions of Section 135 of the Companies Act 2013 ("Act"), the composition of the CSR Committee should be three or more Directors', out of which at least one must be an Independent Director

The Composition of the CSRC is as follows as on March 23, 2021:

Name	Category
Mr. Karthik Krishna	Member, Independent Director
Mr. Anil Nagu	Member, Executive Director, Chief Financial Officer and Key Managerial Personnel
Mr. Jigar Shah	Member, Whole-Time Director and Key Managerial Personnel

The Board of Directors in their Meeting held on March 24, 2021 noted that in view of negative profit of the Company, the CSR rules are not applicable to the Company and approved dissolution of the Corporate Social

Responsibility Committee with immediate effect formed by the Company in accordance with Section 135 of the Companies Act 2013.

Details of meeting and attendance:

There were no meetings held during the year under review since CSR was not applicable during the year under review.

7. Internal Complaints Committee

Formation and terms of reference:

Pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules thereunder, an Internal Complaints Committee ("IC") was constituted on September 2, 2016.

The Company also has in place 'Policy for Prevention of Sexual Harassment' pursuant to the aforesaid regulations.

The terms of reference of IC is to receive complaints of sexual harassment filed by women at the workplace, investigate into such complaints and recommend the action to be taken by the management against the respondent, thereby assisting in maintaining a safe working environment at the workplace.

Constitution of the committee:

The Composition of the IC Committee is as follows as on March 31, 2021:

Name	Designation
Ms. Susan Hutchinson	Presiding Officer
Mr. Jigar Shah	Member, Whole-Time Director and Key Managerial Personnel
Ms. Ashima Suri	Member
Ms. Veena Gauda	External Member

During the year under review, there were no reported cases under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

8. IT Strategy Committee

Formation:

The IT Strategy Committee (IT Committee) of the Company was constituted on March 1, 2018 pursuant to the requirement of the directions issued by the Reserve Bank of India on Information Technology Framework for NBFC sector vide circular no. DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 ("Information Technology Framework Directions").

Constitution of the committee:

The Composition of the IT Committee is as follows as on March 31, 2021:

Name	Category
Mr. Karthik Krishna[2]	Chairman, Independent Director
Mr. Deepak Punjabi[1]	Member
Mr. Anil Nagu	Member, Executive Director, Chief Financial Officer and Key Managerial Personnel
Mr. Sid Ballurkar	Member
Mr. Kenny Chan	Member
Mr. Jigar Shah	Member, Whole Time Director and Key Managerial Personnel

Note:

1. Mr. Deepak Punjabi has ceased to be the Member of the Committee effective from the close of business hours of March 31, 2021.
2. Mr. Karthik Krishna was inducted in the Committee wef November 24, 2020

As per the Information Technology Framework Directions, the said Committee is required to be chaired by Independent Director of the Company.

Terms of Reference:

The role and responsibility of the Committee members includes:

The purpose of the IT Strategy Committee is to oversee the strategy development, approval, implementation, review and reporting to the Board.

It shall have the principal responsibilities as follows:

1) Formulate and recommend to an IT Strategy for NBFC and align with KKR global IT strategy.
2) Oversight and continuous improvement of the NBFC strategic planning processes and framework
3) Agree and prioritize the allocation of resources to ensure delivery of the IT Strategy.
4) Manage and oversee a rolling long term investment programme.
5) Ensure the provision of key business applications and processes.
6) Review and approve IT Standards and Policies.

7) Assess major IT related projects, investments and changes and identify associated risks and impacts.
8) Review the IT strategy and progress
9) Ensuring proper balance of IT investments for sustaining growth and becoming aware about exposure towards IT risks and controls
10) To do anything necessary or incidental to perform its functions, including approving documents and authorising any individual(s) to perform any action(s) as may be required.

Details of meeting and attendance:

During the Financial Year 20-21, the Members of the IT Committee met 2 (two) times on June 08, 2020, and December 2, 2020.

The details of the attendance are given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended
Mr. Karthik Krishna	1	1
Mr. Deepak Punjabi	2	2
Mr. Jigar Shah	2	1
Mr. Sid Ballurkar	2	2
Mr. Kenny Chan	2	2
Mr. Anil Nagu	2	2

9. Information Technology Steering Committee ("Steering Committee")

Formation:

Steering Committee of the Company was constituted on June 28, 2018 pursuant to the requirement of the Directions issued by the Reserve Bank of India on Information Technology Framework for NBFC sector vide circular no. DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 ("Information Technology Framework Directions").

Constitution of the Committee:

The Composition of the Steering Committee is as follows as on March 31, 2021:

Name	Category
Mr. Deepak Punjabi	Member
Mr. Anil Nagu	Member, Executive Director, Chief Financial Officer and Key Managerial Personnel
Mr. Sid Ballurkar	Member
Mr. Kenny Chan	Member

Note:

1. Mr. Deepak Punjabi has ceased to be the Member of the Committee effective from the close of business hours of March 31, 2021.

Terms of Reference:

The role and responsibility of the Committee members includes:

The main role and responsibility of the members of the said Committee will be as follows:

1) Providing support, guidance and overseeing and monitoring the progress of implementation of the Company's various Information Technology projects (such as the Company's proposed Loan Management Solution on the SAP platform) and
2) To identify deficiencies and defects at the system design, development, implementation and testing phases.
3) To do anything necessary or incidental to perform its functions, including approving documents and authorising any individual(s) to perform any action(s) as may be required.

Details of meeting and attendance:

During the Financial Year 20-21, the Members of the Steering Committee met 4 (four) times on June 8, 2020, September 10, 2020, December 2, 2020 and March 12, 2021

The details of the attendance of the Members of the Committee, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended
Mr. Deepak Punjabi	4	4
Mr. Anil Nagu	4	4
Mr. Sid Ballurkar	4	4
Mr. Kenny Chan	4	4

10. Borrowing Committee

Formation:

The Borrowing Committee of the Company was constituted on September 17, 2020. The Board hereby delegates the powers and authority of the Board to the Committee in line with the provisions of the Section 179 of the Companies Act 2013.

Constitution of the committee:

The Composition of the Borrowing Committee is as follows as on March 31, 2021:

Name	Category

Mr. Jigar Shah	Member, Whole-Time Director and Key Managerial Personnel
Mr. Anil Nagu	Member, Executive Director, Chief Financial Officer and Key Managerial Personnel

Note:

1. Mr. Sanjay Nayar ceased to be the Member of the Committee w.e.f January 4, 2021

Terms of Reference:

The roles and responsibilities of the Committee members includes:

The Borrowing Committee is the Board delegated committee pursuant to the provisions of Section 179 of the Companies Act, 2013. The purpose of the Borrowing Committee is to consider, review and approve the proposal with respect to raising of funds on behalf of the Company in any form as may be permissible under the applicable law including but not limited to term loan (secured/unsecured) or issuance of debentures (secured/unsecured) or issuance of commercial paper or working capital/overdraft etc., and to do anything necessary or incidental to perform its functions, including but not limited to approving terms and subsequent amendments, approving documents and subsequent amendments, approving repayments and/or prepayments and/or redemption and/or buy back of such borrowings and authorising any individual(s) to perform any action(s) as may be required.

NILESH SHAH & ASSOCIATES

Company Secretaries

Ref.: ____________

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
KKR INDIA FINANCIAL SERVICES LIMITED
(Formerly Known as KKR INDIA FINANCIAL SERVICES PRIVATE LIMITED)
2nd Floor, Piramal Tower, Peninsula Corporate Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai – 400013

Dear Sir / Madam,

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good Corporate Governance practice by **KKR INDIA FINANCIAL SERVICES LIMITED** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and the Reserve Bank of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on **31st March, 2021**, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We further report that maintenance of proper and updated books, papers, minutes books, filing of forms and returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company, our responsibility is to verify the content of the documents and returns produce before us, make objective evaluation of the content in respect of compliance and report thereon.

NILESH SHAH & ASSOCIATES
MUMBAI
C. P. No. 20438
COMPANY SECRETARY

211-B (Back Side) 2nd Floor, Building No. 1, Sona Udyog, Parsi Panchayat Road Extn. of Old Nagardas Road, Andheri (East
Mumbai - 400 069. Tel. : 2820 7824 / 2820 3582 E-mail : nilesh@ngshah.com

304-A, Poonam Sagar, Poonam Nagar, Off. Mahakali Caves Road, Andheri (East), Mumbai - 400 093.
Tel.: 2836 3419 Email : ngshah.cs@gmail.com

We have examined on a test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st March, 2021, according to the provisions of:

(i) The Companies Act, 2013 and the rules made there under;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; and

(iii) Provisions as applicable to the Non-deposit accepting Non Banking Finance Company as regulated by Master Direction issued by the Reserve Bank of India from time to time.

We have also verified systems and mechanism which are in place and as followed by Company to ensure compliances of these specifically applicable Laws (as mentioned in point iii above and as applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems adopted by the Company from time to time to ensure compliances applicable to the Company and found the same satisfactory.

We have also examined the compliances with the applicable clauses of the Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, Government of India, from time to time and noted that the Company has endeavored to comply the same substantially.

We further Report that, during the year, either there was no event attracting the below mentioned provisions or it was not mandatory on the part of the Company to comply with the following Provisions, Regulations / Guidelines:

(i) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has generally complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have no material observation of instances of non-Compliance in respect of the same save and except the following:

NILESH SHAH & ASSOCIATES MUMBAI C. P. No 20438 COMPANY SECRETARY

The Company was required to have two independent directors and one women director. During the audit period i.e. FY 2020-21, the Company had one independent director and the office of women director was vacated on June 26, 2020 on account of resignation by the women director. Hence, the Company was required to appoint second independent director (on or before June 1, 2020) and one women director on the Board (on or before September 25, 2020). Due to Covid 19 Pandemic, the Company was not able to appoint second independent director and women director within the statutory time. However, on February 24, 2021 the Company appointed second independent director (Ms. Aparna Ravi) and also ensured compliance with both the above requirements. Further, in view of the gap between appointment of second independent director, the statutory committees i.e. Audit Committee, Nomination and Remuneration Committee and CSR Committee were not constituted by the Company and also the separate meeting of the independent directors and one meeting of the Nomination and Remuneration Committee (in terms of CG Policy of the Company) were not convened. However, the Company has constituted all the aforesaid statutory committees on the appointment of second independent director and as on March 31, 2021, composition of all statutory committees are in accordance with the applicable law.

We further report that:

At the end of the year, the Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and lacuna if any in the appointment of second Independent Directorand the woman director as aforesaid was made good by the Company with effect from February 24, 2021. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

We also report that adequate notice/s were given to all directors to schedule the Board / Committee Meetings and Agenda and detailed notes on agenda were sent to the Directors at least seven days in advance unless consented by Directors to conduct meeting with short notice. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

All decisions at Board and/or committee meeting are carried out unanimously as recorded in the minutes of the meeting of the Board of Directors and committees of the Board, as the case may be and proper system is in place which facilitates/ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures

NILESH SHAH & ASSOCIATES
MUMBAI
C. P. No. 2043S
COMPANY SECRETARIES

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304-A, Poonam Sagar, Poonam Nagar, Off. Mahakali Caves Road, Andheri (East), Mumbai - 400 093
Tel: 2836 3419 E-mail: ngshah cs@gmail.com

compliances of other Acts, Laws and Regulations applicable to the Company, we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events / actions have a major bearing on the Company's affairs and statutory compliances in pursuance of the above referred laws, rules, regulations, guidelines etc.

Date:- June 28, 2021

Place:- Mumbai

Peer Review No: 698/2020

UDIN: A054525C000532827

Signature:-

Name:- Rakesh Achhpal (Partner)
For:- Nilesh Shah & Associates
ACS: 54525
C.P.: 20438

NILESH SHAH & ASSOCIATES
MUMBAI
C. P. No. 20438
COMPANY SECRETARY

Note: This Report has to be read with "Annexure - A".

'ANNEXURE A'

To,
The Members,
KKR INDIA FINANCIAL SERVICES LIMITED
(Formerly Known as KKR KKR INDIA FINANCIAL SERVICES PRIVATE LIMITED)
2nd Floor, Piramal Tower, Peninsula Corporate Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai – 400013

(i) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(ii) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

(iii) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

(iv) Whe ever required, we have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.

(v) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.

(vi) The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

(vii) Due to COVID-19 outbreak and Lockdown situation, in respect of part of the Audit, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form without physically verifying their office.

Date:- 28|06|2021
Place:- Mumbai

Signature:-

Peer Review No: 698/2020
UDIN: A054525C000532827

Name:- Rakesh Achhpal (Partner)
For:- Nilesh Shah & Associates
ACS: 54525 C.P.: 20438

NILESH SHAH & ASSOCIATES MUMBAI C. P. No. 20438 COMPANY SECRETARY

211-B (Back Side) 2nd Floor, Building No. 1, Sona Udyog, Parsi Panchayat Road, Off Old Nagardas Road, Andheri (E) Mumbai - 400 069. Tel. : 2820 7824 / 2820 3582 E-mail : nilesh@ngshah.com

304-A, Poonam Sagar, Poonam Nagar, Off. Mahakali Caves Road, Andheri (East), Mumbai - 400 093 Tel.: 2836 3419 Email : ngshah.cs@gmail.com

MSKA & Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

INDEPENDENT AUDITOR'S REPORT

To the Members of KKR India Financial Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KKR India Financial Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 51 to the financial statements, which describes that the extent to which the COVID-19 Pandemic will impact the company's financial statements will depend on future developments, which are highly uncertain.
Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Companyor to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

(e) On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 frombeing appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our informationand according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial positionin its financial statements – Refer Note 39 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 44 to the financial statements; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison

Srividya Vaidison
Partner
Membership Number: 207132
UDIN: 21207132AAAABA7132

Mumbai
June 28, 2021

MSKA
& Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KKR INDIA FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED MARCH 31, 2021

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

i.

(a) The Company has maintained proper records showing full particulars including quantitative details andsituation of Property, Plant and Equipment.

(b) All the Property, Plant and Equipment of the Company have not been physically verified by the Management during the year. Accordingly, material discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether such material discrepancies have been properly dealt with in the books of account.

(c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

ii. The Company is involved in the business of rendering financial services and consequently, does not hold any inventory. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicableto the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whomthe director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending	Remarks
Income Tax Act, 1961	Income Tax Demands	195,230	AY 2013-14	Commissioner of Income Tax	Disputed Tax

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non-Banking Financial Company.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison

Srividya Vaidison
Partner
Membership Number: 207132
UDIN: 21207132AAAABA7132

Mumbai
June 28, 2021

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KKR INDIA FINANCIAL SERVICES LIMITED.
[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of KKR India Financial Services Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for ouraudit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison

Srividya Vaidison
Partner
Membership Number: 207132
UDIN: 21207132AAAABA7132

Mumbai
June 28, 2021

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
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Auditor's Additional Report

To,

The Board of Directors
KKR India Financial Services Limited

1. This report is issued in accordance with the requirements of Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016 (the "Directions").

2. We have audited the accompanying financial statements of KKR India Financial Services Limited (hereinafter referred to as the "Company") comprising the Balance Sheet as at March 31, 2021 and the related Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, on which we have issued our report dated June 28, 2021.

Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

4. The Management is also responsible for compliance with the Reserve Bank of India (the "RBI") Act, 1934 and other relevant RBI circulars and guidelines applicable to Non-Banking Financial Companies, as amended from time to time, and for providing all the required information to the RBI.

Auditor's Responsibility

5. Pursuant to the requirements of the Directions referred to in paragraph 1 above, it is our responsibility to exam/ine the audited books and records of the Company for the year ended March 31, 2021 and report on the matters specified in the Directions to the extent applicable to the Company.

6. We conducted our examination on test check basis in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India (the "Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audit and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements".

Basis of Qualified Opinion

8. Based on RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 1, 2016 on Master Direction – Non- Banking Financial Company – Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended from time to time), no NBFC shall lend to any single borrower exceeding fifteen per cent of its owned fund; and any single group of borrowers exceeding twenty five per cent of its owned fund; invest in the shares of another company exceeding fifteen per cent of its owned fund; and the shares of a single group of companies exceeding twenty five per cent of its owned fund; lend and invest (loans/investments taken together) exceeding twenty five per cent of its owned fund to a single party. As on March 31, 2021 and during financial year 2020-21 the company has exceeded the lending limit of single borrower of 15 % of its owned fund and group borrower of 25% of its owned fund as prescribed in the Master Direction. Accordingly, this resulted in non-compliance to the above-mentioned RBI circulars and the Master Direction.

Opinion

9. Based on our examination of the audited books and records of the Company for the year ended March 31, 2021 as produced for our examination and the information and explanations given to us we report that:

9.1 The Company is engaged in the business of non-banking financial institution and has obtained a certificate of registration No. B-07-00498 dated November 14, 2019 from the RBI.

9.2 The Company is entitled to continue to hold such certificate of registration in terms of its asset/income pattern as on March 31, 2021.

9.3 The non-banking financial company is meeting the required net owned fund requirement as laid down in RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 - Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 (the 'Master Direction').

9.4 Based on RBI/DNBR/2016-17/38 Master Direction DNBR.PD.002/03.10.119/2016-17, dated August 25, 2016 on Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 (as amended from time to time), an investment and credit company not accepting/holding any public deposit is required to pass in the meeting of its board of directors within thirty days of the commencement of the financial year, a resolution to the effect that the company has neither accepted public deposit nor would accept any public deposit during the year. The Company for the financial year ended March 31, 2021 has passed the resolution for non-acceptance of public deposit on April 20, 2020.

9.5 The Company has not accepted any public deposits during the year ended March 31, 2021.

9.6 Based on RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 1, 2016 on Master Direction - Non- Banking Financial Company - Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended from time to time), no NBFC shall lend to any single borrower exceeding fifteen per cent of its owned fund; and any single group of borrowers exceeding twenty five per cent of its owned fund; invest in the shares of another company exceeding fifteen per cent of its owned fund; and the shares of a single group of companies exceeding twenty five per cent of its owned fund; lend and invest (loans/investments taken together) exceeding twenty five per cent of its owned fund to a single party. As on March 31, 2021 and during financial year 2020-21 the company has exceeded the lending limit of single borrower of 15 % of its owned fund and group borrower of 25% of its owned fund as prescribed in the Master Direction. Accordingly, this resulted in non-compliance to the above-mentioned RBI circulars and the Master Direction.

9.7 The financial statements have been prepared by Management in accordance with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended. Hence, the Company has followed the Indian Accounting Standards vis-à-vis prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

9.8 The annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS – 7) has been furnished to the RBI on April 15, 2021 within the stipulated period as specified in the RBI Circular – RBI/2014-15/246 DNBS (PD).CC.No.03/03.02.02/2015-16 dated November 26, 2015, based on the unaudited books of account. The Company had correctly arrived at and disclosed the capital adequacy ratio (CRAR), based on the unaudited books of account, in the return submitted to the RBI in Form NBS – 7 and such ratio is in compliance with the minimum CRAR prescribed by the RBI.

Restriction on Use

10. This report is addressed to Board of Directors of the Company pursuant to our obligations under the Directions to submit a report on additional matters as stated in the Directions. It should not be used by any other person or for any other purpose. MSKA & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.

11. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Srividya Vaidison
Digitally signed by Srividya Vaidison
Date: 2021.06.30 20:05:58 +05'30'

Srividya Vaidison
Partner
Membership Number: 207132
UDIN: 21207132AAAABC8284

Mumbai
June 30, 2021

KKR INDIA FINANCIAL SERVICES LIMITED (Formerly known as KKR India Financial Services Private Limited)
BALANCE SHEET AS AT MARCH 31, 2021

(Rs. In Million)

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
(1)	**Financial assets**			
(a)	Cash and cash equivalents	4	7,092.72	6,085.52
(b)	Trade Receivables	5	-	0.58
(c)	Loans	6	13,826.60	25,557.97
(d)	Investments	7	59.62	7,991.22
(e)	Other financial assets	8	39.83	59.47
	Total Financial Assets		**21,018.77**	**39,694.76**
(2)	**Non-Financial assets**			
(a)	Current Tax Assets (Net)	9	1,017.85	1,048.60
(b)	Deferred tax assets (Net)	10	3,003.35	4,738.97
(c)	Property, plant and equipment	11	74.74	98.44
(e)	Other non-financial assets	12	27.39	10.20
	Total Non-Financial Assets		**4,123.33**	**5,896.21**
	Total Assets		**25,142.10**	**45,590.97**
	EQUITY AND LIABILITIES			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Payables			
	Trade Payables	13		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		59.93	66.22
(b)	Debt Securities	14	2,594.03	10,384.10
(c)	Borrowings (Other than Debt Securities)	15	9,963.10	18,581.75
(d)	Other financial liabilities	16	1,793.81	4,431.08
	Total Financial Liabilities		**14,410.87**	**33,463.15**
(2)	**Non-Financial Liabilities**			
(a)	Current tax liabilities (Net)	17	5.13	14.95
(b)	Provisions	18	22.69	17.47
	Total Non-Financial Liabilities		**27.82**	**32.42**
	Total liabilities		**14,438.69**	**33,495.57**
(3)	**EQUITY**			
(a)	Equity Share Capital	19	4,602.27	4,602.27
(b)	Other equity	20	6,101.14	7,493.13
	Total equity		**10,703.41**	**12,095.40**
	Total equity and liabilities		**25,142.10**	**45,590.97**

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison

Srividya Vaidison
Partner

Membership No.: 207132

For KKR India Financial Services Limited
(Formerly known as KKR India Financial Services Private Limited)

JIGAR DINESHCHANDRA SHAH Digitally signed by JIGAR DINESHCHANDRA SHAH

Jigar Shah
Whole time Director

DIN: 08496153

ANIL NAGU Digitally signed by ANIL NAGU

Anil Nagu
Executive Director and
Chief Financial Officer
DIN: 00110529

BINOY K PARIKH Digitally signed by BINOY K PARIKH

Binoy Parikh
Company Secretary

Place: Mumbai
Date: June 28, 2021

Place: Mumbai
Date: June 28, 2021

KKR INDIA FINANCIAL SERVICES LIMITED (Formerly known as KKR India Financial Services Private Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Rs. In Million)

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
	Revenue from Operations			
(i)	Interest Income	21	3,895.85	7,370.16
(ii)	Fee Income	22	7.79	4.47
(I)	**Total Revenue from Operations**		**3,903.64**	**7,374.63**
(II)	**Other Income**	23	235.95	2.70
(III)	**Total Income (I+II)**		**4,139.59**	**7,377.33**
	Expenses			
(i)	Finance cost	24	2,287.50	3,875.75
(ii)	Net loss on fair value changes	25	2,291.35	7,128.14
(iii)	Impairment on financial instruments (Expected Credit Loss)	26	(1,866.19)	12,000.11
(iv)	Employee benefit expense	27	320.44	345.07
(v)	Depreciation and amortisation expense	11	28.46	23.17
(vi)	Other expenses	28	737.71	389.90
(IV)	**Total expenses**		**3,799.27**	**23,762.14**
(V)	**Profit / (Loss) before Tax (III-IV)**		**340.32**	**(16,384.81)**
	Tax expense			
	- Current tax	31	-	-
	- for earlier year		(0.61)	56.94
	- Deferred tax	10	1,734.94	(3,883.37)
(VI)	**Total tax expense**		1,734.33	(3,826.43)
(VII)	**Net Loss After Tax**		**(1,394.01)**	**(12,558.38)**
(VIII)	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss	29	2.70	(4.62)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	29	(0.68)	1.16
	Other Comprehensive Income		**2.02**	**(3.46)**
(IX)	**Total comprehensive income (VII+VIII)**		**(1,391.99)**	**(12,561.84)**
(X)	**Earnings per equity share (Refer note 38)**			
	Basic (₹)		**(3.03)**	**(27.29)**
	Diluted (₹)		**(3.03)**	**(27.29)**

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison

Srividya Vaidison
Partner

Membership No.: 207132

Place: Mumbai
Date: June 28, 2021

For KKR India Financial Services Limited
(Formerly known as KKR India Financial Services Private Limited)

JIGAR DINESHCHANDRA SHAH Digitally signed by JIGAR DINESHCHANDRA SHAH

Jigar Shah
Whole time Director

DIN: 08496153

ANIL NAGU Digitally signed by ANIL NAGU

Anil Nagu
Executive Director and Chief Financial Officer
DIN: 00110529

BINOY K PARIKH Digitally signed by BINOY K PARIKH

Binoy Parikh
Company Secretary

Place: Mumbai
Date: June 28, 2021

KKR INDIA FINANCIAL SERVICES LIMITED (Formerly known as KKR India Financial Services Private Limited)
Cash Flow statement for the year ended March 31, 2021

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(A) Cash Flow from Operating Activities		
Profit/(Loss) before Tax	340.32	(16,384.81)
Adjustments for:		
Depreciation and amortisation	28.46	23.17
Impairment on financial instruments (Expected Credit Loss)	(1,866.19)	12,000.11
Net loss on fair value changes	2,291.35	7,128.14
Interest expense	2,249.95	3,947.38
Interest income	71.04	223.47
Provision for doubtful advance	-	38.43
Provision for Employee benefits	15.41	(2.58)
Operating Cash Flow before Working Capital Changes	**3,130.34**	**6,973.31**
Adjustments for Working Capital Changes		
Loans to Corporate and others	12,263.91	4,164.93
Investments	6,902.86	4,623.44
Trade receivables	0.58	18.53
Other financial assets	19.64	(7.39)
Leased Asset	(3.70)	(87.50)
Other non-financial assets	(17.19)	(44.46)
Trade and other payables	(6.34)	(93.42)
Provision for Employee benefits	(7.49)	-
Other non-financial liability	-	(46.70)
Other Financial Liabilities	(32.01)	216.87
Cash flows used in operating activities	**22,250.61**	**15,717.61**
Income tax paid	21.53	(687.05)
Net Cash generated from/(used in) Operating Activities (A)	**22,272.14**	**15,030.56**
(B) Cash Flow from Investing Activities		
Purchase of property plant and equipment	(1.12)	(21.42)
Sale of Fixed asset	0.11	-
Net Cash generated from/(used in) Investing Activities (B)	**(1.01)**	**(21.42)**
(C) Cash Flow from Financing Activities		
Debt securities repaid	(7,800.00)	(7,550.00)
Borrowings (other than debt securities) taken / (repaid) (net)	(8,571.17)	1,721.13
Interest paid	(4,892.78)	(4,912.03)
Net Cash generated from/(used in) Financing Activities (C)	**(21,263.95)**	**(10,740.90)**
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)	1,007.20	4,268.24
Add: Cash and cash equivalents at the beginning of the year	6,085.52	1,817.28
Cash and cash equivalents at the end of the year *	**7,092.72**	**6,085.52**
***Components of Cash and Cash Equivalents**		
Balances with Banks :		
- In Current Accounts	25.12	1,120.36
- In Deposit accounts with original maturity of 3 months or less	7,067.60	4,965.16
	-	-
The above Statement of Cash Flow has been prepared under the indirect method set out in Ind AS-7-Statement of Cash Flow.		

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison

Srividya Vaidison
Partner

Membership No.: 207132

Place: Mumbai
Date: June 28, 2021

For KKR India Financial Services Limited
(Formerly known as KKR India Financial Services Private Limited)

JIGAR DINESHCHANDRA SHAH Digitally signed by JIGAR DINESHCHANDRA SHAH

Jigar Shah
Whole time Director

DIN: 08496153

ANIL NAGU Digitally signed by ANIL NAGU

Anil Nagu
Executive Director and Chief Financial Officer

DIN: 00110529

BINOY K PARIKH Digitally signed by BINOY K PARIKH

Binoy Parikh
Company Secretary

Place: Mumbai
Date: June 28, 2021

KKR INDIA FINANCIAL SERVICES LIMITED (Formerly known as KKR India Financial Services Private Limited)

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

(Rs. In Million)

As at April 01, 2019	Changes in equity share capital during the year 2019-20	As at March 31, 2020	Changes in equity share capital during the year 2020-21	As at March 31, 2021
4,602.27	-	4,602.27	-	4,602.27

B. OTHER EQUITY

(Rs. In Million)

Particulars	Reserves and Surplus			Total
	Securities Premium	Retained Earnings	Statutory Reserve - Reserve Fund pursuant to Section 45-IC of the RBI Act, 1934	
Balance as at April 1, 2019	**12,436.76**	**6,005.97**	**1,612.24**	**20,054.97**
Profit/(loss) for the year	-	(12,558.38)	-	(12,558.38)
Other Comprehensive Income for the year	-	(3.46)	-	(3.46)
Transfer from retained earnings	-		-	-
Balance as at March 31, 2020	**12,436.76**	**(6,555.87)**	**1,612.24**	**7,493.13**

(Rs. In Million)

Particulars	Reserves and Surplus			Total
	Securities Premium	Retained Earnings	Statutory Reserve - Reserve Fund pursuant to Section 45-IC of the RBI Act, 1934	
Balance as at April 1, 2020	**12,436.76**	**(6,555.87)**	**1,612.24**	**7,493.13**
Profit/(loss) for the year	-	(1,394.01)	-	(1,394.01)
Other Comprehensive Income for the year	-	2.02	-	2.02
Transfer from retained earnings	-		-	-
Balance as at March 31, 2021	**12,436.76**	**(7,947.86)**	**1,612.24**	**6,101.14**

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison

Srividya Vaidison
Partner

Membership No.: 207132

For KKR India Financial Services Limited
(Formerly known as KKR India Financial Services Private Limited)

JIGAR DINESH CHANDRA SHAH Digitally signed by JIGAR DINESHCHANDRA SHAH

Jigar Shah
Whole time Director

DIN: 08496153

ANIL NAGU Digitally signed by ANIL NAGU

Anil Nagu
Executive Director and Chief Financial Officer
DIN: 00110529

BINOY K PARIKH Digitally signed by BINOY K PARIKH

Binoy Parikh
Company Secretary

Place: Mumbai
Date: June 28, 2021

Place: Mumbai
Date: June 28, 2021

Note 1. About the Company

KKR India Financial Services Limited (the Company), was incorporated as a private limited company on February 3, 1995 under the provisions of the Companies Act, 1956. The Company is registered with the Reserve Bank of India as Non-deposit taking, Non-Banking Financial Company (NBFC). The Company is a Non-deposit taking, Systemically Important NBFC as defined in Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The financial statements for the year ended March 31, 2021 were authorised for issue in accordance with a resolution of the board of directors on June 28, 2021. During Financial year 2019-20, the Company was converted from private limited company to public limited company vide fresh Certificate of Incorporation dated July 24, 2019 issued by the Ministry of Corporate Affairs, Registrar of Companies, Mumbai, Maharashtra.

Note 2. Significant accounting policies

a. Basis of accounting and preparation of financial statements

Statement of compliance

The Standalone financial statements (financial statements) have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below, the relevant provisions of the Companies Act, 2013 (the Act) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Historical cost convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

b. Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

c. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in millions rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

i. Interest and Dividend income

Interest income on financial instruments at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate (EIR) applicable.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

Dividend income is recognised when the Company’s right to receive dividend is established by the reporting date.

ii. Fee income:

Fee income include fees other than those that are an integral part of EIR such fees are accounted as an accrual basis in the Statement of Profit and Loss.

iii. Other operational revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

e. Property, plant and equipment (PPE)

Property, plant and equipment (PPE) is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under:

Assets	Useful Life
Furniture and fixtures	3 years
Office equipment	3 years
Computer	3 years
Leasehold improvements	amortised over the period of lease

f. Impairment of assets

As at the end of each accounting year, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the property, plant and equipment are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

g. Employee benefits

Defined contribution plans - Provident Fund

Company’s contributions to provident and other funds are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Defined benefit plans - Gratuity

The Company's Gratuity liability under the Payment of Gratuity Act,1972 is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability is computed by applying the discount rate, used to measure the net defined liability, to the net defined liability at the start of the financial year after taking into account any changes as a result of payment and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

h. Operating Leases

Under Ind AS 116

Operating lease:

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

a) the use of an identified asset,

b) the right to obtain substantially all the economic benefits from use of the identified asset, and

c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, for all lease arrangements in which it is a lessee, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the Statement of profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

i. Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

• if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

• in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the Statement of Profit and Loss.

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

• Loans / investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

• all other loans / investments (e.g. loans / investments managed on a fair value basis, or held for sale, or with contractual cash flow that are not SPPI) and equity investments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

• the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and

• the Company may irrevocably designate loan / investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:
• how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
• the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
• how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.
When loans / investments measured at FVTOCI are derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to the Statement of Profit or Loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss but transferred within equity.
Loans/Investments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL
Financial assets at FVTPL are:
• assets with contractual cash flows that are not SPPI; or/and
• assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
• assets designated at FVTPL using the fair value option.
These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in the Statement of Profit and Loss.

Reclassifications
If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment
The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:
- loans and advances to customers;
- debt investment securities;
- lease receivables; and
- loan commitments issued.

No impairment loss is recognised on equity investments.
ECLs are required to be measured through a loss allowance at an amount equal to:
• 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
• full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.
ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.
• for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is drawn down; and
• for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.
The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;
• the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
• the disappearance of an active market for a security because of financial difficulties; or
• the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Derecognition of financial assets

A financial asset is derecognised only when:

• The Company has transferred the rights to receive cash flows from the financial assets or
• retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial assets is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
• it has been incurred principally for the purpose of repurchasing it in the near term; or
• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
• it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

j. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less including interest accrued, 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.

k. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense calculated using the EIR, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

l. Foreign currencies

(i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company has been determined based on the primary economic environment in which the Company operates considering the currency in which funds are generated, spent and retained.
(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year end Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

m. Earnings per share

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

n. Taxes on income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current income taxes are determined based on the taxable income of the Company.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. 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-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:
(i) an entity has a present obligation (legal or constructive) as a result of a past event; and
(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(iii) a reliable estimate can be made of the amount of the obligation
Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.
Contingent liability is disclosed in case of:
(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
(ii) a present obligation arising from past events, when no reliable estimate is possible.
Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.
Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:
Contingent assets are not recognised in the financial statements.

p. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
a) estimated amount of contracts remaining to be executed on capital account and not provided for;
b) uncalled liability on shares and other investments partly paid;
c) funding related commitment to associate and joint venture companies; and
d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Note 3. Critical accounting judgements and key sources of estimation uncertainties

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

(i) Impairment of loans / investments portfolio at amortised cost

The measurement of impairment losses across all categories of financial assets at amortised cost requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors which include quantitative and qualitative information and analysis, based on the Company's historical experience and forward-looking information. In certain cases, the assessment is based on past experience is required for future estimation of cash flow which requires significant judgement. The inputs and method applied for impairment assessment are detailed in Note 32.

(ii) Fair value of financial assets

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

All financial assets are initially recognised at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Company's financial instruments are carried at fair value, with changes in fair value either reported within the income statement. Details of the type and classification of the Company's financial assets are set out in note 32 and the accounting policy set out in note 2 (i).

Since the market for the Company's financial assets, which are in unlisted securities, is not active, the Company establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Determination of fair value is based on the best information available in the circumstances and may incorporate the managements' own assumptions, including appropriate risk adjustments for non-performance and lack of marketability.

Because of the inherent uncertainty of the valuation methodologies and assumptions, estimated fair values of such assets may differ from the values that would have been used had a ready market for the assets existed and the differences could be material. Considerable judgement is necessarily required in interpreting market data to determine the estimates of value; accordingly the estimate of value presented in the financial statements are not necessarily indicative of the amounts that the Company could realize in market exchange.

(iii) Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to Company's base rate and other fee income/expense that are integral parts of the instrument.

Note 4. Cash and cash equivalents

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Cash in hand	-	0.00
(ii) Balances with banks:		
- In Current Accounts	25.12	1,120.36
- In Deposit accounts with original maturity of 3 months or less	7,067.60	4,965.16
(iii) Cheques on hand	-	-
Total	**7,092.72**	**6,085.52**

Note 5. Trade receivables (Unsecured)

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good		
-Outstanding for a period more than six months	-	0.50
-Outstanding for a period less than six months	-	3.51
	-	**4.01**
Considered doubtful		
-Outstanding for a period more than six months	-	4.37
-Outstanding for a period less than six months	-	-
	-	**4.37**
Impairment allowance	-	(7.80)
Total	**-**	**0.58**

Notes:

(i) Trade receivables are non-interest bearing and are generally on credit terms of 30 to 90 days.

(ii) There are no trade receivables for which there has been a significant increase in credit risk or which have become credit impaired other than those disclosed as doubtful above.

(iii) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

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Note 6. Loans

(Rs. In Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amortised cost	At Fair Value through profit or loss	Total	Amortised cost	At Fair Value through profit or loss	Total
A						
Term Loans to Corporates and others	11,572.03	3,177.78	14,749.81	23,592.28	4,878.38	28,470.66
Loans and advances to related parties - Holding Company	-	-	-			-
Total – Gross (A)	11,572.03	3,177.78	14,749.81	23,592.28	4,878.38	28,470.66
Less: Expected Credit Loss	(923.21)	-	(923.21)	(2,912.69)	-	(2,912.69)
Total – Net (A)	**10,648.82**	**3,177.78**	**13,826.60**	**20,679.59**	**4,878.38**	**25,557.97**
B						
(a) Secured by tangible assets (Refer Note (i) below)	10,520.64	-	10,520.64	20,140.40	4,878.38	25,018.78
(b) Secured by intangible assets	-		-	-		-
(c) Unsecured	1,051.39		1,051.39	3,451.88		3,451.88
Total – Gross (B)	**11,572.03**	**-**	**11,572.03**	**23,592.28**	**4,878.38**	**28,470.66**
Less: Expected Credit Loss	(923.21)	-	(923.21)	(2,912.69)	-	(2,912.69)
Total – Net (B)	**10,648.82**	**-**	**10,648.82**	**20,679.59**	**4,878.38**	**25,557.97**
C						
Loans in India						
(i) Public Sector	-		-	-	-	-
(ii) Others	11,572.03	3,177.78	14,749.81	23,592.28	4,878.38	28,470.66
Total (C) Gross	**11,572.03**	**3,177.78**	**14,749.81**	**23,592.28**	**4,878.38**	**28,470.66**
Less: Expected Credit Loss	(923.21)	-	(923.21)	(2,912.69)	-	(2,912.69)
Total (C) Net	**10,648.82**	**3,177.78**	**13,826.60**	**20,679.59**	**4,878.38**	**25,557.97**

Notes:
(i) Term loans are secured against tangible assets such as real estate (including land, residential/commercial/Industrial property, etc.), plant and machinery and equity shares of listed / unlisted companies.
(ii) The Company does not have any loans outside India.

Note 7. Investments

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amortised cost	At Fair Value Through profit or loss	Total	Amortised cost	At Fair Value Through profit or loss	Total
Debt Securities	-	59.62	59.62	5,049.01	5,849.22	10,898.23
Investment in Equity shares	-	-	-	-	256.22	256.22
Less: Expected Credit Loss	-	-	-	(3,163.23)	-	(3,163.23)
Total	**-**	**59.62**	**59.62**	**1,885.78**	**6,105.44**	**7,991.22**

Note:
The Company does not have any Investment outside India.

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Note 8. Others financial assets

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Unbilled revenue	35.00	53.49
Contractually recoverable expenses	30.07	49.15
Security deposits	8.20	7.48
Advance to Vendors	1.56	2.84
Advance to Employees	-	-
	74.83	**112.96**
Less: Impairment allowance	(35.00)	(53.49)
Total	**39.83**	**59.47**

Notes:

1. Impairment allowance represents allowance for unbilled revenue which in the opinion of the management is doubtful of recovery.
2. The Company has assessed that the impact of impairment of other financial assets are immaterial, hence no impairment loss has been provided.

Note 9. Current Tax Assets (Net)

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Tax (net of provision for tax)	1,017.85	1,048.60
Total	**1,017.85**	**1,048.60**

Note 10. Deferred Tax Assets /(Liabilities) (Net)

A) The major components of deferred tax assets and liabilities are:

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Assets:		
Provisions for employee benefit	23.31	46.91
Loss during the period	4,091.82	2,169.07
Depreciation	6.84	8.90
Expected Credit Loss on Loans / Investments at amortised cost	232.36	1,659.92
Loss on Loans / Investments at FVTPL	254.76	1,007.58
Amortised Fees Income	14.32	55.30
Amortised Finance Cost	-	(0.93)
Disallowance under section 40(a) of Income-tax Act, 1961	1.42	1.47
Others	-	-
	4,624.83	**4948.22**
Liabilities:		
Amortised Finance Cost	5.40	-
Others	(8.83)	209.25
Deffered tax asset reserve*	1,624.91	-
	1,621.48	**209.25**
Net Deferred Tax Asset / (Liability)	**3,003.35**	**4,738.97**

B) The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

(Rs. In Million)

Deferred tax asset / (liability)	Balance as at April 1, 2020	Impact of Rate change	Recognised in profit or loss (Expense) /Income	Recognised in other equity	Balance as at March 31 2021
Provisions for employee benefit	46.91	-20.32	-2.60	-0.68	23.31
Loss during the period	2,169.07	0.00	1,922.75		4,091.82
Depreciation	8.90	-2.57	0.51		6.84
Expected Credit Loss on Loans / Investments at amortised cost	1,659.92	-130.73	-1,296.83		232.36
Amortised fee income	55.30	-23.10	-17.88		14.32
Disallowance under section 40(a) of Income-tax Act, 1961	1.47	-0.13	0.08		1.42
Others	(209.25)	243.53	-25.45		8.83
Deffered tax asset reserve*	-	-	-1,624.91		-1,624.91
Amortised finance cost	(0.93)	4.98	-9.45		-5.40
(Gain)/Loss on Loans / Investments at FVTPL	1,007.58	-71.66	-681.16		254.76
	4,738.97	**0.00**	**-1,734.94**	**-0.68**	**3,003.35**

Note:

*The Company has recognised deferred tax assets on carried forward tax losses with respect Financial Year (FY) 2019-20 and tax losses incurred in FY 2020-21 where the Company believes that the said deferred tax assets shall be recoverable based on the estimated future taxable income which in turn is based on approved business plans and budgets. The losses are allowed to be carried forward to the years in which the Company expects that there will be sufficient taxable profits to offset these losses.

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Note 11. Property, plant and equipment

(Rs. In Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the Year	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Furniture and Fixtures	1.86	-	-	1.86	1.20	0.29	-	1.49	0.37	0.63
Office Equipment	6.61	0.26	0.11	6.76	3.76	1.33	-	5.09	1.67	2.85
Computers	10.90	0.86	-	11.76	4.70	4.40	-	9.10	2.66	6.18
Leasehold improvements	25.88	-	-	25.88	13.40	3.00	-	16.40	9.48	12.48
Software	5.10	-		5.10	1.71	0.66	-	2.37	2.73	3.39
Sub total (A)	**50.35**	**1.12**	**0.11**	**51.36**	**24.77**	**9.68**	**-**	**34.45**	**16.91**	**25.53**
Leased asset:										
Office Premises	87.50	-	-	87.50	14.59	17.50	-	32.09	55.41	72.91
Right-of-use Asset	-	3.70	-	3.70		1.28	-	1.28	2.42	-
Sub total (B)	**87.50**	**3.70**	**-**	**91.20**	**14.59**	**18.78**	**-**	**33.37**	**57.83**	**72.91**
Total	**137.85**	**4.82**	**0.11**	**142.56**	**39.36**	**28.46**	**-**	**67.82**	**74.74**	**98.44**

Note 12. Other non-financial assets

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	0.99	0.34
GST receivable	26.40	6.58
Prepaid Rent	-	3.28
Total	**27.39**	**10.20**

Note 13. Trade Payables

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	59.93	66.22
Total	**59.93**	**66.22**

Note:

There are no dues to Micro and Small Enterprises as at March 31, 2021. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note 14. Debt Securities- At Amortised Cost

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures	2,594.03	10,384.10
Total	**2,594.03**	**10,384.10**

Notes:

(i) The Company does not have any Borrowings outside India.

(ii) Terms of NCD's

(a) The January 2015 Series 5 NCDs of Rs. 600 Million is redeemable on January 16, 2022.

(b) The April 2015 Series 4 NCDs of Rs. 700 Million is redeemable on April 23, 2021.

(c) The December 2016 Series 2 and 3 NCDs of Rs. 650 Million each are redeemable on March 9, 2022 and March 9, 2023 respectively, with a prepayment option with the Company in respect of Series 3 NCDs.

(i) The NCDs are redeemable at the amounts arrived at by multiplying the outstanding principal amount of such NCDs being redeemed on the redemption date, by the Internal Rate of Return (IRR). IRR is calculated as (1 + r)^n, where r = is a rate ranging between 8.90% to 10.50% per annum compounded annually and n = number of days for which the NCDs are outstanding/365. In case of prepayment, an additional prepayment premium would be payable in the range of 0.50% to 2.00% of the face value of the amount being prepaid.

(j) All the NCDs are secured by first priority non-exclusive hypothecation on a floating charge basis over whole of the loans, non-convertible debentures, optionally convertible debentures and receivable thereof, of the Company, whether current or in future, other than excluded assets as defined in the terms of the NCDs.

(k) All NCDS are additionally secured by Cash Security comprising cash in specified bank accounts and fixed deposits created / to be created by the Company.

Note 15. Borrowings (Other Than Debt Securities) - At Amortised Cost

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Term Loans from Banks	6,484.50	14,831.97
Loan Repayable on Demand		
From Banks (Working Capital Demand Loan)	2,250.00	2,250.00
From Banks (Cash Credit)	1,228.60	1,499.78
Unsecured		
Loans from Bank	-	-
Total	**9,963.10**	**18,581.75**

Notes:

(i) The Company does not have any Borrowings outside India.

(ii) Terms of Term loans :

(a) Term loans from banks are repayable in annual instalments commencing from the date of initial disbursement, with a door to door tenor of up-to five years.

(b) The rate of interest is in the range of 8.45% to 9.95% p.a.

(c) Term loans and Working Capital Demand Loans from banks are secured by way of First pari-passu charge on standard loans and advances / receivables of the Company which are eligible for direct bank finance as per RBI guidelines except excluded assets.

Note 16. Other financial liabilities

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest Accrued but not due on Debt Securities at amortised cost	1,608.94	4,214.21
Obligations under finance lease	61.77	75.96
Provision for Salary & Bonus	68.02	97.50
Statutory liabilities	43.89	43.41
Advances from customers	11.19	-
Total	**1,793.81**	**4,431.08**

Note 17. Current tax liabilities (Net)

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Tax (Net of Advance Tax)	5.13	14.95
Total	**5.13**	**14.95**

Note 18. Provisions

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits		
- Gratuity	7.03	7.75
- Compensated Absences	15.66	9.72
Total	**22.69**	**17.47**

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Note 19. Equity Share Capital

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
AUTHORISED		
500,000,000 (March 31, 2018: 500,000,000 , March 31, 2017: 400,000,000)	5,000.00	5,000.00
Equity Shares of Rs. 10/- each		
	5,000.00	**5,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP		
460,226,538 (March 31, 2018: 460,226,538 , March 31, 2017: 37,92,73,338)	4,602.27	4,602.27
Equity Shares of Rs. 10/- each fully paid-up		
	4,602.27	**4,602.27**

Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Equity shares outstanding as at the beginning of the year	46,02,26,538	4,602.27	46,02,26,538	4,602.27
Issued during the year	-	-	-	-
Equity shares outstanding as at the end of the year	**46,02,26,538**	**4,602.27**	**46,02,26,538**	**4,602.27**

Details of shareholders holding more than 5 percent shares in the Company are given below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	%	Number	%
KKR Capital Markets India Private Limited (Holding company w.e.f. March 30, 2017) (including 400 Equity Shares held by a nominee)	46,02,26,538	100.00%	46,02,26,538	100.00%

All the above Equity shares have the same dividend and voting rights and in case of repayment of capital.

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Note 20. Other equity

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Statutory Reserve - Reserve Fund pursuant to Section 45-IC of the RBI Act, 1934		
Balance as per the last Financial Statements	1,612.24	1,612.24
Add: Amount transferred from Statement of Profit and Loss	-	-
Closing balance	**1,612.24**	**1,612.24**
(b) Securities premium account		
Balance as per the last financial statements	12,436.76	12,436.76
Add: Received during the year	-	-
Closing balance	**12,436.76**	**12,436.76**
(c) Retained earnings (Surplus in statement of profit and loss)		
Balance as per the last financial statements	(6,555.87)	6,005.97
Profit/ (Loss) for the year	(1,394.01)	(12,558.38)
Other Comprehensive Income	2.02	(3.46)
Less: Transfer to Reserve Fund under Section 45 I C of Reserve Bank of India Act, 1934	-	-
Closing balance	**(7,947.86)**	**(6,555.87)**
TOTAL	**6,101.14**	**7,493.13**

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Note 21. Interest Income

(Rs. In Million)

Particulars	Year ended			Year ended		
	On Financial Assets measured at Amortised Cost	On Financial Assets classified at Fair value through Profit or Loss	Total	On Financial Assets measured at Amortised Cost	On Financial Assets classified at Fair value through Profit or Loss	Total
Interest on loans	2,312.27	559.72	2,871.99	3,859.47	1,063.40	4,922.87
Interest income from investments	223.17	630.58	853.75	789.81	1,508.06	2,297.87
Interest on fixed deposits with bank	170.11	-	170.11	149.42	-	149.42
Total	**2,705.55**	**1,190.30**	**3,895.85**	**4,798.70**	**2,571.46**	**7,370.16**

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Note 22. Fee Income

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Finance arrangement fees	7.75	1.37
Advisory fees	0.04	3.10
Total	**7.79**	**4.47**

Note 23. Other Income

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on disposal of non-current loan/Investment	187.80	-
Reversal of provision on fee of previous year	3.43	-
Interest on Income Tax refund	44.04	-
Income on recovery from loan written off in previous years	-	2.28
Discount value of future rent	0.68	0.42
Total	**235.95**	**2.70**

Note 24. Finance cost

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	On Financial liabilities measured at Amortised Cost	
Interest on debt securities	972.59	1,973.71
Interest on borrowings (other than debt securities)	1,308.30	1,896.24
Interest expense on lease liability	6.61	5.80
Total	**2,287.50**	**3,875.75**

Note 25. Net loss on fair value changes

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(A) Net gain on financial instruments at fair value through profit or loss	(2,706.46)	2,985.88
Fair Value changes:		
-Realised	-	-
-Unrealised	(2,706.46)	2,985.88
(B) Loans written off (including accrued interest)	4,997.81	4,142.26
Total Net loss on fair value changes	**2,291.35**	**7,128.14**

KKR INDIA FINANCIAL SERVICES LIMITED (Formerly known as KKR India Financial Services Private Limited)
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Note 26. Impairment on financial instruments (Expected Credit Loss)

The table below shows the ECL charges in terms of Ind AS 109 on financial instruments for the year recorded in the profit and loss based on evaluation stage:

(Rs. In Million)

Particulars	Year ended March 31, 2021				Year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans/ Investment at amortised cost	(2,240.32)	377.24	(3,345.73)	(5,208.81)	(201.50)	3,538.72	1,472.96	4,810.18
Loan commitments	(0.89)	56.99	-	56.10	10.11	-	-	10.11
Loans written off (including accrued interest)	-	-	3,286.52	3,286.52	-	-	7,179.82	7,179.82
Total impairment loss	**(2,241.21)**	**434.23**	**(59.21)**	**(1,866.19)**	**(191.39)**	**3,538.72**	**8,652.78**	**12,000.11**

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Note 27. Employee benefit expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and Bonus (including reimbursements) (Refer Note 45)	283.23	304.67
Contribution to Provident Fund	4.11	3.95
Gratuity (Refer Note 39)	3.37	5.80
Compensated absences	9.35	6.43
Staff Welfare Expenses	20.38	24.22
Total	**320.44**	**345.07**

Note 28. Other expenses

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	-	3.56
Rates and taxes	0.50	1.05
Repairs and maintenance	2.00	1.16
Electricity and water charges	0.65	0.82
Travelling and conveyance	0.71	44.74
Legal and professional expenses	381.36	278.25
Office Expenses	0.96	0.89
Membership and subscription Expenses	7.55	3.89
Auditors' Remuneration (Refer Note (i) below)	2.31	2.20
Donation	0.09	0.15
Corporate Social Responsibility Expenses (Refer Note (ii) below)	-	-
Insurance	0.38	0.38
Fee written off	3.75	-
Loss on disposal of non-current loan/Investment	325.02	-
Provision for doubtful advance	-	38.43
Foreign exchange loss (net)	1.12	0.87
Miscellaneous expenses (Refer Note (iii) below)	11.31	13.51
Total	**737.71**	**389.90**

Notes:
(i) Auditors' Remuneration

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) For Statutory Audit	2.05	2.05
b) For Tax Audit	0.15	0.15
c) For taxation related service	-	-
d) For other services (Certification Fees)	0.11	-
e) For reimbursement of expenses	-	-
Total	**2.31**	**2.20**

(ii) Corporate Social Responsibility Expenses

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross Amount Required to be spent during the year	-	-
Amount spent during the year on CSR for purposes other than construction /acquisition of any asset.	-	-

(iii) Miscellaneous Expenses
Miscellaneous expenses include Postage, Courier charges, Printing and Stationary etc.

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Note 29. Other comprehensive income

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement gain on defined benefit plan	(2.70)	4.62
Income tax relating to these items	0.68	(1.16)
Total other comprehensive income for the year, net of tax	**(2.02)**	**3.46**

KKR INDIA FINANCIAL SERVICES LIMITED (Formerly known as KKR India Financial Services Private Limited)
Notes forming part of the financial statements

Note 30 - Loans / Investments at amortised cost

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

1.1 Credit quality of assets

(Rs. In Million)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing grade	8,946.10	-	-	**8,946.10**	17,870.89	-	-	**17,870.89**
Under Performing grade	-	2,625.93	-	**2,625.93**	-	8,122.05	-	**8,122.05**
Non-performing grade	-	-	-	**-**	-	-	2,648.35	**2,648.35**
Total	**8,946.10**	**2,625.93**	**-**	**11,572.03**	**17,870.89**	**8,122.05**	**2,648.35**	**28,641.29**

1.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

(Rs. In Million)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**17,870.89**	**8,122.05**	**2,648.35**	**28,641.29**	**34,187.54**	**2,113.08**	**1,611.07**	**37,911.69**
New assets originated (net)	(46.68)	(178.44)	-	**(225.12)**	8,328.30	3,031.12	186.07	**11,545.49**
Assets derecognised or repaid (excluding write offs) (net)	(7,262.20)	(5,835.66)	(848.30)	**(13,946)**	(13,855.25)	(199.80)	-	**(14,055.05)**
Transfers to Stage 1	-	-	-	**-**	-			-
Transfers to Stage 2	(1,615.91)	1,615.91	-	**-**	(5,090.92)	5,090.92		-
Transfers to Stage 3	-	(1,097.93)	1,097.93	**-**	(851.21)		851.21	-
Amounts written off	-	-	(2,897.98)	**(2,897.98)**	(4,847.57)	(1,913.27)	-	(6,760.84)
Gross carrying amount closing balance	**8,946.10**	**2,625.93**	**-**	**11,572.03**	**17,870.89**	**8,122.05**	**2,648.35**	**28,641.29**

Reconciliation of ECL balance is given below:

(Rs. In Million)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**424.01**	**3,601.70**	**2,050.21**	**6,075.92**	615.40	62.97	577.26	**1,255.63**
Assets originated/derecognised/repaid (excluding write-off)	(29.24)	(1,975.32)	(508.98)	**(2,513.54)**	181.45	3,540.69	1,429.62	**5,151.76**
Transfers to Stage 1				-	-	-	-	**-**
Transfers to Stage 2	(37.61)	37.61		-	(61.01)	61.01		**-**
Transfers to Stage 3		(1,097.93)	1,097.93	-	(43.33)		43.33	**-**
Amounts written off		-	(2,639.17)	**(2,639.17)**	(268.50)	(62.97)	-	**(331.47)**
ECL allowance - closing balance	**357.16**	**566.06**	**-**	**923.21**	**424.01**	**3,601.70**	**2,050.21**	**6,075.92**

***Internal rating grades are classified on below basis**

Grade	Classification Basis	Stage
Performing grade	0-30 DPD	Stage 1
Under Performing grade	31-90 DPD	Stage 2
Non-performing grade	>90 DPD	Stage 3

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Note 31. Income Taxes

1. Income Tax recognised in Total Comprehensive Income

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax	-	-
Deferred Tax	1,734.94	(3,883.37)
Total Income tax expense recognised in the Statement of Profit and Loss	**1,734.94**	**(3,883.37)**
Tax on Other Comprehensive Income	(0.68)	1.16
Total Income tax expense recognised in Total Comprehensive Income	**1,734.26**	**(3,882.21)**

2. Reconciliation of income tax expense for the year:

(Rs. In Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	340.32	(16,384.81)
Income tax rate	25.168%	25.168%
Income tax expense	**85.65**	**(4,123.73)**
Tax effect of:		
DTA reserve	1,624.91	-
Expenses disallowed	23.71	1.32
Exempt income	-	-
Reversal of provisions disallowed in earlier years	-	-
Impact of change in tax rate	-	240.20
Total	**1,648.62**	**241.52**
Income tax expense recognised in Total Comprehensive Income	**1,734.27**	**(3,882.21)**

Note 32. Financial instruments

A. Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board. For details of Capital to Risk Assets Ratio (CRAR) refer Note no. 42(1)

B. Financial instruments

(i) Fair Value

Classes and categories of financial instruments and their fair values
The following table combines information about:
- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed

Set out below, is the accounting classification of financial instruments by category:

(Rs in Million)

Particulars	As at March 31, 2021		As at March 31, 2020	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments	59.62	-	6,105.44	1,885.78
Trade receivables	-	-	-	0.58
Loans	3,177.78	10,648.82	4,878.38	20,679.59
Cash and cash equivalents	-	7,092.72	-	6,085.52
Security deposits	-	8.20	-	7.48
Other Financial Assets	-	31.63	-	51.99
Total financial assets	**3,237.40**	**17,781.37**	**10,983.82**	**28,710.95**
Financial liabilities				
Debt Securities	-	2,594.03	-	10,384.10
Borrowings (Other than Debt Securities)	-	9,963.10	-	18,581.75
Finance lease obligation	-	61.77	-	75.96
Trade and other payables	-	59.93	-	66.22
Other financial liabilities	-	1,732.04	-	4,355.12
Total financial liabilities	**-**	**14,410.87**	**-**	**33,463.15**

(ii) Fair value and fair value hierarchy for financial assets at FVTPL

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rs in Million)

			Fair Value			
Financial assets and liabilities measured at fair value - recurring fair value measurements	**Notes**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2021						
Financial assets						
Loans to Corporates and Others at FVTPL	7	3,177.78	-	-	3,177.78	3,177.78
Investments at FVTPL	8	59.62	-	-	59.62	59.62
Total financial assets		**3,237.40**	**-**	**-**	**3,237.40**	**3,237.40**

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(Rs in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Notes**	**Carrying Amount**	**Fair Value**
As at March 31, 2021			
Financial assets			
Cash and cash equivalents	5	7,092.72	7,092.72
Trade Receivable	6	-	-
Loans - To Corporates and Others	7	10,648.82	10,142.35
Investments	8	-	-
Security deposits	9	8.20	8.20
Other financial assets	9	31.63	31.63
Total financial assets		**17,781.37**	**17,274.90**
Financial Liabilities			
Trade and other payables	14 and 15	59.93	59.93
Debt Securities	16	2,594.03	2,526.71
Borrowings other than Debt Securities	17	9,963.10	10,009.90
Finance lease obligation	17	61.77	61.77
Other Financial Liabilities	18	1,732.04	1,732.04
Total financial liabilities		**14,410.87**	**14,390.35**

(Rs in Million)

			Fair Value			
Financial assets and liabilities measured at fair value - recurring fair value measurements	**Notes**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2020						
Financial assets						
Loans to Corporates and Others at FVTPL	7	4,878.38	-	-	4,878.38	**4,878.38**
Investments at FVTPL	8	6,105.44	256.22	-	5,849.22	**6,105.44**
Total financial assets		**10,983.82**	**256.22**	**-**	**10,727.60**	**10,983.82**

(Rs in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Notes**	**Carrying Amount**	**Fair Value**
As at March 31, 2020			
Financial assets			
Cash and cash equivalents	5	6,085.52	6,085.52
Trade Receivable	6	0.58	0.58
Loans - To Corporates and Others	7	20,679.59	19,649.18
Investments	8	1,885.78	1,300.30
Security deposits	9	7.48	7.48
Other financial assets	9	51.99	51.99
Total financial assets		**28,710.95**	**27,095.05**
Financial Liabilities			
Trade and other payables	14 and 15	66.22	66.22
Debt Securities	16	10,384.10	10,186.53
Borrowings other than Debt Securities	17	18,581.75	18,686.06
Finance lease obligation	17	75.96	75.96
Other Financial Liabilities	18	4,355.12	4,355.12
Total financial liabilities		**33,463.15**	**33,369.89**

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued at the closing Net Asset Value (NAV).

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

(iii) Valuation process and technique for financial assets at FVTPL

The management estimates the fair values of financial assets and liabilities required for financial reporting purposes, including level 3 fair values, after giving consideration to purchase price, market conditions, current and projected operating performance, expected cash flows, projected dividends, anticipated future securities' values and the market value of publicly traded shares of portfolio companies. Determination of fair value is based on the best information available in the circumstances and may incorporate the management's own assumptions, including appropriate risk adjustments for non-performance and lack of marketability. The method used to estimate the fair value of such assets is the income approach (e.g. the discounted cash flow method, waterfall approach based on issuer yield curve etc.)

Type of Financial Instrument	**Valuation Technique**
Loans to Corporates and others	Income Approach
Investments	Income Approach
Debt securities	Income Approach
Borrowings (other than debt securities)	Income Approach

(iv). Sensitivity of fair value measurements to changes in unobservable market data

The following table demonstrates the sensitivity to a reasonably possible change in the significant unobservable inputs (all other variables being considered as constant) of the Company's Statement of Profit and Loss and equity.

(Rs in Million)

Particulars	Increase / (decrease) in the issuer yield curve	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Loans/Investments at FVTPL	50 Basis point Up	Impact on Profit before Tax	(118.73)	Impact on equity	(88.85)
	50 Basis point down		198.95		148.88
2019-20					
Loans/Investments at FVTPL	70 Basis point Up	Impact on Profit before Tax	(387.26)	Impact on equity	(136.42)
	70 Basis point down		(100.68)		139.66

Particulars	Increase / (decrease) in the Equity Price	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Loans/Investments at FVTPL	10% Increase in Price	Impact on Profit before Tax	-	Impact on equity	-
	10% Decrease in Price		(-)		(-)
2019-20					
Loans/Investments at FVTPL	10% Increase in Price	Impact on Profit before Tax	4.83	Impact on equity	3.61
	10% Decrease in Price		(3.75)		(2.80)

Particulars	Increase / (decrease) in the Operating Margin	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Loans/Investments at FVTPL	1% Increase in Margin	Impact on Profit before Tax	-	Impact on equity	-
	1% Decrease in Margin		(-)		(-)
2019-20					
Loans/Investments at FVTPL	1% Increase in Margin	Impact on Profit before Tax	9.64	Impact on equity	7.21
	1% Decrease in Margin		(9.64)		(7.21)

Particulars	Increase / (decrease) in the Revenue	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Loans/Investments at FVTPL	1% Increase in Revenue	Impact on Profit before Tax	-	Impact on equity	-
	1% Decrease in Revenue		(-)		(-)
2019-20					
Loans/Investments at FVTPL	1% Increase in Revenue	Impact on Profit before Tax	7.78	Impact on equity	5.83
	1% Decrease in Revenue		(7.57)		(5.67)

C. Risk management framework

The Company's risks are managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. The company considers ongoing risk management as a critical function and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and interest rate risk.
It is the Company's policy to ensure that a robust risk awareness is embedded in its organizational risk culture. Further the Company has a designated Chief Risk Officer (CRO) overseeing the risk management functions.

1. Credit risk

Credit Risk in simple terms is the risk of borrowers / obligors ability to honour their obligations in timely manner and the loss that may be incurred by the Company in the event of the failure of borrowers to meet their repayment obligations. The Company manages this risk by setting limits for single and group borrower exposures, sectoral exposure norms and limits on unsecured exposures.

2. Impairment assessment

(i) Exposure at Default (EAD)

EAD is aggregate of the amortized principal, accrued interest and committed undrawn lines as on the default date and the same is used for purpose of ECL computation.

Exposure to Loans/Investments which are accounted as per amortized cost method have been classified under the following three stages at borrower level.
Stage 1 – Loans/Investments with low credit risk and where there is no significant increase in credit risk. The Loans/Investments up to 0-30 days are classified as Stage1.
Stage 2 – Loans/Investments with significant increase in credit risk as compared to the risk assessed at their origination are considered as stage 2. These include underperforming assets i.e. assets with overdue > 30 days and < 90 days or any other asset that the management, based on a qualitative assessment, considers to be underperforming in its view irrespective of the numbers of days the account is overdue.
Stage 3 – Non Performing or Impaired borrowers and defined as borrowers with over dues > 90 days or where the management, based on a qualitative assessment, considers the default to be imminent.

Credit Conversion Factor (CCF) for committed and undrawn lines:
Estimated drawdown within 1 year of date of ECL Calculation: 20%
Estimated drawdown beyond 1 year of date of ECL Calculation: 50%
However, as a measure of prudence, for undrawn lines, CCF of 50% is used irrespective of tenor over which drawdown would occur as the probability of the year 1 drawdown is high and therefore that becoming a funded exposure is more certain.

(ii) Significant increase in credit risk

The Company continuously monitors all loans/investments subject to ECLs. This monitoring is to evaluate if there has been any significant in the credit risk over the balance life of the loans/investments as compared to the assessed credit risk at the time of their origination. Such evaluation may lead to either revision in the probability of default and / or revision in the asset classification stage (1 or 2) based on overdue status or management's qualitative assessment that the underlying risk has significantly increased and the asset needs to be assessed either on the basis of lifetime PD or default PD if the default is considered imminent. The Company considers an exposure to have significantly increased in credit risk if contractual payments are more than 30 days past due or where the management, based on a qualitative assessment, considers the asset to be underperforming in its view irrespective of the numbers of days the account is overdue.

(iii) Definition of default and cure

In the event any borrower has defaulted on loan repayment obligations for 90 days or more, the same is considered as credit impaired i.e. stage 3.
Factors considered for Stage definition
Besides the number of days an account is overdue, the Company considers various qualitative factors to assess whether any exposure should be moved to Stage 2 or Stage 3 (for imminent threat of default cases). Some of the indicative parameters (non-exhaustive) are :
• Financial parameters such as drop in profitability / increase in debt / adverse changes in debt / EBIDTA or DSCR ratios
• A breach of contract such as a default or past due event or material covenant breaches;
• The restructuring of a loan or advance by the company on terms that the company would not consider otherwise; or
• It is becoming probable that the borrower will enter bankruptcy or other financial reorganization

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the borrower makes necessary payments and the borrower is not 90 days past due after such payments. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and the relative credit risk as compared to the asset origination stage.

(iv) estimation process

The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The Company has its own internal ratings for client exposures and these have been mapped to leading external credit rating agency's ratings and probabilities of default. The Company has applied
a. 12 months PD to Stage 1 Loans and Investments
b. Lifetime PD for Stage 2 assets
c. 100% PD for Stage 3 assets

(v) 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 would be expected to be received, including from realization of any prime/collateral security. LGD is computed based on discounted expected recoveries at an account level based on collateral valuation after applying appropriate hair cut and appropriate recovery time.

3. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Company has guidelines in place covering the acceptability and valuation of each type of collateral. Generally the Company accepts collaterals such as real estate (residential / commercial / land parcels), shares (listed / unlisted / promoter owned), plant and machinery, stock and book debts etc. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In case of defaults by customers (whether of due payments or underlying security conditions / covenants), the Company has the right to enforce the security and monetise the same towards part or full liquidation of the credit exposure.

4. Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations as and when they fall due on account of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with the approved Asset Liability Management (ALM) Policy framed as per the current regulatory guidelines. The Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the ALM Policy.

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months. With regards to loans and advances to customers, the Company uses the same basis of expected repayment as used for estimating the EIR.

(Rs. In Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Assets						
Cash and cash equivalents	7,092.72	-	7,092.72	6,085.52	-	6,085.52
Trade Receivables	-	-	-	0.58	-	0.58
Loans	1,526.17	12,300.43	13,826.60	6,495.47	19,062.49	25,557.97
Investments	59.62	-	59.62	2,023.88	5,967.34	7,991.22
Other financial Assets	31.62	8.21	39.83	51.99	7.48	59.47
Non-Financial assets						
Current Tax Assets (Net)	-	1,017.85	1,017.85	-	1,048.60	1,048.60
Deferred tax assets (Net)	-	3,003.35	3,003.35	-	4,738.97	4,738.97
Property, plant and equipment	-	74.74	74.74	-	98.44	98.44
Other non-financial assets	0.80	26.59	27.39	1.84	8.36	10.20
Total Assets	**8,710.93**	**16,431.17**	**25,142.10**	**14,659.29**	**30,931.68**	**45,590.97**
LIABILITIES						
Financial Liabilities						
Trade and other Payables	59.93	-	59.93	66.22	-	66.22
Debt Securities	1,946.70	647.33	2,594.03	7,043.44	3,340.66	10,384.10
Borrowings (Other than debt securities)	7,526.63	2,436.47	9,963.10	12,077.51	6,504.24	18,581.75
Finance lease obligation	15.60	46.17	61.77	14.19	61.78	75.97
Other financial liabilities	1,458.44	273.60	1,732.04	2,753.03	1,602.08	4,355.11
Non-Financial Liabilities						
Current tax liabilities (Net)	5.13	-	5.13	-	14.95	14.95
Provisions	3.06	19.63	22.69	3.04	14.43	17.47
Total liabilities	**11,015.49**	**3,423.20**	**14,438.69**	**21,957.43**	**11,538.14**	**33,495.57**
Net	**(2,304.56)**	**13,007.97**	**10,703.41**	**(7,298.15)**	**19,393.54**	**12,095.40**

5. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The core business of the company is providing loans to Corporates and others. The Company borrows through various financial instruments to finance its core lending activity. These activities expose the Company to interest rate risk.

Exposure to interest rate risk

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Variable-rate instruments		
Variable Rate Loans	4,817.71	8,059.63
Variable Rate Borrowings	12,557.14	28,965.85
Total	**17,374.85**	**37,025.48**

Interest rate risk is measured through earnings at risk from an earnings perspective. Further, exposure to fluctuations in interest rates is measured by way of gap analysis across different time buckets (based on contracted / behavioural maturities), providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. Interest rate risk is monitored on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Company's statement of profit and loss and equity.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Company's Statement of Profit and Loss and equity.

(Rs in Million)

Currency	Increase / (decrease) in basis points	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Borrowings	50 Basis point Up	Impact on Profit before Tax	(59.25)	Impact on equity	(44.34)
	50 Basis point Down		60.01		44.90
Variable rate Loans	50 Basis point Up	Impact on Profit before Tax	(45.45)	Impact on equity	(34.01)
	50 Basis point Down		46.18		34.55
2019-20					
Borrowings	70 Basis point Up	Impact on Profit before Tax	(206.22)	Impact on equity	(154.32)
	70 Basis point Down		210.07		157.20
Variable rate Loans	70 Basis point Up	Impact on Profit before Tax	(90.79)	Impact on equity	(67.94)
	70 Basis point Down		92.69		69.36

Note 33. Change in liabilities arising from financing activities

(Rs. In Million)

Particulars	As at April 1, 2020	Cash flows	Other	As at March 31, 2021
Debt securities	10,384.11	(7,800.00)	9.93	2,594.04
Borrowings other than debt securities	18,581.75	(8,571.17)	(47.48)	9,963.09
Total liabilities from financing activities	**28,965.86**	**(16,371.17)**	**(37.55)**	**12,557.13**

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Note 34
(i) Provident Fund
Provident fund for certain eligible employees is paid to recognised provident fund managed by the Government. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their termination/retirement, in accordance with PF rules. The contribution to the said recognised fund is considered as expenses in the Profit and loss account on accrual basis. The charge during the current year towards employer's share of contribution is INR 4.11 million(Previous year INR 3.95 million).

(ii) Gratuity Fund
The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

The gratuity policy of the company provides for lumpsum payment to vested employees at retirement or on termination of employment, based on respective employee's salary and years of employment in accordance with Payment of Gratuity Act, 1972.

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2021:

(Rs. In Million)

Particulars	As at April 1, 2020	Service cost	Net interest expense	Benefits paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	As at March 31, 2021
Defined benefit obligation	7.75	2.84	0.53	(1.39)	(0.35)	(2.35)	7.03
Benefit liability	**7.75**	**2.84**	**0.53**	**(1.39)**	**(0.35)**	**(2.35)**	**7.03**

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2020:

(Rs. In Million)

Particulars	As at April 1, 2019	Service cost	Net interest expense	Benefits paid	Actuarial changes arising from changes in financial assumptions	Experience adjustments	As at March 31, 2020
Defined benefit obligation	6.43	5.29	0.50	(9.10)	0.67	3.94	7.75
Benefit liability	**6.43**	**5.29**	**0.50**	**(9.10)**	**0.67**	**3.94**	**7.75**

Sensitivity analysis (Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Sensitivity Level	1% increase	1% increase	1% decrease	1% decrease
Impact on defined benefit obligation				
1) Discount Rate	(0.32)	(0.71)	0.34	0.84
2) Future Salary Increases	0.23	0.53	(0.24)	(0.56)
3) Employee Turnover	(0.16)	0.04	0.17	(0.08)

Maturity Analysis of benefit payments (Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Within the next 12 months	0.20	1.43
Between 2 and 5 years	4.42	1.81
Between 6 and 10 years	3.24	2.65
Beyond 10 years	1.53	13.01
Total expected payments	**9.39**	**18.90**

Note 35. Related party transactions

A. Details of related parties

Names of related parties	Description of Relationship
Kohlberg Kravis Roberts & Co. L.P.	Ultimate Holding Company
KKR India Financial Investments Pte Limited	Indirect Holding Company
KKR Capital Markets India Private Limited	Holding company
KKR India Finance Holding LLC	Fellow subsidiary
KKR Asia Limited	Fellow subsidiary
KKR India Advisors Private Limited	Fellow subsidiary
Mr. Karthik Krishna	Key Managerial Personnel (Independent Director w.e.f March 12,2020)
Ms. Aparna Ravi	Key Managerial Personnel (Independent Director w.e.f February 24,2021)
Mr. B V Krishnan	Key Managerial Personnel (till October 29,2019)
Mr. Tashwinder Singh	Key Managerial Personnel (till June 28,2019)
Mr. Jigar Shah	Key Managerial Personnel (w.e.f December 10, 2019)
Mr. Sanjay Nayar	Key Managerial Personnel (w.e.f December 10, 2019 till December 30, 2020)
Mrs.Parul Sarda	Key Managerial Personnel (till June 30, 2020)

(Rs. In Million)

B. Related party transactions	Ultimate Holding Company	Holding Company	Company having significant influence over the Company	Fellow subsidiaries	Key Management Personnel
Description of transaction:					
Reimbursement of expenses:					
Kohlberg Kravis Roberts & Co. L.P.	12.68	-	-	-	-
	(5.80)	(-)	(-)	(-)	(-)
KKR Asia Limited	-	-	-	18.09	-
	(-)	(-)	(-)	(23.59)	(-)
KKR India Finance Holding LLC	-	-	-	15.55	-
	(-)	(-)	(-)	(15.29)	(-)
KKR India Advisors Private Limited	-	-	-	1.55	-
	(-)	(-)	(-)	(29.60)	(-)
KKR Capital Markets India Private Limited	-	49.63	-	-	-
	(-)	(15.34)	(-)	(-)	(-)
Recovery of expenses:					
KKR Capital Markets India Private Limited	-	42.03	-	-	-
	(-)	(0.83)	(-)	(-)	(-)
KKR India Advisors Private Limited	-	-	-	21.23	-
	(-)	(-)	(-)	(19.81)	(-)
Sitting Fees to Independent Directors:					
Mr. Karthik Krishna	-	-	-	-	0.70
	(-)	(-)	(-)	(-)	(-)
Ms. Aparna Ravi	-	-	-	-	0.30
	(-)	(-)	(-)	(-)	(-)
Remuneration to Key Managerial personnel:					
Mr. BV Krishnan	-	-	-	-	-
	(-)	(-)	(-)	(-)	(8.31)
Mr. Tashwinder Singh	-	-	-	-	-
	(-)	(-)	(-)	(-)	(58.60)
Mr. Jigar Shah	-	-	-	-	59.91
	(-)	(-)	(-)	(-)	(36.84)
Mr. Sanjay Nayar	-	-	-	-	3.75
	(-)	(-)	(-)	(-)	(1.53)
Mrs.Parul Sarda	-	-	-	-	0.09
	(-)	(-)	(-)	(-)	(0.36)

(Rs. In Million)

C. Related party balances as at March 31, 2021	Ultimate Holding Company	Holding Company	Company having significant influence over the Company	Fellow subsidiaries	Key Management Personnel
Equity Share Capital:					
KKR Capital Markets India Private Limited	-	4,602.27	-	-	-
	(-)	(4,602.27)	(-)	(-)	(-)
Payables:					
KKR India Finance Holding LLC	-	-	3.89	-	-
	(-)	(-)	(3.81)	(-)	(-)
Kohlberg Kravis Roberts & Co. L.P.	9.13	-	-	-	-
	(5.80)	(-)	(-)	(-)	(-)
KKR India Advisors Private Limited	-	-	-	0.58	-
	(-)	(-)	(-)	(17.56)	(-)
KKR Capital Markets India Private Limited	-	13.63	-	-	-
	(-)	(4.35)	(-)	(-)	(-)
Receivables:					
KKR Capital Markets India Private Limited	-	2.03	-	-	-
	(-)	(21.01)	(-)	(-)	(-)
KKR India Advisors Private Limited	-	-	-	13.29	-
	(-)	(-)	(-)	(12.37)	(-)

Notes :

1. Related parties have been identified by the management.
2. Figures in brackets pertain to those of the previous year.

Note 36. Segment Information

The principal object of the Company is to carry on the activities of advisory and finance arrangement services. All other activities of the Company revolve around / are connected with its principal object. Considering this, the Company has only one reportable segment.

Note 37. Lease Disclosures

Under Ind-AS 116, the Company recognises right-of-use assets and lease liabilities for leases i.e. these leases are on the balance sheet. Lease liabilities as at 01 April 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average of lessee's incremental borrowing rate applied to the lease liabilities as at 01 April 2019 was 9.50%.

(Rs. In Million)

Changes in the carrying value of Right-of-use Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	72.91	-
Additions	-	87.49
Deletion		
Depreciation	17.50	14.58
Closing balance	55.41	72.91

Changes in the Lease liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	75.96	-
Addition	-	87.50
Add: Lease interest	6.61	5.80
Less: Lease payments	20.80	17.34
Closing balance	61.77	75.96

Maturity analysis of lease liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
a) Payable not later than one year	15.60	14.19
b) Payable later than one year and not later than five years	46.17	61.77
c) Payable later than five years	-	-

Amounts recognised in statement of Profit and Loss account

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on Lease liability	6.61	5.80
Depreciation on Leased asset	17.50	14.58

-

Amounts recognised in statement of Cash Flows

Particulars	As at March 31, 2021	As at March 31, 2020
Total Cash outflow for lease asset	20.80	17.34

Note 38. Earnings Per Share

The computation of earnings per share is set out below:

Particulars			As at March 31, 2021	As at March 31, 2020
Net Profit after tax as per Statement of Profit and Loss	(A)	(Rs. In Million)	(1,394.01)	(12,558.40)
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	460,226,538	460,226,538
Weighted average number of equity shares for calculating Diluted EPS	(C)	Nos.	460,226,538	460,226,538
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share)	(A)/(B)	Rs.	(3.03)	(27.29)
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share)	(A)/(C)	Rs.	(3.03)	(27.29)

Note 39. Contingent liabilities

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Letters of comfort issued to bank, in respect of credit facilities availed by third parties	-	320.00
Income tax demand disputed in appeal	0.20	47.35

Note 40. Employee Share Incentive Plan

KKR Capital Markets India Private Limited (the Holding Company), has granted the Restricted Share Units (RSUs), inter alia, to the eligible employees and/or directors (the employees) of the Company. 2,364,448 RSUs have been granted on April 1, 2017, 249,888 RSUs have been granted on January 1, 2018, 308,406 RSUs have been granted on July 1, 2018, 31,774 RSUs have been granted on January 1, 2019, 251,512 RSUs have been granted on April 1, 2019 and 513,372 RSUs have been granted on October 1, 2019. The particulars of vesting of the RSUs granted to the employees are given in the below table.

The RSUs shall be eligible for vesting as per following schedule:

Vesting Date	No. of RSUs	Status	Exercise Period	Exercise Price per RSU (Rupees)
April 1, 2018	370,087	Vested	1 year from the Date of Vesting	10
April 1, 2019	370,088	Vested	2 years from the Date of Vesting	10
April 1, 2020	16,033	Vested	0.5 year from the Date of Vesting	10
April 1, 2020	65,078	Vested	1 year from the Date of Vesting	10
April 1, 2020	84,982	Vested	1.75 years from the Date of Vesting	10
April 1, 2020	27,414	Vested	3 years from the Date of Vesting	10
April 1, 2021	16,033	To be vested	1.5 years from the Date of Vesting	10
April 1, 2021	65,079	To be vested	2 years from the Date of Vesting	10
April 1, 2021	42,493	To be vested	2.75 years from the Date of Vesting	10
April 1, 2022	16,032	To be vested	2.5 years from the Date of Vesting	10
April 1, 2022	41,918	To be vested	3 years from the Date of Vesting	10
October 1, 2020	11,348	Vested	1 year from the Date of Vesting	10
July 1, 2019	84,983	Vested	1 year from the Date of Vesting	10
January 1, 2020	10,592	Vested	1 year from the Date of Vesting	10
January 1, 2021	10,592	Vested	2 years from the Date of Vesting	10
January 1, 2022	10,590	To be vested	3 years from the Date of Vesting	10

The current status of the RSUs granted to the employees is as under:

Particulars	Number of outstanding RSUs	
	Current year	Previous year
Outstanding at the beginning of the year	1,810,972	1,594,367
Granted during the year	-	764,884
Transfer in/ (out) during the year	-	-
Lapsed/ forfeited during the year	567,630	548,279
Exercised during the year	921,677	-
Outstanding at the end of the year	321,665	1,810,972
Exercisable at the end of the year	129,520	833,008

The charge on account of the above plan is included in employee benefits expense aggregating Rs.(6.61) Million (Previous year reversal Rs.0.23 Milliion). Since the RSUs are granted by the Holding Company, basic and diluted earnings per share of the Company would remain unchanged.

Note 41.

Disclosure as required in terms of Annexure I of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (the Direction)

(Rs. In Million)

Particulars	Amount Outstanding As on March 31, 2021	Amount Overdue
Liabilities side:		
(1) Loans and advances availed by the non banking financial company (comprises principal amount and interest accrued thereon but not paid):		
(a) Debentures : Secured	4,202.97 -14,674.27	- (-)
Unsecured	- (-)	- (-)
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	- (-)	- (-)
(c) Term Loans	6,484.50 -14,831.97	- (-)
(d) Inter-corporate loans and borrowings	- (-)	- (-)
(e) Commercial Paper	- (-)	- (-)
(f) Public Deposits	- (-)	- (-)
(g) Other Loans (Working Capital demand loan, CC facility)	3,478.60 -3,749.78	- (-)
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	- (-)	- (-)
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	- (-)	- (-)
(c) Other public deposits	- (-)	- (-)

(Rs. In Million)

Assets side:	Amount Outstanding As on March 31, 2021
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] (principal amounts):	
(a) Secured	13,003.59 -23,527.48
(b) Unsecured	823.01 -2,030.71
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	- (-)
(b) Operating lease	- (-)
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	- (-)
(b) Repossessed Assets	- (-)
(iii) other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	- (-)
(b) Loans other than (a) above	- (-)

	Amount Outstanding As on March 31, 2021
(5) Break-up of Investments (excluding interest accrued but not due)	
Current Investments: (excluding current position of long term investments)	
1. Quoted :	
(i) Shares : (a) Equity	- (-)
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of mutual funds	- (-)
(iv) Government Securities	- (-)
(v) Others (please specify)	- (-)
2. Unquoted :	
(i) Shares : (a) Equity	- (-)
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of mutual funds	- (-)
(iv) Government Securities	- (-)
(v) Others (Please specify)	- (-)
Long Term investments: (including current position of long term investments)	
1. Quoted :	
(i) Shares : (a) Equity	- -256.22
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of mutual funds	- (-)
(iv) Government Securities	- (-)
(v) Others (please specify)	- (-)
2. Unquoted :	
(i) Shares : (a) Equity	- (-)
(b) Preference	- (-)
(ii) Debentures and Bonds	59.62 -7,735.00
(iii) Units of mutual funds	- (-)
(iv) Government Securities	- (-)
(v) Others (Please specify)	- (-)

(6) Borrower group-wise classification of assets financed as in (3) and (4) above

(Rs. In Million)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	- (-)	- (-)	- (-)
(b) Companies in the same group	- (-)	- (-)	- (-)
(c) Other related parties	- (-)	- (-)	- (-)
2. Other than related parties	13,003.59 -23,527.48	823.01 -2,030.71	13,826.61 -25,558.19
Total	**13,003.59** **-23,527.48**	**823.01** **-2,030.71**	**13,826.61** **-25,558.19**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. In Million)

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	- (-)	- (-)
(b) Companies in the same group	- (-)	- (-)
(c) Other related parties	- (-)	- (-)
2. Other than related parties	59.62 -7,991.22	59.62 -7,991.22
Total	**59.62** **-7,991.22**	**59.62** **-7,991.22**

(Rs. In Million)

(8) Other information	Amount Rupees
Particulars	
(i) Gross Non-Performing Assets	
(a) Related parties	- (-)
(b) Other than related parties	- -3,808.17
(ii) Net Non-Performing Assets	
(a) Related parties	- (-)
(b) Other than related parties	- -1,372.52
(iii) Assets acquired in satisfaction of debt	- (-)

Note: Figures in brackets pertain to those of the previous year

Note 42. Disclosures as required in terms of the RBI Directions.

42.1. Capital

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)	53.42	21.13
CRAR - Tier I Capital (%)	51.05	19.97
CRAR - Tier II Capital (%)	2.37	1.16
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

42.2. Investments

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	59.79	12,430.12
(b) Outside India		-
(ii) Provisions for Depreciation		
(a) In India	0.17	4,438.90
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	59.62	7,991.22
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	4,438.90	836.58
(ii) Add: Provisions made during the year	233.34	3,920.41
(iii) Less: Write-off/write-back of excess provisions during the year	(4,672.06)	(318.09)
(iv) Closing balance	0.17	4,438.90

42.3. Derivatives

The Company has not entered into any Forward rate agreement/Interest rate swap/Exchange traded interest rate derivative transactions during the current and previous year.

42.4. Securitisation

The Company has not entered into any Securitisation transactions during the current and previous year.

42.5. Assignment

Details of assignment transactions undertaken by the Company (Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Number of accounts	3.00	-
(ii) Aggregate value (net of provisions) of accounts sold	339.32	-
(iii) Aggregate consideration	700.00	-
(iv) Additional consideration realized in respect of accounts transferred in earlier	-	-
(v) Aggregate (gain) / loss over net book value	(360.68)	-

Details of Non-performing assets sold

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Number of accounts sold	3	-
(ii) Aggregate outstanding	848.30	-
(iii) Aggregate consideration received	700.00	-

Details of financial asset sold to Securitisation / Reconstruction company for Asset reconstruction

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Number of accounts sold	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii) Aggregate consideration	-	-
(iv) Aggregate consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate (gain) or loss over net book value	-	-

42.6. Fraud

The Company has reported frauds (on Company) aggregating Rs 9,315.37 million (FY 2019-20: Rs 2,193.50 million) to the regulators through prescribed returns.

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Note 42.7 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014

Type of Restructuring		Other than CDR and SME Debt Restructuring					Total				
Asset Classification details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured assets as at April 01, 2020	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Fresh restructuring during the year	No.of borrowers	-	3	-	-	3	-	3	-	-	3
	Amount Outstanding	-	7,166.67	-	-	7,166.67	-	7,166.67	-	-	7,166.67
	Provision there on	-	3,664.55	-	-	3,664.55	-	3,664.55	-	-	3,664.55
Upgradations to restructured standard category during the year	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Down gradation of restructured accounts during the year	No.of borrowers	-									
	Amount Outstanding	-									
	Provision there on	-									
Write off restructured accounts during the year*	No.of borrowers	-	3	-	-	3	-	3	-	-	3
	Amount Outstanding	-	7,166.67	-	-	7,166.67	-	7,166.67	-	-	7,166.67
	Provision there on	-	3,664.55	-	-	3,664.55	-	3,664.55	-	-	3,664.55
Restructured accounts as at March 31, 2021	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-

* Includes reduction in existing restructured account on account of repayments of INR 5840.00 millian and write off amounting to INR 1326.67 million received during the year.

42.8. Asset Liability Management - Maturity pattern of certain items of assets and liabilities

(Rs. In Million)

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **0.00**
Advances	- -12.96	- -	333.27 -	- (-)	41.13 -1,082.03	435.12 -4,140.79	1,037.65 -2,641.19	9,904.07 -7,079.19	3,157.74 -10,076.34	909.84 -3,668.27	**15,818.82** **-28,700.77**
Investments	- (-)	- (-)	- (-)	- (-)	- (-)	- -53.97	59.79 -1,727.20	- -5,310.34	- -628.98	- -2,599.15	**59.79** **-10,319.64**
Debt securities and Borrowings (other than debt securities)	- -2,800.00	700.00 -2,000.00	- -	- -	- -	- -700.00	8,778.60 -13,599.78	3,100.00 -8,250.00	- -1,600.00	- -	**12,578.60** **-28,949.78**
Foreign currency assets	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	- (-)	**-** **(-)**
Foreign currency liabilities	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **(-)**

Note:
1) Figures in brackets pertain to those of the previous year.
2) Impairment loss allowance and fair value (Gain)/Loss of Rs. 1,935.5 million, and adjustments related to effective interest rate, Rs. 56.8 million are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.
3)Interest accrued but not due on Non-Convertible debentures Outstanding as on 31st March, 2021 amounting to Rs. 1,608.94 million are not part of the above disclosure.

42.9. Exposures
A) Exposure to real estate Sector

Category	As at March 31, 2021	As at March 31, 2020
Direct exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real-estate (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	9,688.27	11,558.55
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential,	-	-
b) Commercial Real Estate.	-	-
Total Exposure to Real Estate Sector	**9,688.27**	**11,558.55**

B) Exposure to Capital Market

Particulars	As at March 31, 2021	As at March 31, 2020
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	1,190.72	10,265.43
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-

Note:

Impairment loss allowance Impairment loss allowance and fair value (Gain)/Loss of Rs. 1,935.5 million and undrawn commitment does not form part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

C) Details of financing of parent company product - Nil (Previous year Nil)

D) Details of single borrower limit (SGL)/ group borrower limit (GBL) exceeded by the Company

i) Loans and advances including off balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC

Name of the Company	As at March 31, 2021	As at March 31, 2020
Bhartiya Urban Pvt Ltd	1,186.55	-
Karle Homes Private Limited	1,701.81	-
Hindupur Solar Park Private Ltd	1,140.79	
Walchandnagar Industries	1,390.61	-
One Place Commercials Private Limited	1,650.00	-
ND Telecom Services Pvt Ltd	1,278.34	-
RA Associates	1,475.68	-
Bharat Gears Limited	1,096.75	
Total	**10,920.53**	**-**

-

ii) Loans and advances including off-balance sheet exposures to a single group of parties in excess of 25 per cent of owned fund of the NBFC

Name of the Group Company	As at March 31, 2021	As at March 31, 2020
Bhartiya Group	2,078.97	-
Lodha Group	2,311.03	-
Total	**4,390.00**	**-**

Note 42.10. Miscellaneous details

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators	Not applicable	Not applicable
(ii) Ratings assigned by credit rating agencies and migration of ratings during the year	CRISIL AA/Stable & CRISIL A1+	CRISIL AA/Stable & CRISIL A1+
(iii) Penalties, if any, levied by any regulator	Nil	Nil
(iv) Information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries	Not applicable	Not applicable

Note:

The Credit rating disclosed are as per Crisil report dated July 13, 2020

Note 42.11. Additional Disclosures
A) Provisions and Contingencies

(Rs. In Million)

Break up of 'Provisions and Contingencies' expenditure for the year	As at March 31, 2021	As at March 31, 2020
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	1,858.39
Provision for contingencies	-	-
Provision made towards Income-tax	(0.61)	56.94
Other provision and Contingencies:		
- Provision for Gratuity	3.37	5.80
- Provision for Compensated absence	9.35	6.43
Provision for standard assets	(2,241.20)	3,347.34
B) Draw down from reserves	-	-
42.12. Concentration of Deposits, Advances, Exposures and NPAs		
A) Concentration of advances		
Total advances to twenty largest borrowers	15,878.61	26,835.12
Percentage of advances to twenty largest borrowers to total advances of the NBFC	100%	80%
B) Concentration of Exposures		
Total advances to twenty largest borrowers / customers	17,264.32	28,544.06
Percentage of exposures to twenty largest borrowers/ customers to total exposures of the NBFC on borrower/ customers	100%	80%
C) Concentration of NPAs		
Total exposure to top four NPA accounts	-	1,373
D) Sector-wise NPAs		
Sector		
1) Agriculture and allied activities	-	-
2) MSME	-	-
3) Corporate borrowers	-	1,372.52
4) Services	-	-
5) Unsecured personal loans	-	-
6) Auto loans	-	-
7) Other personal loans	-	-

Note:

Impairment loss allowance of INR 1,935.5 million and adjustments related to effective interest rate, INR 56.8 MM are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

Note 42.13. Movement of NPAs

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Net NPAs to Net Advances (%)	0.00%	4.27%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3,808.17	1,611.07
(b) Additions during the year	11,311.82	13,501.02
(c) Reductions during the year	15,119.99	11,303.92
(d) Closing balance	0.00	3,808.17
(iii) Movement of Net NPAs		
(a) Opening balance	1,372.52	1,033.82
(b) Additions during the year	4,707.37	338.70
(c) Reductions during the year	6,079.89	-
(d) Closing balance	0.00	1,372.52
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	2,435.65	577.26
(b) Provisions made during the year	6,604.45	13,162.31
(c) Write-off / write-back of excess provisions	9,040.10	11,303.92
(d) Closing balance	-	2,435.65

42.14. Disclosure of Complaints

Particulars	As at March 31, 2021	As at March 31, 2020
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	-	-
(c) No. of complaints redressed during the year	-	-
(d) No. of complaints pending at the end of the year	-	-

Note 43: Capital commitment/ Other commitments

(Rs. In Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Other commitments (loans committed to be disbursed to borrowers)	1,385.70	2,028.39

Note 44. Long-term contracts

The Company did not have any long-term contracts including derivative contracts for which any provision is required for the foreseeable losses.

Note 45. Foreign currency exposure not hedged by derivative instruments

Particulars	As at March 31, 2021		As at March 31, 2020	
	USD in Million	Rs in Million	USD in Million	Rs in Million
Trade payable	0.18	12.89	0.22	17.33

Note 46

Disclosure requirements as per RBI circular dated March 13, 2020 having reference number RBI/2019-20/170 , DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 as per para 2 of Prudential Floor of ECL in respect of loan/investment at amortised cost

(Rs. In Million)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Provisions required as per IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	8,946.11	357.15	8,588.96	35.78	321.37
	Stage 2	2,625.92	566.06	2,059.86	10.50	555.56
Subtotal		11,572.03	923.21	10,648.82	46.28	876.93
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
				-	-	-
Doubtful						
Up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		-	-	-	-	-
Other items such as guarantees,	Stage 1	845.15	7.17	837.98	-	7.17
loan commitments, etc. which are	Stage 2	210.00	57.80	152.20	-	57.80
in the scope of Ind AS 109 but	Stage 3	-	-	-	-	-
Subtotal						
Total	Stage 1	9,791.26	364.32	9,426.94	35.78	328.54
	Stage 2	2,835.92	623.86	2,212.06	10.50	613.36
	Stage 3	-	-	-	-	-
	Total	12,627.18	988.18	11,639.00	46.28	941.90

Note: For the purpose of above disclosure company has not considered loans measured at fair value through profit and loss account

Note 47

Disclosure in respect of RBI circular on "COVID19 Regulatory Package - Asset Classification and Provisioning

(Rs. In Million)

Particulars	Amount
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the RBI Circular;	-
Respective amount where asset classification benefits is extended as at March 31,2021	-
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5 of the RBI Circular*	# Nil
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	Nil

#Note: The company being NBFC has complied with INDAS and guidelines duly approved by the Board for recognition of impairment.

Note 48

Disclosures as required by Liquidity Risk Management Framework pursuant RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 ("Framework")

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(Rs. In Million)

Sr No	Number of Significant Counterparties	Amount	% of deposit	% of liabilities
1	9	12,558.60	Not Applicable	86.98%

(ii) Top 20 large deposits: Not Applicable

(iii) Top 10 borrowings

Sr No	Amount	% of Total Borrowings
1	5,578.60	44.35%
2	2,800.00	22.26%
3	1,600.00	12.72%
4	1,050.00	8.35%
5	550.00	4.37%
6	330.00	2.62%
7	250.00	1.99%
8	200.00	1.59%
9	200.00	1.59%
10	20.00	0.16%
	12,578.60	**100.00%**

(iv) Funding Concentration based on significant instrument/product

Sr No	Number of Significant Counterparties	Amount	% of Total Liabilities
1	Non-Convertible Debentures	2,600.00	18.01%
2	Term Loans	6,500.00	45.02%
3	Working Capital Loans	3,478.60	24.09%

(v) Stock Ratios:

Sr No	Particulars	Ratio
1	Commercial Paper to Total Liabilities	NIL
2	Commercial Paper to Total Assets	NIL
3	NCDs (Original maturity < 1 Year) to Total Liabilities	NIL
4	NCDs (Original maturity < 1 Year) to Total Assets	NIL
5	NCDs(Original Maturity<1 year)/Public Funds	NIL
6	Other Short Term Liabilities/Public Funds	87.57%
5	Other Short-Term Liabilities to Total Liabilities	76.29%
6	Other Short-Term Liabilities to Total Assets	43.81%

(vi) Institutional set-up for liquidity risk management

The Board of Directors of KKR India Financial Services Limited (the Company) has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board constituted Asset Liability Management Committee (ALCO) and Risk Management Committee to strengthen and raise the standard of Asset Liability Management (ALM)

Note:

Significant counterparty as per RBI circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 Nov 2019 is defined as a single counterparty or group of connected counterparties accounting in aggregate for more than 1% of the Company's total liabilities

Short term liabilities considers the maturity profile of the respective liabilities in the less than or equal to 1 year bucket in line with the RBI ALM guidelines.

Total Public Funds refers to the aggregate of Debt securities, borrowings other than debt securities and subordinated liabilities.

Total liabilities refers to the aggregate of financial liabilities and non – financial liabilities.

Note 49. Moratorium in accordance with the Reserve Bank of India (RBI) guidelines:

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate that was converted into other securities	(D) Additional funding sanctioned,if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal	-	-	-	-	-
Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Note 50. Moratorium in accordance with the Reserve Bank of India (RBI) guidelines:

The outbreak of Covid-19 pandemic across the globe and India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has provided a moratorium of upto six months on the payment of instalments falling due between March 1, 2020 and August 31, 2020 to eligible borrowers. For all such loan asset accounts classified as standard and overdue as on February 29, 2020, where the moratorium is granted, the asset classification, both as per the RBI's income recognition and asset classification norms and for determining the staging of such assets to determine the expected credit loss allowance as per the model approved by the Board of Directors of the Company, will remain at standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification).

Note 51. Estimation uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial statements. Included in the allowance for expected credit loss is also the adjustment on account of macro-economic factors which involves significant judgement. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The ultimate outcome of the impact of the said global health pandemic may be materially different from that estimated as on the date of approval of these financial statements and will depend on future developments' which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. The Company will continue to closely monitor any material changes to future economic conditions.

Note 52. Reversal of interest on interest accrued during the period of Moratorium:

The Hon. Supreme Court of India vide its order dated March 23, 2021 requires the lenders to refund / adjust any interest on interest charged to the borrowers during the moratorium period. i.e. March 1, 2020 to August 31 2020.
In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, the Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the aforesaid moratorium period. The Company has estimated the said amount to be at Rs. 17.63 Million and reversed the same by way of debit to interest income for the year. The Company is in the process of adjusting / refunding the said amounts to the respective borrowers.

Note 53. Managerial Remuneration

During the year, Company has paid the managerial remuneration to the directors which exceeds the limit laid prescribed under section 197 and rules thereunder read with schedule V of the Act. As per the provisions of Schedule V, the said managerial remuneration is approved by a special resolution.

Note 54. Social Security Code

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published

Note 55. Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021.

Note 56. Prior period comparatives

Previous years figures have been regrouped and reclassified where necessary to confirm to current year's presentation

Signature to Notes 1 to 56

In terms of our report attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Srividya Vaidison Digitally signed by Srividya Vaidison

Srividya Vaidison
Partner
Membership No.: 207132

Place: Mumbai
Date: June 28, 2021

For KKR India Financial Services Limited
(Formerly known as KKR India Financial Services Private Limited)

JIGAR DINESHCHANDRA SHAH Digitally signed by JIGAR DINESHCHANDRA SHAH

Jigar Shah
Whole time Director
DIN: 08496153

ANIL NAGU Digitally signed by ANIL NAGU

Anil Nagu
Executive Director and Chief Financial Officer
DIN: 00110529

BINOY K PARIKH Digitally signed by BINOY K PARIKH

Binoy Parikh
Company Secretary

Place: Mumbai
Date: June 28, 2021

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel: +91 22 6819 8000

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
InCred Financial Services Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of InCred Financial Services Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to note 9 to the Statement, which describes the uncertainty continued to be caused by COVID-19 pandemic and related events which could impact the Company's estimates of impairment of loans to customers. Our conclusion is not modified in respect of this matter.

6. The figures for the previous quarter ended June 30, 2021, as reported in these unaudited standalone financial results have been approved by the Company's Board of Directors, but have not been subjected to a review.

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

7. The comparative financial information of the Company for the corresponding period ended September 30, 2020, included in these standalone Ind AS financial results, were reviewed by the predecessor auditor and the Ind AS financial statements of the Company for the year ended March 31, 2021, were audited by predecessor auditor who expressed an unmodified conclusion and unmodified opinion on those financial information on November 6, 2020 and May 7, 2021 respectively.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No: 121411
UDIN: 21121411AAACDY4162

Mumbai
October 25, 2021

S.R. BATLIBOI & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

INCRED FINANCIAL SERVICES LIMITED

Corporate Office and Registered Office:
Unit 1203, 12th Floor, B wing, The Capital, Plot no C-70, G Block, Bandra Kurla Complex, Mumbai, India, 400051
CIN: U74899MH1991PLC340312 | Email: incred.compliance@incred.com| Contact: 022-4097 7000 | Website-www.incred.com

STANDALONE STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2021

(INR in lakhs)

	Particulars	Quarter ended		Half year ended		Year Ended
		September 30, 2021 Unaudited	June 30, 2021 Unaudited	September 30, 2021 Unaudited	September 30, 2020 Unaudited (Restated)	March 31, 2021 Audited
		(Refer Note 11)	(Refer Note 11)		(Refer Note 8)	
	Revenue From operations					
(i)	Interest income	11,196.46	10,616.82	21,813.27	17,555.07	37,711.75
(ii)	Fees and commission income	281.75	130.14	411.89	159.97	557.16
(iii)	Net gain on fair value changes	26.49	24.79	51.28	78.38	268.91
(I)	**Total revenue from operations**	**11,504.70**	**10,771.75**	**22,276.44**	**17,793.42**	**38,537.82**
(II)	Other income	902.81	203.09	1,105.89	205.19	647.09
(III)	**Total income (I + II)**	**12,407.51**	**10,974.84**	**23,382.33**	**17,998.61**	**39,184.91**
	Expenses					
(i)	Finance costs	5,109.43	4,272.42	9,381.85	7,306.39	15,271.40
(ii)	Impairment on financial instruments	979.61	2,056.10	3,035.71	2,923.38	8,865.37
(iii)	Employee benefits expenses	3,664.28	3,002.17	6,666.45	4,442.34	9,159.37
(iv)	Depreciation, amortization and impairment	213.31	188.31	401.63	496.78	841.79
(v)	Others expenses	1,606.77	1,349.24	2,956.01	1,566.33	3,805.92
(IV)	**Total expenses**	**11,573.40**	**10,868.24**	**22,441.65**	**16,735.22**	**37,943.86**
(V)	**Profit before exceptional items and tax (III - IV)**	**834.11**	**106.60**	**940.68**	**1,263.39**	**1,241.06**
(VI)	Exceptional items	-	-	-	-	-
(VII)	**Profit before tax (V - VI)**	**834.11**	**106.60**	**940.68**	**1,263.39**	**1,241.06**
(VIII)	**Tax Expense:**					
	(i) Current Tax	159.30	22.81	182.11	1,020.05	1,135.14
	(ii) Deferred Tax	41.93	-	41.93	(780.44)	(917.52)
(IX)	**Profit for the period (VII - VIII)**	**632.88**	**83.79**	**716.64**	**1,023.78**	**1,023.44**
(X)	**Other comprehensive income**					
	(A) (i) Items that will not be reclassified to profit or loss					
	(a) Remeasurements of the defined benefit plans	(51.96)	-	(51.96)	(6.03)	(26.29)
	(b) Equity instruments through other comprehensive income	-	-	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	13.08	-	13.08	1.52	6.62
	Subtotal (A)	(38.88)	-	(38.88)	(4.51)	(19.67)
	(B) Items that will be reclassified to profit or loss					
	(i) Items that will be reclassified to profit or loss					
	(a) Debt instruments through other comprehensive income	(124.94)	-	(124.94)	393.82	118.97
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge	(59.80)	-	(59.80)	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	46.50	-	46.50	(99.13)	(29.95)
	Subtotal (B)	(138.24)	-	(138.24)	294.69	89.03
	Other comprehensive income (A + B)	**(177.12)**	-	**(177.12)**	**290.18**	**69.35**
(XI)	**Total comprehensive income for the period (IX + X)**	**455.76**	**83.79**	**539.52**	**1,313.96**	**1,092.79**
(XII)	**Earnings per equity share (EPS) (refer note 4)**					
	(Face value of INR 10 each)					
	Basic (INR)	0.16	0.02	0.19	0.27	0.27
	Diluted (INR)	0.16	0.02	0.18	0.27	0.26

Incred Financial Services Limited

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Notes -

1. **Statement of Assets and Liabilities as at September 30, 2021**

(INR in lakhs)

Particulars	As at September 30, 2021 Unaudited	As at March 31, 2021 Audited
ASSETS		
(1) Financial assets		
(a) Cash and cash equivalents	10,806.42	1,323.38
(b) Bank balance other than cash and cash equivalents	1,833.23	588.46
(c) Derivative financial instruments	429.48	-
(d) Loans	2,87,707.20	2,55,359.84
(e) Investments	23,934.33	12,670.66
(f) Other financial assets	4,834.81	1,821.28
	3,29,545.47	**2,71,763.62**
(2) Non-financial assets		
(a) Current tax assets (Net)	1,374.90	720.61
(b) Deferred tax assets (Net)	1,875.05	1,857.39
(c) Property, plant and equipment	3,140.83	3,276.35
(d) Capital work-in-progress	16.53	14.49
(e) Other intangible assets	196.17	222.49
(f) Other non-financial assets	1,409.85	1,285.55
	8,013.33	**7,376.88**
Total assets	**3,37,558.80**	**2,79,140.50**
LIABILITIES AND EQUITY		
LIABILITIES		
(1) Financial liabilities		
(a) Debt securities	1,14,954.82	73,827.02
(b) Borrowings (other than debt securities)	1,07,552.67	93,422.08
(c) Other financial liabilities	4,209.42	4,231.88
	2,26,716.91	**1,71,480.98**
(2) Non-financial liabilities		
(a) Provisions	258.14	169.48
(b) Other non-financial liabilities	3,499.63	2,905.26
	3,757.77	**3,074.74**
EQUITY		
(a) Equity share capital	38,769.26	38,624.42
(b) Other equity	68,314.86	65,960.36
	1,07,084.12	**1,04,584.78**
Total liabilities and equity	**3,37,558.80**	**2,79,140.50**

Incred Financial Services Limited

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

2. **Cash Flow Statement for the half year ended September 30, 2021**

(INR in lakhs)

Particulars	Period ended September 30, 2021
Cash flow from operating activities	
Profit before tax	940.68
Adjustments ro reconcile net profit to net cash generated from / (used in) operating activities	
Depreciation and amortisation	401.63
Net (gain)/loss on fair value changes	(51.28)
Interest income	(21,813.27)
Finance cost	9,284.66
Impairment loss	3,035.71
Share based expense	1,380.33
Advertisement expense	15.31
Retirement benefit expenses	30.26
Interest expense on lease liability	97.19
Reversal of rent expense	(197.84)
Operating profit before working capital changes	**(6,876.62)**
Working capital adjustments	
(Increase) in Loans	(34,759.50)
(Increase) in other financial assets	(3,013.53)
(Increase) in other non financial assets	(139.61)
Increase in other financial liabilities	78.18
Increase in provisions	6.44
Increase in other non financial liabilities	594.37
Cash generated from operations	**(44,110.27)**
Interest received on loans	20,535.86
Interest paid on borrowings	(8,765.26)
Income taxes paid (net)	(961.23)
Net cash (used in) operating activities	**(33,300.90)**
Cash flow from investing activities	
Purchase of property, plant and equipment	(207.04)
Purchase of intangibles assets	(32.74)
Capital work-in-progress	(2.03)
Purchase of investments	(2,09,341.57)
Proceeds from sale of investments	1,98,293.88
Investment in term deposits earmarked with banks	(44,719.26)
Proceeds from maturity of term deposits earmarked with banks	43,534.14
Net cash (used in) investing activities	**(12,474.62)**
Cash flow from financing activities	
Issue of equity shares (including securities premium)	579.34
Proceeds from borrowings (other than debt securities)	48,670.00
Proceeds from issue of debt securities	51,850.00
Repayment of borrowings (other than debt securities)	(32,701.08)
Redemption of debt securities	(11,170.63)
Net cash generated from financing activities	**57,227.63**
Net increase / (decrease) in cash and cash equivalents	**11,452.11**
Cash and cash equivalents at the beginning of the year	(645.69)
Cash and cash equivalents at the end of the year	**10,806.42**

Note:
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

Incred Financial Services Limited

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Notes:

1. The above standalone financial results of Incred Financial Services Limited ("the Company") have been reviewed and recommended by the audit committee to the Board of Directors and the same has been approved at the meeting held on October 25, 2021.

2. The standalone financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under section 133 of the Companies Act 2013 ('the Act) read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance / Clarifications/Directions issued by Reserve Bank of India or other regulators are implemented as and when they are issued / applicable.

3. In compliance with Regulation 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations 2015 a 'Limited Review' of standalone financial results for the quarter and half year ended September 30, 2021 has been carried out by the Statutory Auditors of the Company.

4. Earnings per equity share for the quarter ended September 30, 2021 and June 30, 2021 and for half year ended September 30, 2021 and September 30, 2020 have not been annualised.

5. These standalone financial results have been prepared in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.

6. During the previous year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 6, 2020.

i) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the half year ended September 30, 2021:

(INR in lakhs)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan*
Personal Loans#	7,351	6,789.43	-	-	917.58
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**7,351**	**6,789.43**	**-**	**-**	**917.58**

**The Company, being NBFC, has complied with Ind-AS and has made adequate provision on impairment loss allowance as per ECL model for the year ended March 31, 2021*

 # Out of the above, there are no accounts, for which resolution framwork under RBI circular "Resolution framework for COVID related stress dated 6th August 2020" has been implemented post March 31, 2021

ii) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the half year ended September 30, 2021:

(INR in lakhs)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year*	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	7,492.72	1,095.39	106.34	738.82	5,552.17
Corporate persons	-	-	-	-	-
- of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**7,492.72**	**1,095.39**	**106.34**	**738.82**	**5,552.17**

** Accounts written off during the half year were classified as NPA prior to being written off*

iii) Disclosure as per format prescribed under notification no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 for the half year ended September 30, 2021:

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	1,595	2	-
(B)	Number of accounts where resolution plan has been implemented under this window	1,595	2	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	324.60	23.91	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan*	0.32	0.06	-

**The Company, being NBFC, has complied with Ind-AS and has made adequate provision on impairment loss allowance as per ECL model for the period ended September 30, 2021.*

Incred Financial Services Limited

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

7. On August 16, 2021, the Company entered into agreements with KKR India Financial Services Limited ("KIFS") for the demerger of the retail lending, SME lending, housing finance business and ancillary activities of the Company to KIFS ("Proposed Demerger"). The Board of Directors of the Company at their meeting held on September 3, 2021 has approved a composite scheme of arrangement ("Scheme") amongst KKR Capital Markets India Private Limited, Bee Finance Limited, KIFS and the Company and their respective shareholders for the Proposed Demerger. The Scheme has been filed with the National Company Law Tribunal on September 27, 2021. The Scheme will be effective post completion of customary conditions, including receipt of approvals from the relevant statutory authorities.

8. During the previous year ended March 31, 2021, the NCLT, Mumbai bench had approved the Scheme of Amalgamation ("Scheme") of Incred Housing Finance Private Limited ("IHFPL") (a wholly-owned subsidiary of the Company) with the Company vide order no 'CP(CAA)/1094/MB/2020 Connected with CA(CAA)/1105/MB /2020' on March 11, 2021 from the Appointed Date of April 1, 2020. The Scheme was filed with the Registrar of Companies, Maharashtra at Mumbai on June 3, 2021.
In accordance with the requirements of Para 9(iii) of Appendix C of Ind AS 103, the standalone financial results of the Company in respect of the previous period have been restated from the Appointed Date to include the half year unaudited results of IHFPL for comparative purpose.

9. In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the half year, the Company has provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress.
As at September 30, 2021, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109. However, giving the dynamic and evolving nature of the pandemic, these estimates are subject to uncertainty caused by resurgence of COVID-19 pandemic and related factors.

10. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact in the period the Code becomes effective.

11. The statement of standalone financial results includes the results for the quarter ended September 30, 2021 being the balancing figure between year to date figures up to the half year of the current financial year and quarter ended June 30, 2021 of current financial year. The figures for quarter ended June 30, 2021 are approved by the Board of Directors and were not subject to limited review by Statutory Auditors of the Company.

12. Pursuant to SEBI circular dated October 5, 2021, the Company has elected an option to not present the figures for the corresponding quarter dated September 30, 2020 and cash flow statement for the half year ended September 30, 2020 and also has elected the option of not presenting the consolidated financial results for any interim periods and the same shall be provided on an annual basis.

13. All secured Non Convertible Debentures ("NCDs") issued by the Company are secured by pari-passu charge on the Company's property (wherever applicable) and /or exclusive charge on receivables under book debts to the minimum extent of 100% or such higher security as per the respective term sheets of the outstanding secured NCDs.

14. There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

15. The previous period's / year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current period's / year's classification / disclosure.

For InCred Financial Services Limited

Vivek Bansal
Whole Time Director & CFO
DIN: 07835456

Place: Mumbai
Date: October 25, 2021

Incred Financial Services Limited

S.R. BATLIBOI & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

Additional Disclosures pursuant to Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as at September 30, 2021 with respect to listed secured debentures of the Company issued on a private placement basis.

a) Omitted

b) Omitted

c) **Debt equity ratio of the Company as at September 30, 2021:**	2.12
d) Omitted	
e) Omitted	
f) **Debt service coverage ratio:**	Not applicable
g) **Interest service coverage ratio:**	Not applicable
h) **Outstanding redeemable preference shares (quantity and value):**	Not applicable
i) **Capital Redemption Reserve:**	Nil
j) **Net worth:** *	INR 1,05,012.90 lakhs
k) **Net profit after tax:**	INR 716.64 lakhs
l) **Earnings per share:**	
- Basic:	INR 0.19
- Diluted:	INR 0.18
m) **Current ratio:**	Not applicable
n) **Long term debt to working capital:**	Not applicable
o) **Bad debts to Account receivable ratio:**	Not applicable
p) **Current liability ratio:**	Not applicable
q) **Total debts to total assets:**	65.92%
r) **Debtors turnover:**	Not applicable
s) **Inventory turnover:**	Not applicable
t) **Operating margin (%):**	Not applicable
u) **Net profit margin (%):**	3.06%
v) **Sector specific ratios:**	
Stage 3 ratio	3.94%
Provision coverage ratio	52.12%
Liquidity coverage ratio	Not applicable

** Net-worth is paid up equity share capital and cumulative compulsory convertible preference shares plus reserves less net deferred tax asset and intangible assets.*

Incred Financial Services Limited

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED
STANDALONE UNAUDITED PROVISIONAL BALANCE SHEET AS AT August 31, 2021

(Amounts in INR millions)

Key Balance Sheet Items		As at 31-Aug-21
Assets		
Fixed Asset	49	
Provision for Depreciation	(26)	
Net Block		23
Loans & Advances	25,122	
Provision	(160)	
Permanent Dimunition - Investment in Subsidiary	(12,367)	
Net Loss/gain on fair value changes	(68)	
Net Loans & Advances		12,527
Cash & Cash Equivalents		390
Deferred Tax Assets		18
Current Assets & Taxes		298
Total		**13,256**
Equity & Liabilities		
Equity Share Capital	1,925	
Reserves & Surplus	11,211	13,136
Provisions		103
Other Current Liabilities		17
Total		**13,256**

For **KKR Capital Markets India Private Limited**

Anil Nagu
Director & CFO
DIN 00110529
Date: September 13, 2021

KKR CAPITAL MARKETS INDIA PRIVATE LIMITED

STANDALONE UNAUDITED PROVISIONAL STATEMENT OF PROFIT AND LOSS FOR THE PERIOD April 1, 2021 to August 31,2021

(Amounts in INR millions)

Particulars	01 Apr 21 - 31 Aug 21	
Interest Income		5
Fees & Other Income		12
Gross Income		**16**
Interest Expenses		0
Net Income		**16**
Operating Expenses		
Employee benefit expense	33	
Depreciation and amortisation expense	2	
Net (Gain)/Loss on Fair Value Changes	(0)	
Other Expenses	56	
Total Expenses		92
PBT		**(76)**
Provision for taxation		(16)
PAT		**(60)**

For **KKR Capital Markets India Private Limited**

Anil Nagu
Director & CFO
DIN 00110529
Date: September 13, 2021

Bee Finance Limited

Statement of financial position
As at 30 September 2021

	30 September 2021	31 March 2021
	USD	USD
ASSETS		
Non-current asset		
Financial asset at fair value through profit or loss ("FVTPL")	**172,813,189**	172,813,189
Total non-current asset	**172,813,189**	172,813,189
Current assets		
Other receivables and prepayments	**1,623,663**	1,622,529
Cash and cash equivalents	**53,213**	1,616
Total current assets	**1,676,876**	1,624,145
TOTAL ASSETS	**174,490,065**	174,437,334
EQUITY		
Capital and reserves		
Share capital	**100,000**	100,000
Share premium	**56,101,450**	56,101,450
Retained earnings	**116,578,091**	116,594,745
Total equity	**172,779,541**	172,796,195
Current liabilities		
Other payables and accruals	**96,626**	27,242
Loan from holding company	**1,613,897**	1,613,897
Total current liabilities	**1,710,523**	1,641,139
TOTAL EQUITY AND LIABILITIES	**174,490,064**	174,437,334

Bee Finance Limited

Bee Finance Limited

Statement of profit or loss and other comprehensive income
For the 6 months ended 30 September 2021

	6 months ended 30 September 2021 USD	Year ended 31 March 2020 USD
INCOME		
Realised gain on asset held-for-sale	-	-
Unrealised (loss)/gain on financial asset at fair value through profit or loss	-	-
	-	
EXPENSES		
Licence fees	1,647	4,999
Directors' fees	1,504	2,987
Secretarial and administration fees	2,764	4,729
Audit fees	6,374	5,946
Professional fees	2,500	4,400
Interest expense	-	-
Other expenses	1,865	279
	(16,654)	(23,340)
LOSS BEFORE INCOME TAXATION	(16,654)	(23,340)
Taxation	-	-
	(16,654)	(23,340)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(16,654)	(23,340)

Bee Finance Limited

KKR India Financial Services Limited

UNAUDITED PROVISIONAL STATEMENT OF PROFIT AND LOSS FOR THE PERIOD April 1, 2021 to August 31,2021

(Amounts in INR millions)

Particulars	**01 Apr 21 -31 Aug 21**	
Interest Income		816
Fees & Other Income		-
Gross Income		**816**
Interest Expenses		488
Net Income		**328**
Employee Benefit Expense	98	
Depreciation and amortisation expense	7	
Net (Gain)/Loss on Fair Value Changes	635	
Impairment on financial instruments (Expected Credit Loss)	(3)	
Other Expense	80	
Total Expenses		**817**
PBT		**(489)**
Provision for taxation		(119)
PAT		**(370)**

For **KKR India Financial Services Limited**

Anil Nagu
Director & CFO
DIN 00110529
Date: September 13, 2021

KKR India Financial Services Limited
UNAUDITED PROVISIONAL BALANCE SHEET AS AT August 31, 2021

(Amounts in INR millions)

Key Balance Sheet Items	As of 31-Aug-21	
Assets		
Fixed Asset	179	
Less: Provision for Depreciation	(112)	
Net Block		68
Loans & Advances	12,793	
Interest Accrued Due & Not Due	1,949	
Expected credit loss on loans & Investments	(920)	
Net Loss/gain on fair value changes-Loan & Investments	(1,647)	
Unamortised cost on loans	(71)	
EIR interest amort	28	
Net Loans & Advances (Asset)		12,132
Cash & Cash Equivalents		4,876
Deferred Tax Assets		3,126
Current Asset & Taxes		1,109
Total		**21,312**
Equity & Liabilities		
Equity Share Capital	4,602	
Reserves and Surplus	5,732	10,334
Borrowings		9,926
-Bank Borrowings	8,690	
-Unamortised Borrowing cost-Bank Borrowings	(10)	
-NCD	1,250	
-Unamortised borrowing cost-NCD	(3)	
Interest Accrued on Borrowings		870
Provisions		145
Other Current Liabilities		37
Total		**21,312**

For **KKR India Financial Services Limited**

Anil Nagu
Director & CFO
DIN 00110529
Date: September 13, 2021